THE COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis and
Required Supplementary Information

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

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

Independent Auditors' 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, 2017 and 2016, 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, 2017 and 2016, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 28 and the Schedules of Proportionate Share of the Net Pension Liability and Schedules of Employer Contributions on pages 83 and 84, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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

Short Hills, New Jersey
October 27, 2017

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, 2017 and 2016. 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. The financial statements, notes and this discussion are the responsibility of management. 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 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 gives primacy to teaching and 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 2016–17 ranked the College number one among public colleges and universities, number two for undergraduate education, and tied for number three in the best Regional Universities category for the North region of the country. In 2016, *Kiplinger's Personal Finance* ranked the College number 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* 2017 ranking of the "Best Colleges for Your Money", the College ranked number one among public colleges and universities and second overall in the State. Nationally the College placed 14th among other public institutions of higher education and 24th overall in the nation. *Money Magazine* also included TCNJ on its list of 20 public colleges that are "most likely to pay off financially" and ranked the College number six out of 25 "Public Colleges Where Students Graduate the Fastest". TCNJ also ranked 74th overall and 23rd among public institutions on *Forbes*' list of "America's Best Value Colleges". 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 2016, *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.

The College is recognized as a public institution of higher education by the State of New Jersey 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 2016, the College's overall full-time equivalent (FTE) faculty count was 527. Approximately 67% of the total faculty FTE was full time (355) and the remaining 33% (172) included permanent part-time faculty, adjunct and teaching professional staff. During this same period, the total FTE student enrollment was 6,962 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

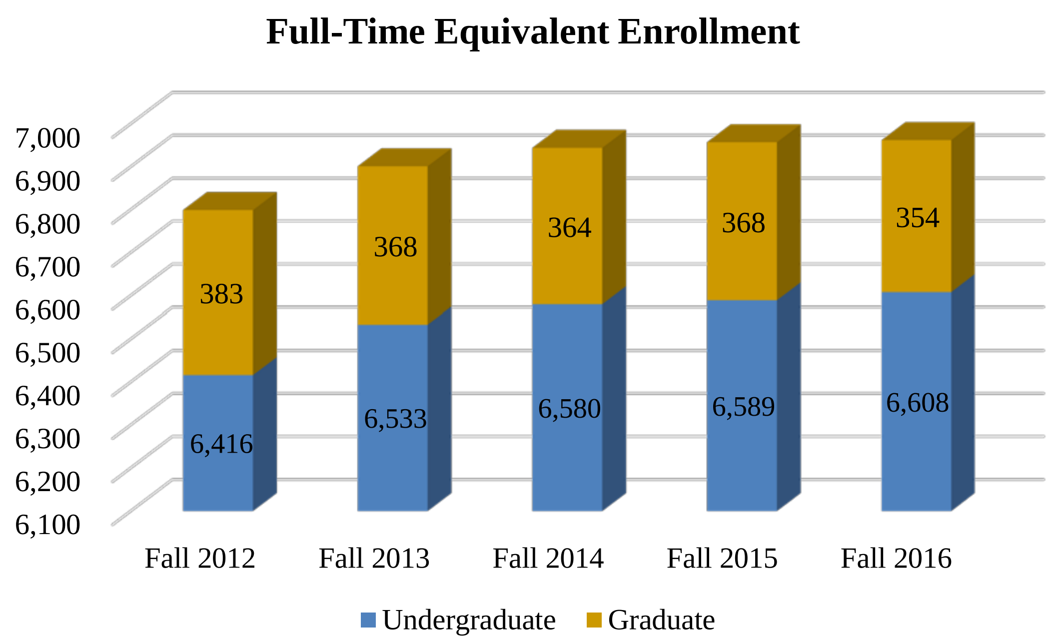
Academic Year	Full-Time Faculty	Part-Time Faculty*	Tenured Faculty	Faculty with Terminal Degrees	Student/ Faculty Ratio
2014 - 2015	356	155	274	320	13:1
2015 - 2016	355	162	271	323	13:1
2016 - 2017	355	172	259	320	13:1

*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. In fall 2016, the full-time freshmen class enrolled 1,457 students yielding a 25% matriculation ratio based upon a 49% acceptance ratio for 11,825 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 2010 first time freshman cohort of 75% and 87%, respectively. Currently, 90% of the freshmen class and 58% of all undergraduate students live on campus.

In the fall of 2016, TCNJ enrolled 6,608 full-time equivalent undergraduate students and 354 full-time graduate students. Over the last five years, TCNJ has targeted enrollment growth in line with its strategic enrollment plan goals, with the total full-time equivalent population growing by 163 from fall 2012 to fall 2016, primarily in the undergraduate population as reflected in the graph below.



The 2016–2017 academic year concluded with the awarding of 1,586 bachelor's degrees, 404 master's degrees, and 107 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 the 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 $42.5 million and $37.3 million for the years ended June 30, 2017 and 2016, respectively.
- Scholarships applied to student accounts are shown as a reduction of student tuition and housing fee revenue. Tuition waivers are reported as a scholarship expense. For the years ended June 30, 2017 and 2016, scholarship allowance totaled $25.7 million and $25.8 million, respectively.
- The College is required to report depreciation on its capital assets. Depreciation expense totaled $21.9 million and $21.2 million for the years ended June 30, 2017 and 2016, 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, coverage for debt service and capital reserves for planned construction efforts.

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 State of New Jersey Public Employees' Retirement System (PERS), the State of New Jersey Police and Firemen's Retirement System (PFRS) and the State of New Jersey 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 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, 2016 (FY 2016) and June 30, 2015 (FY 2015), respectively. In computing the College's proportionate share for each of FY 2016 and FY 2015, 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 pension 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 fiscal years 2017 and 2016:

2017 Condensed Statement of Net Position (Amounts in thousands)				
		Before GASB 68	GASB 68 Adjustment	As Reported
Assets:				
Current assets	$	117,076	—	117,076
Capital assets, net		673,155	—	673,155
Other noncurrent assets		87,879	—	87,879
Total assets		878,110	—	878,110
Deferred outflows of resources		35,077	41,744	76,821
Liabilities:				
Current liabilities		50,520	—	50,520
Noncurrent liabilities		418,135	180,206	598,341
Total liabilities		468,655	180,206	648,861
Deferred inflows of resources		—	129	129
Net Position:				
Net investment in capital assets		324,924	—	324,924
Restricted expendable		15,430	—	15,430
Unrestricted		104,178	(138,591)	(34,413)
Total net position	$	444,532	(138,591)	305,941

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

Under GASB 68, the College recorded its proportionate share of pension expense of $17.3 million and $11.0 million, for fiscal years 2017 and 2016, respectively. In fiscal years 2017 and 2016, the State's contributions amounted to $3.1 million and $2.2 million, respectively.

2017 Condensed Statement of Revenues, Expenses and Changes in Net Position (Amounts in thousands)				
		Before GASB 68	GASB 68 Adjustment	As Reported
Net student revenues	$	144,236	—	144,236
Government grants and contracts		18,805	—	18,805
Auxiliary activities		5,066	—	5,066
Other		6,036	—	6,036
Operating revenues		174,143	—	174,143
Instruction and research		70,510	6,202	76,712
Academic support		16,028	1,104	17,132
Student services		18,972	1,536	20,508
Operation and maintenance of plant		23,748	2,095	25,843
Institutional support		16,711	1,752	18,463
Auxiliary activities		32,841	878	33,719
Depreciation		21,883	—	21,883
Other		8,169	398	8,567
Operating expenses		208,862	13,965	222,827
Operating loss		(34,719)	(13,965)	(48,684)
State appropriations and fringe benefits		51,827	152	51,979
Other expenses, net		(9,496)	—	(9,496)
Net nonoperating revenues		42,331	152	42,483
Capital grants and gifts		17,451	—	17,451
Increase (decrease) in net position		25,063	(13,813)	11,250
Net position, beginning of year		419,469	(124,778)	294,691
Net position, end of year	$	444,532	(138,591)	305,941

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
Academic support		14,990	674	15,664
Student services		18,365	945	19,310
Operation and maintenance of plant		19,076	1,319	20,395
Institutional support		16,795	1,114	17,909
Auxiliary activities		31,296	500	31,796
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

Refer to note 11 for additional information related to GASB 68.

Statements of Net Position

The statements of net position present the College's financial position at the end of fiscal years 2017 and 2016, including all assets, deferred outflows of resources, liabilities, deferred inflows of resources 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. Noncurrent assets are predominantly composed of deposits held by trustees for capital, long-term investments and capital assets (net).

Deferred outflows of resources are a consumption of net position by the College that is applicable to a future reporting period. The College's deferred outflows of resources consist of bond deferred refunding amounts and changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability.

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 and consist primarily of accounts payable, accrued liabilities and the portion of bond principal due within a year. The College's net pension liability and long-term debt comprise the majority of its noncurrent liabilities.

Deferred inflows of resources are an acquisition of net position by the College that is applicable to a future reporting period. The College's deferred inflows of resources is composed of changes in proportion of the allocated pension liability and differences in actuarial amounts used to calculate the pension liability.

Net position represents the residual interest in the College's assets and deferred outflows of resources after all liabilities and deferred inflows are deducted. 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 category is restricted expendable net position, which are available resources 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 have the information to determine the assets available to continue the operations of the College. They may also determine how much the College owes external vendors, bond holders and other parties. A summary of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017, 2016 and 2015 are as follows:

Condensed Statements of Net Position
(Amounts in thousands)

		2017	2016	2015
Assets:				
Current assets	$	117,076	126,811	127,811
Capital assets, net		673,155	638,881	601,473
Other noncurrent assets		87,879	53,879	64,571
Total assets		878,110	819,571	793,855
Deferred outflows of resources		76,821	47,366	25,893
Liabilities:				
Current liabilities		50,520	54,970	55,912
Noncurrent liabilities		598,341	516,552	497,877
Total liabilities		648,861	571,522	553,789
Deferred inflows of resources		129	724	3,537
Net Position:				
Net investment in capital assets		324,924	283,072	251,027
Restricted expendable		15,430	12,607	11,383
Unrestricted		(34,413)	(988)	12
Total net position	$	305,941	294,691	262,422

Statements of Net Position Financial Highlights

Assets

During fiscal years 2017 and 2016, the College's total assets increased by $58.5 million, or 7.1%, and $25.7 million, or 3.2%, respectively. At June 30, 2017 and 2016, the College's working capital, which is current assets less current liabilities, was $66.6 million and $71.8 million, a decrease of $5.2 million and $0.1 million from the previous years, respectively. This change was primarily due to a decrease in cash and cash equivalents which included a transfer of $7.0 million in excess cash to the investment portfolio, offset by a decrease in accounts payable and the current portion of bonds payable.

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 2017 and 2016, the College had adequate liquidity to satisfy its current obligations.

Summary of Working Capital
(Amounts in thousands)

		2017	2016	2015
Current assets	$	117,076	126,811	127,811
Current liabilities		50,520	54,970	55,912
Working capital		66,556	71,841	71,899
Ratio of current assets to current liabilities		2.32	2.31	2.29

Cash and Investments

In fiscal years 2017 and 2016, cash and cash equivalents decreased by $16.7 million, or 47.5%, and $4.6 million, or 11.5%, respectively. In fiscal year 2017, the decrease was primarily due to the transfer of $7.0 million in excess cash to the investment portfolio, coupled with disbursements for operations including debt service payments of approximately $27.5 million. The decrease in cash was offset by cash receipts from operations plus cash reimbursements from deposits held by bond trustees for capital expenses of approximately $14.4 million. The fiscal year 2016 change was due to disbursements for operations including debt service payments, offset by cash receipts from operations plus cash reimbursements from deposits held by bond trustees for capital expenses the previous year.

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.

The investment portfolio produced strong results for the fiscal year ended June 30, 2017 compared to the previous fiscal year. The combined portfolio generated over $5.3 million, or 6.8%, in fiscal year 2017 compared to $1.2 million, or 1.7%, the previous fiscal year. This was the result of a very strong equity market performance coupled with the College's strategic investment in a long-term, diversified, multi-asset class portfolio, which returned 11.9% over the past 12 months, exceeding its blended benchmark, which returned 11.5% during the same period.

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. For fiscal year 2017, the fixed income portfolio generated a gross return of 0.7% versus 0.1% for its benchmark, Merrill Lynch 0-3 Year US Treasury Index. 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 or better. These investments accounted for approximately 44.5% of the portfolio at June 30, 2017. 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. As of June 30, 2017, the portfolio was slightly overweight by 4% in equities against the target allocation while the fixed income segment was reduced by 4% in order to minimize risk to the portfolio due to the market environment.

At June 30, 2017, investments totaled $86.7 million, representing an increase of $11.3 million primarily due to a transfer of $7.0 million in excess cash to the investment portfolio plus investment income and appreciation net of investment manager fees.

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.

Cash and Cash Equivalents and Investments
(Amounts in thousands)

		2017	2016	2015
Cash and cash equivalents	$	18,490	35,225	39,817
Investments – current		63,174	55,737	54,055
Investments – noncurrent		23,574	19,654	20,106
Total cash and cash equivalents and investments	$	105,238	110,616	113,978

Restricted Deposits Held With Trustees

Restricted deposits held with trustees had a net increase of approximately $31.0 million as of June 30, 2017 primarily due to the establishment of an escrow account in the amount of $37.1 million from the proceeds of the Series 2016F bond issuance for the future refunding of the Series 2010B bonds. This was offset by requisitions paid throughout the fiscal year to reimburse TCNJ for bond-financed capital expenditures temporarily funded by operating cash.

In fiscal year 2016, restricted deposits held with trustees decreased by $9.9 million primarily due to requisitions paid throughout the fiscal year to reimburse TCNJ for bond financed capital expenditures temporarily funded by operating cash.

Debt service payments for July 1, 2017 and 2016 are reflected in the restricted deposits held with bond trustees balance as of June 30, 2017 and 2016, respectively.

Capital Assets

At June 30, 2017 and 2016, the College had $673.2 million and $638.9 million invested in capital assets, net of accumulated depreciation of $291.7 million and $269.9 million, respectively. Depreciation charges totaled $21.9 million and $21.2 million for the years ended June 30, 2017 and 2016, respectively. Net capital additions totaling $56.0 million were comprised primarily of new construction and renovation of facilities such as the new STEM Complex, the Brower Student Center renovation plus expansion, and various asset renewal projects. These additions were funded by capital contributions, institutional reserves, capital grants and proceeds from bonds. The following is a breakdown of the net additions for fiscal years ended June 30, 2017, 2016 and 2015:

Net Capital Additions (Amounts in thousands)				
		2017	2016	2015
Net additions:				
Land	$	107	—	—
Construction in progress		44,333	34,119	21,233
Buildings and building improvements		1,139	13,847	6,668
Leasehold improvements		26	1,416	—
Infrastructure		2,202	2,524	4,206
Equipment and other assets		8,232	4,920	2,414
Net total additions	$	56,039	56,826	34,521

Deferred Outflows of Resources

During fiscal years 2017 and 2016, the deferred outflows of resources consist of deferred amounts from debt refunding and pensions. In fiscal year 2017, the debt refunding amounts increased by $6.5 million due to the recognition of deferred outflows from the Series 2016F and 2016G bond issues, partially offset by the amortization of the deferred amounts, while the deferred outflows relating to pensions increased by $23.0 million due to changes in proportion of the allocated pension liability and changes in actuarial assumptions used to calculate the pension liability.

In fiscal year 2016, the deferred outflows of resources from debt refunding increased by $7.3 million due to the recognition of deferred outflows from the Series 2015G bond issuance, partially offset by the amortization of 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 2017, current liabilities decreased by $4.5 million, or 8.1%, primarily due to a decrease in accounts payable and accrued expenses plus a decrease in the current portion of the bonds payable.

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.

Noncurrent Liabilities

During fiscal year 2017, noncurrent liabilities increased by $81.8 million, or 15.8%, primarily due to the recording of $37.4 million in additional net pension liability under GASB 68 at fiscal year-end. In addition, the College's long-term debt and other obligations had a net increase of $42.9 million, which includes $37.1 million of tax-exempt crossover refunding of callable Build America Bonds (Series 2010B) from proceeds of the Series 2016F bonds. The liability for both the Series 2010B and Series 2016F bonds are included in the amount of debt outstanding until the escrow proceeds are used to redeem the Series 2010B bonds on July 1, 2019 at par. In addition, approximately $7.8 million of net bond premium was recorded as part of the refunding. The College also recognized $5.4 million in unearned revenue and $2.6 million in other long-term obligations related to the Higher Education Capital Improvement Fund bonds Series 2016B. These increases were offset by $10.1 million of bond principal repayment. The $5.4 million increase in unearned revenues for New Jersey capital grants was offset by $2.8 million from capital grant expenditures which allow the recognition of the capital grant revenue in 2017.

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.

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, 2017 and 2016, the College had $414.1 million and $373.5 million, respectively, in outstanding bonds and other long-term obligations including bond premium, issued by the New Jersey Educational Facilities Authority. 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.

On August 23, 2016, the College priced $193,180,000 of revenue refunding bonds, Series 2016F (Tax-Exempt) and Series 2016G (Federally Taxable). The bond proceeds were used to refund certain of the outstanding Series 2008D revenue refunding bonds and the callable Series 2010B Build America Bonds. The Series 2016F bonds included a tax-exempt crossover refunding of callable Build America Bonds. The bonds were structured to provide up-front cash flow savings over the next five years to the College, achieving total cash flow savings of approximately $22.9 million through July 1, 2021.

At June 30, 2017, the College's outstanding bonds includes $37.1 million of principal from the proceeds of the 2016F bonds, which is being counted in the amount of debt outstanding along with the $37.1 million of principal on the 2010B bonds to be redeemed using the escrow proceeds when they are callable on July 1, 2019 at par. The crossover bonds were sized to fund an escrow (debt service reserve) account which will pay interest on the portion of the Series 2016F bonds allocable to the Series 2010B bonds to be refunded through July 1, 2019, and the redemption price on the Series 2010B bonds (at par in an amount equal to $37.1 million). The escrow is invested in qualified securities such as U.S. Treasuries and is reported in the restricted deposits with trustees in the accompanying financial statements.

According to the rating agencies, TCNJ's bond ratings and stable outlook 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, 2017 and 2016, the College's bond ratings and outlook were as follows:

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

The College's long-term debt structure is all fixed-rate with no interest rate swaps. 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 2017 and 2016, the deferred inflows of resources consist of deferred amounts relating to pensions of $129 thousand and $724 thousand, respectively, which represent the College's proportionate share recognized under GASB 68 for each fiscal year.

Net Position

Net position represents the residual interest in the College's assets and deferred outflows of resources after all liabilities and deferred inflows are deducted. 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.

The College's net position increased by $11.3 million, or 3.8%, and $32.3 million, or 12.3%, in fiscal years 2017 and 2016, respectively, due to positive performances despite the recording of $17.3 million and $11.0 million, respectively, in pension expense under GASB 68.

At June 30, 2017 and 2016, 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 2017 and 2016, this category increased $41.9 million and $32.0 million, respectively, due to net additions to capital assets and related debt, offset by 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 2017, this category increased $2.8 million primarily due to an increase in funds held by trustees for principal and interest repayment. 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
- 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 2017, this category had a decrease of $33.4 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 2016, this category had a 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.

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. Revenues and expenses are recognized when earned or incurred regardless of when the cash is received or paid.

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 likely 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, 2017, 2016 and 2015 are as follows:

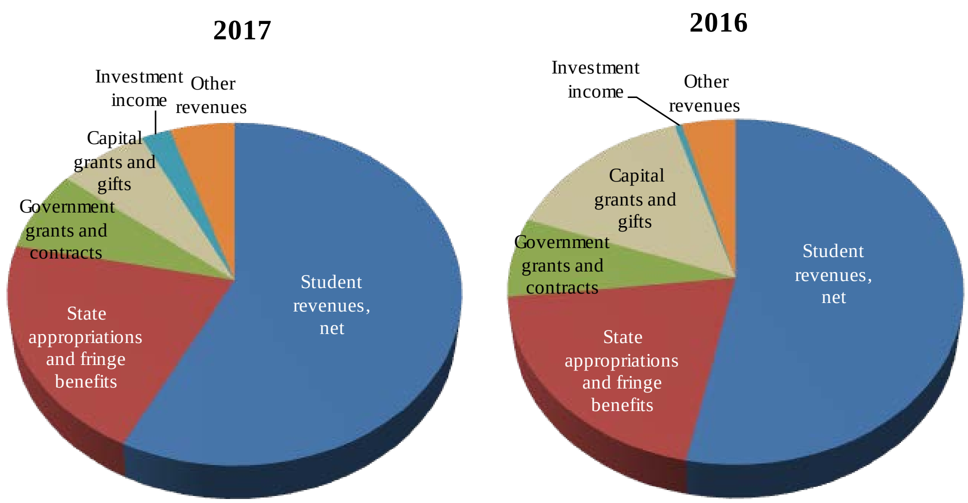
Condensed Statements of
Revenues, Expenses and Changes in Net Position
(Amounts in thousands)

		2017	2016	2015
Net student revenues	$	144,236	139,452	135,614
Government grants and contracts		18,805	19,375	18,836
Auxiliary activities		5,066	4,175	4,323
Other		6,036	5,451	5,404
Operating revenues		174,143	168,453	164,177
Instruction and research		76,712	74,138	70,741
Academic support		17,132	15,664	15,132
Student services		20,508	19,310	17,407
Operation and maintenance of plant		25,843	20,395	26,390
Institutional support		18,463	17,909	17,498
Auxiliary activities		33,719	31,796	31,084
Depreciation		21,883	21,199	20,703
Impairment loss on capital assets		274	3,573	—
Other		8,293	8,097	7,373
Operating expenses		222,827	212,081	206,328
Operating loss		(48,684)	(43,628)	(42,151)
State appropriations and fringe benefits		51,979	52,439	53,847
Investment income		5,704	1,385	1,782
Other expenses, net		(15,200)	(16,514)	(15,395)
Net nonoperating revenues		42,483	37,310	40,234
Capital grants and gifts		17,451	38,587	15,728
Increase in net position		11,250	32,269	13,811
Net position, beginning of year		294,691	262,422	248,611
Net position, end of year	$	305,941	294,691	262,422

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, 2017 and 2016:



	2017			2016		
	Amount	Percent		Amount	Percent	
	(Amounts in thousands)					
Student revenues, net	$ 144,236	57.5%		$ 139,452	53.2%	
State appropriations and fringe benefits	51,979	20.7%		52,439	20.0%	
Government grants and contracts	18,805	7.5%		19,375	7.4%	
Capital grants and gifts	17,451	7.0%		38,587	14.7%	
Investment income	5,704	2.3%		1,385	0.6%	
Other revenues	12,525	5.0%		10,839	4.1%	
	$ 250,700	**100.0%**		**$ 262,077**	**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 $5.7 million, or 3.4%, and $4.3 million, or 2.6%, in fiscal years 2017 and 2016, respectively.

Tuition and Fees

Tuition and fees revenues increased $3.0 million, or 2.5%, and $3.0 million, or 2.6%, in fiscal years 2017 and 2016, respectively, primarily due to the College's continued strategic efforts to keep the cost of education affordable with a modest tuition and fees increase of 2.25% in 2017 and 3.0% in 2016 for undergraduate students coupled with targeted growth in undergraduate enrollment.

Student Housing and Fees

In fiscal year 2017, student housing and fees increased by $1.7 million, or 3.7%, due to a room and board rate increase of 2.47% coupled with increased housing occupancy over the previous fiscal year. Fiscal year 2016 had a decrease of $0.1 million, or 0.2%, compared to the previous fiscal year. In fiscal year 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 was relatively flat, decreasing by $0.1 million in fiscal year 2017 primarily due to decreases in institutional and federal scholarships totaling $0.2 million, respectively, but were offset by an increase in state funded scholarships of $0.1 million.

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
(Amounts in thousands)

		2017	2016	2015
State scholarships	$	6,886	6,785	7,115
Federal scholarships		5,537	5,582	5,747
Institutional scholarships		13,274	13,427	13,827
Total scholarships	$	25,697	25,794	26,689

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 2017, government grants and contracts had a net decrease of $0.6 million, or 2.9%, due to a $0.4 million decrease in federal grants and contracts and a $0.2 million decrease in state grants and contracts. In fiscal year 2016, government grants and contracts increased by $0.5 million or 2.9% due to the increase in both federal and state grant activities.

Auxiliary Activities

Auxiliary activities, which are self-supporting activities, accounted for approximately 2.9% and 2.5% of the total operating revenues in fiscal years 2017 and 2016, respectively. Included in auxiliary activities are revenues derived primarily from commissions, student center and conference center operations, and summer camp 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 20.7% and 20.0% of the total College revenues in fiscal years 2017 and 2016, 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 2017, the gross state support to the College decreased by $0.5 million, or 0.9%, due to a decrease in the fringe benefits funded by the State while the base state appropriation remained flat. 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.

The breakdown of the state appropriations at June 30, 2017, 2016 and 2015 are as follows:

State Appropriations (Amounts in thousands)				
		2017	2016	2015
State appropriations	$	27,177	27,177	29,317
Fringe benefits		24,802	25,262	24,530
Gross State support	$	51,979	52,439	53,847

Investment Income

Investment income includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal year 2017, the positive performance of the investment portfolio yielded a total return of $5.7 million, an increase of $4.3 million over the previous fiscal year total of $1.4 million.

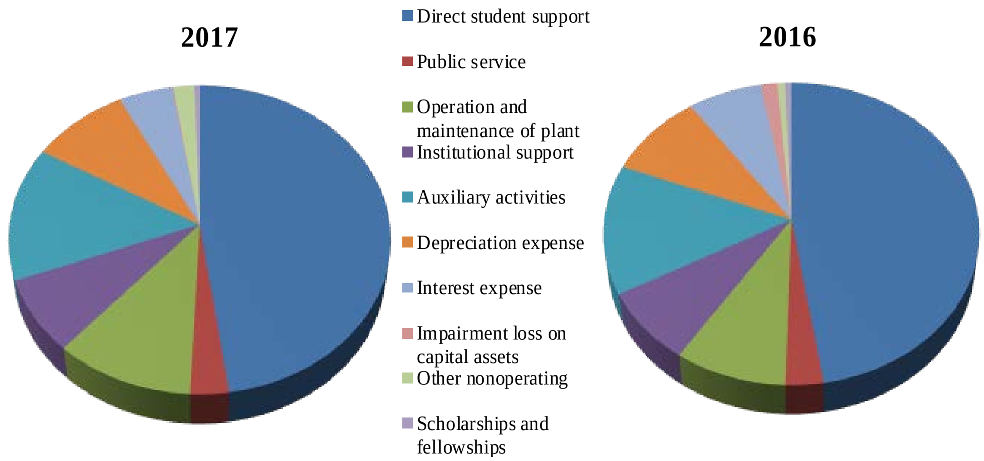
During fiscal year 2016, the positive performance of the investment portfolio yielded a total return of $1.4 million, a decrease of $0.4 million over the previous fiscal year total of $1.8 million.

Capital Grants and Gifts

Capital grants and gifts totaled $17.5 million and $38.6 million in fiscal years 2017 and 2016, respectively, due to the receipt of a number of New Jersey State grants to fund the acquisition of academic equipment, a new Science, Technology, Engineering 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 of $17.0 million on a $31.0 million three-year restricted capital contribution earmarked for the major renovation and expansion of the student center. This contribution was recognized as revenue as funds were received and in the possession and control of the College.

Expenses

The following is an illustration of total expenses by function (both operating and nonoperating), for the fiscal years ended June 30, 2017 and 2016:



	2017		2016	
	Amount	Percent	Amount	Percent
	(Amounts in thousands)			
Instruction and research	$ 76,712	32.0%	$ 74,138	32.3%
Academic support	17,132	7.1%	15,664	6.8%
Student services	20,508	8.6%	19,310	8.4%
Direct student support	114,352	47.7%	109,112	47.5%
Public service	7,107	3.0%	6,795	3.0%
Operation and maintenance of plant	25,843	10.8%	20,395	8.9%
Institutional support	18,463	7.7%	17,909	7.8%
Auxiliary activities	33,719	14.1%	31,796	13.8%
Depreciation expense	21,883	9.1%	21,199	9.2%
Interest expense	11,938	5.0%	15,983	6.9%
Impairment loss on capital assets	274	0.1%	3,573	1.5%
Other nonoperating	4,685	2.0%	1,744	0.8%
Scholarships and fellowships	1,186	0.5%	1,302	0.6%
	$ 239,450	**100.0%**	**$ 229,808**	**100.0%**

Operating Expenses

The College has consistently demonstrated its commitment to preserving the quality of its academic programs despite the challenging state funding 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 student revenues in these financial statements.

In fiscal year 2017, total operating expenses were $222.8 million, representing an overall increase of $10.7 million, or 5.1%, over the previous fiscal year total of $212.1 million. This increase was primarily due to $6.3 million and $1.9 million increases in pension expense and meal plan costs, respectively, plus increased operation and maintenance of plant expenses. This was offset by a $3.3 million decrease in impairment loss on capital assets recorded in fiscal year 2016.

In fiscal year 2016, total 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.

Instruction and Research

The combination of instruction and research represents the College's largest operating expense category. In fiscal years 2017 and 2016, the change in both functional categories was primarily due to fringe benefits costs driven by the recording of pension expenses for the defined benefit plans.

Academic Support

In fiscal years 2017 and 2016, academic support expenses increased $1.5 million, or 9.4%, and $0.5 million, or 3.5%, respectively. The increase in both years was primarily due to increases in fringe benefits, pension expenses and information technology maintenance costs.

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 $0.3 million, or 4.6%, and $0.7 million, or 11.8%, in fiscal years 2017 and 2016, respectively. In fiscal year 2017, the increase was from salary, fringe benefit and pension expenses. In fiscal year 2016, the increase was the result of external grant activities plus fringe benefit and pension expenses.

Student Services

In fiscal years 2017 and 2016, student service expenses increased by $1.2 million, or 6.2%, and $1.9 million, or 10.9%, respectively, due to increases in fringe benefits costs driven by the recording of pension expenses for the defined benefit plans. In addition, there were investments for athletics activities and the operation of a new fitness center.

Operation and Maintenance of Plant

Operation and maintenance of plant increased by $5.4 million, or 26.7%, and decreased by $6.0 million, or 22.7%, in fiscal years 2017 and 2016, respectively. The increase in fiscal year 2017 was primarily due to an increase in non-capital facilities-related expenses, plus increases in fringe benefits costs driven by the recording of pension expenses for the defined benefit plans. In fiscal year 2016, the decrease was due to additional expenses being capitalized in that year compared to the prior fiscal year.

Institutional Support

In fiscal years 2017 and 2016, institutional support increased $0.6 million, or 3.1%, and $0.4 million, or 2.3%, respectively. In both fiscal years, the change was due to increases in fringe benefit and pension expenses.

Auxiliary Activities

In fiscal year 2017 and 2016, auxiliary activities increased by $1.9 million, or 6.0%, and $0.7 million, or 2.3%, respectively, primarily due to increases in fringe benefits, pension expenses and meal plan costs.

Depreciation Expense

Depreciation expense increased by $0.7 million, or 3.2%, in fiscal year 2017 and $0.5 million, or 2.4%, in fiscal year 2016 due to additional capital expenditures which were eligible to be depreciated.

Impairment Loss on Capital Assets

During fiscal year 2017 and 2016 there was a total of $0.3 million and $3.6 million, respectively, 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 $4.0 million, or 25.3%, and $0.6 million, or 3.7%, in fiscal years 2017 and 2016, respectively. The $4.0 million decrease in fiscal year 2017 was the realization of debt service savings achieved by the recent Series 2015G, Series 2016F, and Series 2016G refundings. In fiscal year 2016, the college refunded a portion of Series 2008D outstanding bonds that resulted in debt service savings to the College.

Transactions with Affiliates

The College's affiliates include The College of New Jersey Foundation (the Foundation) and the Trenton State College Corporation (the Corporation). Examples of transactions that are reflected in affiliate transfers include: funds disbursed from the Foundation for institutional scholarship support, restricted fund disbursements from the Foundation and transfer of properties from the Corporation. In fiscal year 2017, transactions with affiliates increased by $0.2 million primarily due to the Corporation's affiliate transfers. 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.

Other Revenues (Expenses), Net

In fiscal years 2017 and 2016, other nonoperating expenses increased $2.9 million and $1.0 million, respectively, due to an increase in amortization of bond premiums and deferred outflows related to outstanding bond issues plus the recording of bond issue costs associated with the bond refinancing activities.

Economic Factors that Will Affect the Future

The College's long tradition of prudent management, cost containment, conservative budgeting and sensible investment strategies has allowed it to continue to strengthen its financial position through positive operating results and to weather unforeseen fiscal challenges. For the fiscal years ended June 30, 2017 and 2016, the College finished with an increase of $11.3 million, or 3.8%, and $32.3 million, or 12.3%, in net position respectively, despite the recording of $17.3 million and $11.0 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 the College's 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 initiatives, 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, facilities master planning, and management of risk.

The College's strategic plan, TCNJ 2021: Bolder, Better, Brighter, was developed through a highly consultative process led by the Strategic Planning and Resource Committee and was approved by the Board of Trustees. Bolder, Better, Brighter identifies the following five key priorities that enable TCNJ to further advance the institution and the people and communities it serves:

I. Attract and retain talented students, faculty, and staff into a diverse, inclusive, and healthy campus.
II. Enhance Signature Experiences.
III. Promote the college's distinctive identity to enhance institutional and program recognition at the national level.
IV. Build, operate, and maintain a safe, sustainable, and accessible physical and technological infrastructure that supports high-caliber learning.
V. Achieve a sustainable financial model that allows the college to realize its vision while maintaining quality and affordability for the students it serves.

Each of the five priorities has goals, action steps, timelines and metrics which provide the framework for assessment by the responsible administrative officer, the Provost and President, monitoring by the Committee on Strategic Planning and Priorities, and oversight by the Board of Trustees.

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 financial 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 will continue 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 steady increase in applications, 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 and sustain its long-term financial health.

STATEMENT OF NET POSITION

June 30, 2017

(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	$	18,490	1,414	19,904
Receivables:				
Student accounts, net of allowance for doubtful accounts of $459		1,862	—	1,862
Student loans		862	—	862
Grants		3,830	—	3,830
Due from State of New Jersey (note 5)		5,363	—	5,363
Due from affiliates (note 3)		1,531	510	2,041
Other		1,749	43	1,792
Total receivables		15,197	553	15,750
Investments (notes 4 and 15)		63,174	1,971	65,145
Restricted deposits held with trustees (note 7)		17,915	—	17,915
Prepaid expenses and other assets		2,300	22	2,322
Total current assets		117,076	3,960	121,036
Noncurrent assets:				
Student loans receivable, net of allowance for doubtful loans of $348		2,854	—	2,854
Restricted deposits held with trustees (note 7)		61,451	—	61,451
Investments (notes 4 and 15)		23,574	963	24,537
Restricted investments (note 15)		—	34,503	34,503
Capital assets, net (note 6)		673,155	—	673,155
Total noncurrent assets		761,034	35,466	796,500
Total assets		878,110	39,426	917,536
Deferred Outflows of Resources				
Deferred amounts from debt refunding		35,077	—	35,077
Deferred amounts from pensions (note 11)		41,744	—	41,744
Total deferred outflows of resources		76,821	—	76,821
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses (note 8)		32,903	59	32,962
Compensated absences – current portion (note 12)		3,784	—	3,784
Due to affiliates (note 3)		1,158	1,498	2,656
Unearned revenue and student deposits		1,051	—	1,051
Bonds payable – current portion, including net premium of $2,231 (note 9)		10,911	—	10,911
Other long-term obligations – current portion (note 9)		713	399	1,112
Total current liabilities		50,520	1,956	52,476
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent (note 12)		445	—	445
U.S. and Government grants refundable		3,207	—	3,207
Unearned revenue – noncurrent		11,959	—	11,959
Bonds payable – noncurrent, including net premium of $19,677 (note 9)		394,222	—	394,222
Other long-term obligations (note 9)		8,302	2,681	10,983
Net pension liability (note 11)		180,206	—	180,206
Total noncurrent liabilities		598,341	2,681	601,022
Total liabilities		648,861	4,637	653,498
Deferred Inflows of Resources				
Deferred amounts from pensions (note 11)		129	—	129
Net Position				
Net investment in capital assets		324,924	—	324,924
Restricted:				
Nonexpendable:				
Scholarships		—	10,029	10,029
Other programs		—	3,613	3,613
Expendable:				
Scholarships		—	12,385	12,385
Research		—	261	261
Debt service and capital		14,842	—	14,842
Other		—	5,135	5,135
Student loans		588	—	588
Unrestricted		(34,413)	3,366	(31,047)
Total net position	$	305,941	34,789	340,730

See accompanying notes to financial statements.

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 REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2017

(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	$ 121,819	—	121,819
Less tuition scholarship allowances	(20,287)	—	(20,287)
Net student tuition and fees	101,532	—	101,532
Student housing and fees	48,114	—	48,114
Less housing scholarship allowances	(5,410)	—	(5,410)
Net student housing and fees	42,704	—	42,704
Federal grants and contracts	10,132	—	10,132
State of New Jersey grants and contracts	8,673	—	8,673
Auxiliary activities	5,066	—	5,066
Contributions	—	3,234	3,234
Interest on student loans receivable	75	—	75
Other operating revenues	5,961	1,397	7,358
Total operating revenues	174,143	4,631	178,774
Operating expenses:			
Instruction	64,832	—	64,832
Research	11,880	—	11,880
Academic support	17,132	—	17,132
Public service	7,107	—	7,107
Student services	20,508	—	20,508
Operation and maintenance of plant	25,843	—	25,843
Institutional support	18,463	—	18,463
Scholarships and fellowships	1,186	711	1,897
Auxiliary activities	33,719	—	33,719
Fundraising and program services	—	791	791
Depreciation	21,883	—	21,883
Impairment loss on capital assets	274	—	274
Total operating expenses	222,827	1,502	224,329
Operating (loss) income	(48,684)	3,129	(45,555)
Nonoperating revenues (expenses):			
State of New Jersey appropriations	27,177	—	27,177
State of New Jersey fringe benefits	24,802	—	24,802
Investment income	5,704	3,106	8,810
Interest expense	(11,938)	—	(11,938)
Transactions with affiliates (note 3)	1,423	(3,727)	(2,304)
Other expenses, net	(4,685)	(323)	(5,008)
Net nonoperating revenues (expenses)	42,483	(944)	41,539
(Loss) gain before other revenues	(6,201)	2,185	(4,016)
Additions to permanent endowments	—	1,761	1,761
Capital grants and gifts	17,451	—	17,451
Increase in net position	11,250	3,946	15,196
Net position as of beginning of year	294,691	30,843	325,534
Net position as of end of year	$ 305,941	34,789	340,730

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 and program services	—	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.

STATEMENTS OF CASH FLOWS

(Business-Type Activities – College only)

Years ended June 30, 2017 and 2016

(Amounts in thousands)

		2017	2016
Cash flows from operating activities:			
Student tuition and fees	$	101,417	98,069
Federal and State grants and contracts		19,239	18,402
Payments to suppliers		(53,195)	(45,670)
Payments to employees		(104,347)	(104,262)
Payments for benefits		(6,024)	(4,806)
Student housing and auxiliary activities		48,008	45,632
Other receipts, net		5,214	5,560
Net cash provided by operating activities		10,312	12,925
Cash flows from noncapital financing activities:			
New Jersey State appropriations		24,912	27,177
Other receipts, net		(115)	2,350
Net cash provided by noncapital financing activities		24,797	29,527
Cash flows from capital and related financing activities:			
Purchase of capital assets		(57,736)	(60,022)
Net (deposits to) withdrawals from deposits held with trustees		(21,843)	10,839
Bond debt retirement		(163,672)	(124,948)
Proceeds from bond issuance		204,746	125,611
Bond issuance costs		(1,014)	(631)
Capital grants and gifts		20,932	31,567
Principal payments on bonds and other obligations		(11,336)	(10,459)
Interest payments on bonds and other obligations		(16,118)	(19,148)
Net cash used in capital and related financing activities		(46,041)	(47,191)
Cash flows from investing activities:			
Interest on investments		249	147
Purchases of investments		(7,000)	—
Sales of investments		948	—
Net cash (used in) provided by investing activities		(5,803)	147
Net change in cash and cash equivalents		(16,735)	(4,592)
Cash and cash equivalents as of beginning of year		35,225	39,817
Cash and cash equivalents as of end of year	$	18,490	35,225
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(48,684)	(43,628)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation		21,883	21,199
Impairment loss		274	3,573
State of New Jersey fringe benefits		24,802	25,262
Changes in assets and liabilities:			
Receivables, net		(775)	681
Prepaid expenses		275	(247)
Deferred outflows of resources from pensions		(22,988)	(14,175)
Accounts payable and accrued expenses		(741)	(217)
Accrued salaries		(1,033)	(535)
Other accrued expenses		287	(127)
Due to affiliates		73	—
Unearned revenue and student deposits		138	(1,311)
Net pension liability		37,396	25,263
Deferred inflows of resources from pensions		(595)	(2,813)
Net cash provided by operating activities	$	10,312	12,925
Noncash transactions:			
Change in fair value of investments	$	3,847	(110)

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 2016, TCNJ enrolled 6,608 full-time equivalent undergraduate students and 354 full-time equivalent 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, outstanding principal balances of debt, and restricted deposits held with trustees 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.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less, except for those managed as a component of the College's investment portfolio. The balance includes deposits with Wells Fargo Bank and the State of New Jersey Cash Management Fund. The State of New Jersey Cash Management Fund is a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper, certificates of deposit, obligations of government agencies and corporate bonds. The State of New Jersey Cash Management Fund is classified as a cash equivalent as it is a highly liquid investment purchased with an original maturity of three months or less and it is used to support the daily cash flow needs of the College.

(d) Restricted Deposits Held with Trustees

Restricted deposits held with trustees are reflected at fair value, which is based on quoted market prices in an active market. 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 land, 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.

Notes to the Financial Statements ($ in thousands)

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	10 to 35 years
Land and building improvements	25 years
Leasehold improvements	10 years
Equipment and other assets	3 to 10 years

Estimated costs to complete the projects classified as construction in progress are approximately $18,663. Such construction costs are anticipated to be financed by proceeds from long-term debt, capital grants, 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 $1,806 and $1,745, respectively, in fiscal years 2017 and 2016 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) *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 (fiscal year 2018). 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 (fiscal year 2018), and should be applied retroactively. The College is evaluating the impact of this new standard.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement requires a government entity to recognize an asset retirement obligation when the liability is incurred and reasonably estimable. The government entity would measure the obligation based on its best estimate of the current value of outlays expected to be incurred. The requirements of this Statement are effective for reporting period beginning after June 15, 2018 (fiscal year 2019). The College is evaluating the impact of this new standard.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (fiscal year 2020). The College is evaluating the impact of this new standard.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (fiscal year 2018). The College is evaluating the impact of this new standard.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement improves the accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (fiscal year 2021). The College is evaluating the impact of this new standard.

(m) 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.

(n) 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 $4,227 and $3,490, respectively, during fiscal years 2017 and 2016. 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 2017 and 2016. As of June 30, 2017 and 2016, a receivable of $1,498 and $607, respectively, was due from the Foundation. In fiscal year 2017, the College approved a transfer of $500 in unrestricted support to the Foundation. As of June 30, 2017 and 2016, a payable of $510 and $11, respectively, 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 2017 and 2016, the College incurred $332 and $349, 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, 2017 and 2016, there were outstanding payables of $138 and $153, 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 $360 and $350 as of June 30, 2017 and 2016, of which $33 and $42 was due to the College as of June 30, 2017 and 2016, respectively.

The Corporation purchased student housing facilities in order to provide additional housing for the College's students. During fiscal years 2017 and 2016, 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 2017 and 2016 was $91 and $86, respectively.

Additional information about the College's transactions with the Corporation for Campus Town is presented in note 17 to the financial statements.

During fiscal year 2017, the Corporation purchased a single family home, a building and land on behalf of the College. Those purchases were transferred to the College within the same fiscal year, resulting in a total of $510 in capital asset costs transferred to the College. As of June 30, 2017, there were outstanding payables to the Corporation of $510 related to the transfer of the properties.

(4) Cash, Cash Equivalents and Investments

Cash and cash equivalents was $18,490 and $35,225 as of June 30, 2017 and 2016, which included $16,244 and $30,407 held in the State of New Jersey Cash Management fund and $2,237 and $4,808 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 State of New Jersey 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 number of shares held by the College and the market price of those shares as of June 30, 2017 and June 30, 2016. The Cash Management Fund is unrated with a portfolio maturity of less than one year.

Notes to the Financial Statements ($ in thousands)

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. The College liquidated its investment in the Commonfund in fiscal year 2017.

The College's investments as of June 30, 2017 and 2016 were as follows:

Investments			
		2017	2016
Mutual funds:			
Domestic equities	$	24,474	23,242
International equities		13,059	4,987
Fixed income		13,014	13,713
Mutual funds total		50,547	41,942
U.S. Treasury bonds and notes		5,521	9,843
U.S. Government agencies		10,526	8,104
Corporate bonds		9,807	9,138
Municipal bonds		2,132	1,450
Commercial paper		1,299	2,589
Certificates of deposit		6,759	1,300
Money market fund		33	873
Cash and cash equivalents		124	—
Commonfund		—	152
Total	$	86,748	75,391

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, 2017 and 2016, the College's fixed income investments were rated as follows:

Notes to the Financial Statements ($ in thousands)

2017 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	$	16,855	5,521	10,526	775	—	—	—	33
Aa1		729	—	—	525	204	—	—	—
Aa2		1,279	—	—	625	—	—	654	—
Aa3		3,433	—	—	806	661	—	1,966	—
A1		5,859	—	—	3,861	617	—	1,381	—
A2		2,074	—	—	2,074	—	—	—	—
A3		1,141	—	—	1,141	—	—	—	—
P1		4,057	—	—	—	—	1,299	2,758	—
NR		650	—	—	—	650	—	—	—
	$	36,077	5,521	10,526	9,807	2,132	1,299	6,759	33

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

The fixed income mutual funds of $13,014 and $13,713 as of June 30, 2017 and 2016, 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.
- 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.

Notes to the Financial Statements ($ in thousands)

- 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, 2017 and 2016, the College's fixed income investments had maturity dates as follows:

2017

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	$ 12,503	1,788	1,440	4,508	659	1,299	2,776	33
1 – 5	23,289	3,733	8,801	5,299	1,473	—	3,983	—
6 – 10	285	—	285	—	—	—	—	—
	$ 36,077	5,521	10,526	9,807	2,132	1,299	6,759	33

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

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; and
- 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.
- 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.
- Certificates 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.
- Cash and cash equivalents – These investments are measured at amortized cost and have been excluded from fair value leveling.

Notes to the Financial Statements ($ in thousands)

The College's investments at June 30, 2017 are summarized in the following table by their fair value hierarchy:

2017					
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					
Mutual funds:					
Domestic equities	$	24,474	24,474	—	—
International equities		13,059	13,059	—	—
Fixed income		13,014	13,014	—	—
U.S. Treasury bonds and notes		5,521	5,521	—	—
U.S. Government agencies		10,526	—	10,526	—
Corporate bonds		9,807	—	9,807	—
Municipal bonds		2,132	—	2,132	—
Commercial paper		1,299	—	1,299	—
Certificates of deposit		6,759	—	6,759	—
Total investments measured at fair value	$	86,591	56,068	30,523	—

Notes to the Financial Statements ($ in thousands)

The College'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					
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			

The fair value as of June 30, 2017 and 2016 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						
		Fair value				
Investment		**2017**	**2016**	**Redemption restriction**	**Redemption frequency (if currently eligible)**	**Redemption notice period**
Commonfund	$	—	152	None	Weekly	5 days
Total investments measured at NAV	$	—	152			

Notes to the Financial Statements ($ in thousands)

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

As of June 30, 2016, the Commonfund investment was 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, 2017 and 2016:

Due from State of New Jersey		2017	2016
FICA benefit reimbursement	$	611	481
Alternative Benefit Program		914	830
Capital grants		1,573	4,850
State appropriation		2,265	—
Total	$	5,363	6,161

Notes to the Financial Statements ($ in thousands)

(6) Capital Assets

Capital asset activity for the years ended June 30, 2017 and 2016 was as follows:

2017 Capital Asset Activity		Beginning balance	Additions	Transfers/ retirements	Ending balance
Nondepreciable assets:					
Land	$	22,148	107	—	22,255
Works of art/historical treasures		592	—	—	592
Construction in progress		70,913	55,276	(10,943)	115,246
Total nondepreciable assets		93,653	55,383	(10,943)	138,093
Depreciable assets:					
Land improvements		230	—	—	230
Buildings		533,830	68	27	533,925
Building improvements		133,782	367	677	134,826
Leasehold improvements		1,416	—	26	1,442
Infrastructure		62,697	137	2,065	64,899
Equipment and other assets		83,209	476	7,756	91,441
Total depreciable assets		815,164	1,048	10,551	826,763
Total capital assets		908,817	56,431	(392)	964,856
Accumulated depreciation:					
Land improvements		(192)	(9)	—	(201)
Buildings		(156,067)	(10,699)	—	(166,766)
Building improvements		(32,233)	(5,336)	115	(37,454)
Leasehold improvements		—	(142)	—	(142)
Infrastructure		(15,253)	(1,920)	3	(17,170)
Equipment and other assets		(66,191)	(3,777)	—	(69,968)
Total accumulated depreciation		(269,936)	(21,883)	118	(291,701)
Capital assets, net	$	638,881	34,548	(274)	673,155

Notes to the Financial Statements ($ in thousands)

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)

As of June 30, 2017 and 2016, the College's bond obligations were collateralized by buildings and equipment with a book value of $577,127 and $506,790, respectively. During fiscal years 2017 and 2016, interest income on bond construction funds for Series 2010B, and 2013A bonds was $62 and $58, respectively. Interest expense on these same bond funds was $1,331 and $1,652 for 2017 and 2016, respectively. Net interest costs of $1,269 and $1,594 for fiscal years 2017 and 2016, 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, 2017 and 2016, deposits held with trustees include the following:

Restricted Deposits Held with Trustees			
		2017	2016
Construction funds	$	6,892	17,015
Grant related deposits		15,325	11,523
Debt service (principal and interest)		57,149	19,841
	$	79,366	48,379

As of June 30, 2017 and 2016, the College's restricted deposits held with trustees are invested in money market funds, commercial paper, U.S. Treasury notes or government securities guaranteed by the U.S. government. All money market and U.S. Treasury notes and government security investments are rated Aaa and all commercial paper investments are rated P-1. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2017 and 2016, the College holds $79,366 and $48,379, respectively, in restricted deposits held by trustees comprised of money market funds, commercial paper, 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, 2017 and 2016:

2017 Restricted Deposits Held with Trustees				
			Investment maturities (in years)	
Investment type		Fair value	Less than 1	1 - 5
Money market funds	$	27,571	27,571	—
Commercial paper		1,353	1,353	—
U.S. Treasury notes and government securities		50,442	4,519	45,923
	$	79,366	33,443	45,923

Notes to the Financial Statements ($ in thousands)

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

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2017 and 2016:

Accounts Payable and Accrued Expenses			
		2017	**2016**
Bond principal and interest	$	18,076	19,841
Vendors		5,981	6,723
Accrued salaries and benefits		2,876	3,909
Accrued expenses – construction		5,970	6,006
Total	$	32,903	36,479

(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, 2017 and 2016:

Notes to the Financial Statements ($ in thousands)

Bonds Payable and Other Long-Term Obligations		2017	2016
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, 2018)	$	2,465	60,275
2008 Series D (interest 5.00%, maturing on July 1, 2035)		—	96,545
2010 Series B (interest 4.878% to 7.395%, maturing on July 1, 2016 through July 1, 2040)		39,170	40,145
2012 Series A (interest 2.00% to 5.00%, maturing on July 1, 2019)		9,855	14,385
2013 Series A (interest 4.00% to 5.00%, due serially starting on July 1, 2016 to July 1, 2033)		11,400	11,870
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%, due serially starting on July 1, 2019 through July 1, 2031)		114,525	114,525
2016 Series F (interest 4.00% to 5.00%, due serially starting on July 1, 2017 to July 1, 2035)		74,950	—
2016 Series F (interest 3.00%, maturing on July 1, 2040)		12,975	—
2016 Series G (interest 1.866% to 3.640%, due serially starting on July 1, 2017 to July 1, 2032)		75,320	—
2016 Series G (interest 3.64%, maturing on July 1, 2034)		29,935	—
Subtotal bonds payable		383,225	350,375
Add:			
Bond premium		21,908	16,362
Total bonds payable	$	405,133	366,737
Other long-term obligations:			
Dormitory Safety Trust Fund (interest 0%, maturing on January 15, 2018)	$	30	60
Higher Education Capital Improvement Fund (interest 2.27% to 4.75%, maturing on August 15, 2022)		5,289	5,502
Higher Education Equipment Leasing Fund (interest 5.00%, maturing on May 1, 2023)		1,089	1,242
Higher Education Capital Improvement Fund (interest 3.00% to 5.50%, maturing on August 15, 2036)		2,607	—
Total other long-term obligations	$	9,015	6,804

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, 2017:

Principal and Interest Repayments					
		Bond Principal	Other long-term obligations principal	Bond interest	Other long-term obligations interest
Year ending June 30:					
2018	$	8,680	713	16,633	350
2019		10,950	784	16,209	302
2020*		49,060	812	13,000	276
2021		12,455	823	12,569	249
2022		16,315	1,864	11,998	205
2023-2027		89,765	2,389	48,976	520
2028-2032		101,375	706	30,097	340
2033-2037		78,305	924	10,112	122
2038-2042		14,760	—	1,921	—
2043-2044		1,560	—	78	—
	$	383,225	9,015	161,593	2,364

* The bond principal repayment amount for the fiscal year ending June 30, 2020 includes $37,115 of 2010 Series B principal that will be paid on July 1, 2019 from the crossover escrow included in restricted deposits held with trustees.

Noncurrent liabilities activity for the years ended June 30, 2017 and 2016 is as follows:

2017 Noncurrent Liabilities Activity						
		Beginning balance	Additions	Deductions	Ending balance	Current portion
Noncurrent liabilities:						
Compensated absences	$	3,943	835	(549)	4,229	3,784
U.S. and Government grants refundable		4,330	—	(1,123)	3,207	—
Unearned revenues and student deposits		10,255	10,454	(7,699)	13,010	1,051
Bonds payable, net		366,737	204,746	(166,350)	405,133	10,911
Other long-term obligations		6,804	2,822	(611)	9,015	713
Net pension liability		142,810	39,795	(2,399)	180,206	—
Total noncurrent liabilities	$	534,879	258,652	(178,731)	614,800	16,459

Notes to the Financial Statements ($ in thousands)

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

In September 2016, the New Jersey Educational Facilities Authority issued tax-exempt 2016 Series F and federally taxable 2016 Series G Revenue Refunding Bonds to refund a portion of the 2008 Series D and 2010 Series B bonds. The 2008 Series D bonds were refunded by both 2016 Series F and 2016 Series G by establishing an escrow account with U.S. 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, 2019, at which point the refunded bonds will be called at par. The refunded 2008 Series D bonds totaled $150,810, of which $54,425 was refunded by 2016 Series F and $96,385 by 2016 Series G. This included all of the remaining principal outstanding on the serial bonds maturing from 2019 through 2028 and the remaining sinking fund payments on 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 2010 Series B bonds will be repaid by a portion of the 2016 Series F bonds and are structured as a crossover refunding. A crossover escrow account with noncallable U.S. government obligations was established, the cash flow from which will be sufficient to pay interest on the portion of the 2016 Series F bonds allocable to the refunding of the 2010 Series B bonds to be refunded to July 1, 2019 (the crossover date) and to redeem $37,115 of principal on the 2010 Series B bonds to refunded on the crossover date. The crossover date is the first optional redemption date of the 2010 Series B bonds. The 2010 Series B bonds to be refunded will be legally defeased as of the crossover date. Prior to the crossover date, the 2010 Series B bonds to be refunded will continue to be secured by and payable from the revenues which were originally pledged for the payment of the 2010 Series B bonds. The 2010 Series B bonds to be refunded will remain outstanding until the crossover date and are included in the bonds payable balance in the statement of net position. The crossover escrow account balance of $39,761 is included in the restricted deposits held with trustees balance in the 2017 statement of net position.

The 2016 Series F serial bonds totaling $74,950 carry coupon rates ranging from 4.00% to 5.00% and mature July 1, 2020 through July 1, 2035 and the 2016 Series F term bond totaling $12,975 has a coupon rate of 3.00% and matures on July 1, 2040. The 2016 Series G serial bonds totaling $75,320 carry coupon rates ranging from 1.866% to 3.459% and mature July 1, 2020 through July 1, 2032 and the 2016 Series G term bond totaling $29,935 has a coupon rate of 3.640% and matures on July 1, 2034. The 2016 Series F bonds were issued with a premium of $11,566. There was no premium or discount on the issuance of the 2016 Series G bonds. The College incurred $1,014 in bond issue costs which were expensed during the year ended June 30, 2017. The College also recognized a loss on bond refunding of $20,215 which is reported as a deferred outflow of resources. In effect, the College reduced its aggregate debt service payments by $22,897 in fiscal years 2017 through 2040 and obtained an economic gain (difference between the present values of the old and new debt service payments) of $21,597.

In September 2015, the New Jersey Educational Facilities Authority issued tax-exempt 2015 Series G Revenue Refunding Bonds to 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, 2017. The College also recognized a loss on bond refunding of $18,040 which is reported as a deferred outflow 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.

In July 2016, the College was awarded an $8,000 Higher Education Capital Improvement Fund (HECIF) grant from the NJEFA to fund the renovation of the School of Engineering building, Armstrong Hall. The grant was contingent upon NJEFA issuing the bonds necessary to finance the project. In December 2016, NJEFA issued the HECIF 2016 Series B bonds to finance the project. In exchange for the receipt of the grant, the College will pay one third of the debt service of the bonds allocable to the College which is reported in other long-term obligations in the statement of net position. The College will also pay a proportionate share of the costs of issuance of the HECIF 2016 Series B bonds and the NJEFA’s administrative costs associated with the project.

(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 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. 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 were 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 were 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 for 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 $1/55^{th}$ 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 $1/60^{th}$ 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 member 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 $1/55^{th}$ 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 $1/60^{th}$ 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

Notes to the Financial Statements ($ in thousands)

Plan and supplemental to those under the Alternate Benefit Program and the Supplemental Alternate Benefit Plan for the Supplemental Retirement Plan.

(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, 2017 and 2016 were as follows:

Defined Benefit Retirement Plan Employee Contribution Rates

	2017	2016
Public Employees' Retirement System	7.06%	6.92%
Police and Firemen's Retirement System	10.00%	10.00%

The College had no active employees enrolled in TPAF in the fiscal years ended June 30, 2017 and 2016.

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 and PFRS plans on behalf of the College for the fiscal years ended June 30, 2017 and 2016 were as follows:

Defined Benefit Retirement Plan Employer Contributions

		2017	2016
Public Employees' Retirement System	$	2,835	1,941
Police and Firemen's Retirement System		306	231
Total	$	3,141	2,172

Notes to the Financial Statements ($ in thousands)

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

(e) Pension Amounts

Net pension liability amounts recorded within the College's 2017 and 2016 financial statements are measured as of June 30, 2016 and June 30, 2015, respectively. 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, 2016. Pension expense is recognized within the functional classifications in the statements of revenues, expenses and changes in net position.

2017 Summary of Pension Amounts				
		PERS	**PFRS**	**TPAF***
College proportionate share of the net pension liability	$	172,328	7,878	2,024
College proportion of the net pension liability - State group:				
2016		0.586%	0.167%	0.003%
College proportion of the net pension liability - Plan as a whole:				
2016		0.292%	0.031%	—%
Deferred outflows of resources		39,874	1,870	N/A
Deferred inflows of resources		—	129	N/A
Pension expense		16,235	946	152

* 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)

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
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.

2017 Deferred Outflows of Resources from Pensions		PERS	PFRS
Difference between expected and actual experience	$	3,668	—
Changes in assumptions		25,758	613
Changes in proportion		4,766	705
Net difference between projected and actual investment earnings		2,847	246
Contributions paid to plan subsequent to measurement date**		2,835	306
Total	$	39,874	1,870

** The contributions paid to the plan subsequent to the measurement date were recognized as a reduction of the net pension liability in fiscal year 2018.

Notes to the Financial Statements ($ in thousands)

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 were recognized as a reduction of the net pension liability in fiscal year 2017.

2017			
Deferred Inflows of Resources from Pensions			
		PERS	**PFRS**
Difference between expected and actual experience	$	—	68
Changes in proportion		—	61
Total	$	—	129

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

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
2018	$	8,510	404
2019		8,510	404
2020		9,405	441
2021		7,842	192
2022		2,772	(6)
Total deferrals recognized as pension expense		37,039	1,435
Deferred outflows recognized as a reduction to net pension liability		2,835	306
Net deferred outflows	$	39,874	1,741

(f) *Defined Benefit Plan Assumptions*

The College's June 30, 2017 net pension liability for each plan was measured as of June 30, 2016 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, 2015 rolled forward to June 30, 2016. 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 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)

2017 Actuarial Methods and Assumptions			
	PERS	**PFRS**	**TPAF**
Valuation date	7/1/2015	7/1/2015	7/1/2015
Measurement date	6/30/2016	6/30/2016	6/30/2016
Inflation rate	3.08%	3.08%	2.50%
Projected salary increases:			
Initial fiscal year applied through	2026	2026	N/A
Rate	1.65% - 4.15% based on age	2.10% - 8.98% based on age	Varies based on experience
Thereafter	2.65% - 5.15% based on age	3.10% - 9.98% based on age	Varies based on experience
Investment rate of return	7.65%	7.65%	7.65%
Municipal bond rate:			
2016	2.85%	2.85%	2.85%
Discount rate:			
2016	3.98%	5.55%	3.22%
Experience study dates	7/1/2011 - 6/30/2014	7/1/2010 - 6/30/2013	7/1/2012 - 6/30/2015

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%
Projected salary increases:			
Initial fiscal year applied through	2021	2021	2021
Rate	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	7/1/2012 - 6/30/2015

For the June 30, 2016 measurement date, PERS pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back four years for males and females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

For the June 30, 2016 measurement date, PFRS pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For the June 30, 2016 measurement dates, mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953-2013.

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, 2015 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 contribution rate in the most recent fiscal year. State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS, 2050 for PFRS, and 2029 for TPAF. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS, 2050 for PFRS, and

Notes to the Financial Statements ($ in thousands)

2029 for TPAF. The municipal bond rate was applied to projected benefit payments after that date determining the total pension liability

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, 2016 and 2015 are summarized in the following tables:

2017				
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%	0.87%	5.00%	0.39%
Core bonds	1.50%	1.74%	1.50%	1.28%
Intermediate grade credit	8.00%	1.79%	N/A	N/A
U.S. credit bonds	N/A	N/A	13.00%	2.76%
Mortgages	2.00%	1.67%	2.00%	2.38%
High yield bonds	2.00%	4.56%	2.00%	4.70%
Inflation-indexed bonds	1.50%	3.44%	1.50%	1.41%
Broad U.S. equities	26.00%	8.53%	26.00%	5.14%
Developed foreign equities	13.25%	6.83%	13.25%	5.91%
Emerging market equities	6.50%	9.95%	6.50%	8.16%
Private equity	9.00%	12.40%	9.00%	8.97%
Hedge funds - absolute return	12.50%	4.68%	N/A	N/A
Hedge funds - multi-strategy	N/A	N/A	5.00%	3.70%
Hedge funds - equity hedge	N/A	N/A	3.75%	4.72%
Hedge funds - distressed	N/A	N/A	3.75%	3.49%
Real estate (property)	2.00%	6.91%	N/A	N/A
Real estate (REITs)	5.25%	5.63%	N/A	N/A
Private real estate	N/A	N/A	5.25%	3.64%
Commodities	0.50%	5.45%	0.50%	2.87%
Global debt ex U.S.	5.00%	-0.25%	N/A	N/A
Timber	N/A	N/A	1.00%	3.86%
Farmland	N/A	N/A	1.00%	4.39%

Notes to the Financial Statements ($ in thousands)

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%

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, 2016 and 2015 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:

Notes to the Financial Statements ($ in thousands)

2017 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 (2.98%, 3.98%, 4.98%)	201,834	172,328	148,030
PFRS (4.55%, 5.55%, 6.55%)	9,385	7,878	6,652

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

(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.

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, 2017 and 2016, ABP investment carriers received employer and employee contributions as follows:

Notes to the Financial Statements ($ in thousands)

ABP Employer and Employee Contributions			
		2017	2016
Employer contributions	$	4,977	4,859
Employee contributions		6,781	6,796
Participating employees' salaries		62,216	60,732

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 2017 and 2016. The employer contributions made during fiscal years 2017 and 2016 were $93 and $95, 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 $445 and $415 as of June 30, 2017 and 2016, 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 $3,398 and $3,195 as of June 30, 2017 and 2016, 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, 2017 and 2016 a liability of $386 and $333, 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, 2017 and 2016, the College expended $348 and $346 for government and public relations, and $76 and $75 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, 2017 and 2016:

Notes to the Financial Statements ($ in thousands)

Investments		2017	2016
Cash and cash equivalents	$	1,851	2,660
U.S. Treasury bills and notes and Government agencies		3,522	2,354
Corporate bonds		1,042	634
Equity securities		17,043	18,150
Mutual funds		7,207	7,465
Exchange-traded funds		1,639	485
Alternative investments:			
Private equity		604	547
Hedge funds		3,312	308
Managed futures		660	216
Common trust funds		557	612
	$	37,437	33,431

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.
- Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, U.S. 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.

Notes to the Financial Statements ($ in thousands)

- 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, 2017, 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:

2017

Fixed Income Investments Ratings

Rating	Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$ 3,675	1,953	1,569	153
Aa1	24	—	—	24
Aa2	24	—	—	24
Aa3	12	—	—	12
A1	102	—	—	102
A2	120	—	—	120
A3	267	—	—	267
Baa1	249	—	—	249
Baa2	61	—	—	61
Baa3	30	—	—	30
Total	$ 4,564	1,953	1,569	1,042

Notes to the Financial Statements ($ in thousands)

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

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, 2017, 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:

2017 Fixed Income Investments Maturity					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	120	—	24	96
1 – 5		1,940	1,390	104	446
6 – 10		836	322	139	375
Greater than 10		1,668	241	1,302	125
Total	$	4,564	1,953	1,569	1,042

Notes to the Financial Statements ($ in thousands)

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

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; and
- 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 equivalents – 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, 2017 are summarized in the following table by their fair value hierarchy:

2017					
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	$	1,953	1,953	—	—
U.S. Government agencies		1,569	—	1,569	—
Corporate bonds		1,042	—	1,042	—
Equity securities		17,043	17,043	—	—
Mutual funds		7,207	7,207	—	—
Exchange-traded funds		1,639	1,639	—	—
Total investments by fair value level		30,453	27,842	2,611	—
Investments measured at net asset value (NAV)					
Private equity		604			
Hedge funds		3,312			
Managed futures		660			
Common trust funds		557			
Total investments measured at NAV		5,133			
Total investments measured at fair value	$	35,586			

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 fair value as of June 30, 2017 and 2016 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 (if currently eligible)	Redemption notice period
Investment		2017	2016		
Private equity	$	604	547	Quarterly	65 days
Hedge funds		3,312	308	Monthly / Quarterly	45 - 67 days
Managed futures		660	216	Semi-monthly	8 days
Common trust funds		557	612	N/A	N/A
Total investments measured at NAV	$	5,133	1,683		

As of June 30, 2017 and 2016, 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 funds: This type consists of investments in seven funds that employ a variety of alternative investment strategies including global macro, multi-strategy equity, event driven, relative value, and multi-strategy funds of funds. Redemption terms vary by fund. Redemption from one fund may be requested monthly by tender offer with 60 calendar days' notice while redemptions from the other six funds may be requested quarterly with 45 – 67 calendar days' notice depending on the fund. Two of the funds have one year lockup periods after initial subscription during which the investment cannot be redeemed, which for the Foundation will expire in September and October 2017. One fund's board of directors has the sole discretion to repurchase units with a tender offer. This fund limits the redemptions each quarter to 5-25% of the fund's net asset value. The fair value of the investments 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 trendfollowing 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 $100 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 (September 1, 2017) 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 2017 and 2016. 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 was $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 began on the Rent Commencement Date (September 14, 2015) in accordance with the lease agreement. In fiscal year 2017 there were rental payments by the College totaling $198. The minimum annual base rental commitments approximate the following:

Annual Rental Commitments		
		Amount
Year ending June 30:		
2018	$	202
2019		206
2020		211
2021		215
2022		219
2023-2026		731
	$	1,784

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, 2017 and 2016, $1,442 and $1,416, 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 years 2017 and 2016, there was no excess commission to be transferred to the College. In fiscal year 2017, $37 was due to be reimbursed to the Corporation for certain expenses related to the bookstore operations.

Notes to the Financial Statements ($ in thousands)

The Chairs 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 the years ended June 30, 2017 and 2016 was $226 and $180, respectively. The remaining years three through five are to be repaid as follows.

Capital Reimbursement Schedule

		Principal	Interest	Total
Year ending June 30:				
2018	$	201	25	226
2019		209	17	226
2020		218	9	227
	$	628	51	679

(18) Subsequent Event

On August 8, 2017, the members of the American Federation of Teachers New Jersey (AFT), the union representing full-time and part-time faculty and academic administrative, professional and supervisory staff, ratified its contract with the State of New Jersey for the term July 1, 2015 through June 30, 2019. The contract provides cost of living and salary step increases retroactive to the first full pay period in July 2017 for twelve-month employees and retroactive to the first full pay period in September 2017 for ten-month employees.

The College of New Jersey

Schedules of Proportionate Share of the Net Pension Liability

(Unaudited)

June 30, 2017

(In thousands)

Public Employees' Retirement System

		2017	2016	2015
College proportion of the net pension liability - State group		0.586%	0.571%	0.557%
College proportion of the net pension liability - Plan as a whole		0.292%	0.294%	0.289%
College proportionate share of the net pension liability	$	172,328	135,548	112,127
College covered-employee payroll (for the year ended as of the measurement date)		25,776	25,823	25,380
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		668.56%	524.91%	441.79%
Plan fiduciary net position as a percentage of the total pension liability		31.20%	38.21%	42.74%

Police and Firemen's Retirement System

		2017	2016	2015
College proportion of the net pension liability - State group		0.167%	0.169%	0.153%
College proportion of the net pension liability - Plan as a whole		0.031%	0.032%	0.031%
College proportionate share of the net pension liability	$	7,878	7,262	5,420
College covered-employee payroll (for the year ended as of the measurement date)		772	763	822
College proportionate share of the net pension liability as a percentage of the employee covered-payroll		1020.47%	951.77%	659.37%
Plan fiduciary net position as a percentage of the total pension liability		48.55%	52.84%	58.86%

Teachers' Pension and Annuity Fund

		2017	2016	2015
College proportion of the net pension liability		0.000%	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		2,024	4,749	4,666
Total net pension liability		2,024	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	N/A	3824.59%
Plan fiduciary net position as a percentage of the total pension liability		22.33%	28.71%	33.64%

See accompanying independent auditors' report.

The College of New Jersey

Schedules of Employer Contributions

(Unaudited)

June 30, 2017

(in thousands)

Public Employees' Retirement System

		2017	2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	2,835	1,941	1,289
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		2,835	1,941	1,289
Contribution deficiency (excess)	$	—	—	—
College covered-employee payroll (as of the fiscal year end)	$	26,046	25,776	25,823
Contributions as a percentage of covered-employee payroll		10.88%	7.53%	4.99%

Police and Firemen's Retirement System

		2017	2016	2015
Contractually required contribution (amount provided by the State of New Jersey)	$	306	231	120
Contributions in relation to the contractually required contribution (amount provided by the State of New Jersey)		306	231	120
Contribution deficiency (excess)	$	—	—	—
College covered-employee payroll (as of the fiscal year end)	$	785	772	763
Contributions as a percentage of employee covered payroll		38.98%	29.92%	15.73%

See accompanying independent auditors' report.