NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
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building futures

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REPORT OF MANAGEMENT

Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of CliftonLarsonAllen LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditors' opinion is presented on page 2.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with the independent auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. The independent auditors have unrestricted access to the Audit Committee.

Jeremy Spector
Executive Director

Marie P. Mueller
Chief Financial Officer

May 13, 2016

REPORT OF INDEPENDENT AUDITORS

Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the New Jersey Educational Facilities Authority (the Authority), a component unit of the State of New Jersey, which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Authority as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* for the year ended December 31, 2015. As a result of the implementation of GASB Statements No. 68 and 71, the Authority reported a restatement for the change in accounting principle and a summary of the restatement is presented in Note 2. Our auditors' opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 - 7, the schedule of funding progress and the schedule of employer contributions to the OPEB plan on page 27, and the schedule of proportionate share of net pension liability and schedule of contributions on page 28, 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 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 audit 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental financial information on pages 30 – 41, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Management and Members of
New Jersey Educational Facilities Authority

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 13, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 13, 2016

Introduction

This section of the New Jersey Educational Facilities Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2015 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Overview of the Financial Statements

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The Basic Financial Statements for an Enterprise Fund include: Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows. These statements provide, respectively, a view of the Authority's financial position as of the end of the year, a description of the financial activity during the year, and a description of the cash activity during the year.

Financial Highlights 2015:

- The Authority issued $804 million of conduit debt for educational institutions during 2015.

- Cash and Investments represent approximately 99% of Total Assets at the end of 2015.

- The Authority's 2015 operating margin (net operating income as a percentage of operating revenues) was 33%.

- At December 31, 2015, Net Position represents 2.2 times 2015 Total Operating Expenses.

During 2015, the Authority's volume of financing activity, excluding the state-backed bond programs during 2014 was approximately $356 million more than 2014. In 2014 the Authority issued $531million in connection with several state-backed bond programs. The increased volume was due primarily to the result of market conditions. The Authority continued to work with the State's public and private institutions on their multi-year plans to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment to accommodate growing demand for higher education. The Authority also helped New Jersey colleges and universities restructure outstanding issues for the greatest benefit to the institutions.

Condensed Financial Information

The following table represents condensed balance sheet information and changes between December 31, 2014 and December 31, 2015 and between December 31, 2013 and December 31, 2014:

	2015	2014 (Restated)	2013	Increase (Decrease) 2014 to 2015	Increase (Decrease) 2013 to 2014
Current Assets	$ 8,672,794	$ 7,826,028	$ 6,917,902	10.82%	13.13%
Capital Assets, Net	72,319	60,084	67,556	20.36%	-11.06%
Deferred Outflows of Resources	779,818	213,555	-	265.16%	
Total Assets and Def Outflows	9,524,931	8,099,667	6,985,458	17.60%	15.95%
Current Liabilities	188,828	192,422	228,809	-1.87%	-15.90%
Noncurrent Liabilities	3,999,098	3,589,477	1,155,497	11.41%	210.64%
Total Liabilities	4,187,926	3,781,899	1,384,306	10.74%	173.20%
Deferred Inflows of Resources	160,991	294,443	-	-45.32%	
Total Net Position	$ 5,176,014	$ 4,023,325	$ 5,601,152	28.65%	-28.17%

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Net Position, and changes between 2014 and 2015 and between 2013 and 2014:

	2015	2014 (Restated)	2013	Increase (Decrease) 2014 to 2015	Increase (Decrease) 2013 to 2014
Operating Revenues:					
Administrative Fees	$ 3,486,547	$ 3,581,441	$ 3,187,412	-2.65%	12.36%
Total Operating Revenues	3,486,547	3,581,441	3,187,412	-2.65%	12.36%
Operating Expenses:					
Salaries and Related Expenses	1,519,776	1,484,754	1,470,618	2.36%	0.96%
Provision for Postemployment Benefits	133,800	119,797	181,704	11.69%	-34.07%
General Expenses	686,059	642,394	593,236	6.80%	8.29%
Total Operating Expenses	2,339,635	2,246,945	2,245,558	4.13%	0.06%
Net Operating Income	1,146,912	1,334,496	941,854	-14.06%	41.69%
Nonoperating Revenues (Expenses):					
Investment Income	5,777	2,830	3,988	104.13%	-29.04%
Change in Net Position	1,152,689	1,337,326	945,842	-13.81%	41.39%
Net Position - Beginning of Year	4,023,325	5,601,152	4,655,310	-28.17%	20.32%
Prior Period Adjustment - See Note 2	-	(2,915,153)	-		
Net Position - Beginning of Year, Restated	4,023,325	2,685,999	4,655,310	49.79%	-42.30%
Net Position - End of Year	$ 5,176,014	$ 4,023,325	$ 5,601,152	28.65%	-28.17%

Analysis of Overall Financial Position and Results of Operations

The Authority's solid financial position and strong operating results continued.

Revenues

The Authority's revenues are derived primarily from two fees; annual fees charged with respect to existing bond issues, and initial fees charged with respect to the issuance of new debt. Total revenues for 2015 decreased approximately $95,000 from 2014 and total revenues for 2014 increased approximately $394,000 from 2013.

Expenses

Operating expenses in 2015 decreased slightly or 0.1% from 2014 and 2014 increased slightly or 0.1% from 2013.

Assets and Liabilities

Net position increased $1.2 million, or 28.7% from 2014 to 2015 and decreased $1.6 million, or 28.1% from 2013 to 2014 due primarily to the implementation of GASB 68. Net position increased as a result of an increase in assets. The increase in assets is primarily related to increased investments.

Contacting the Authority's Financial Management

If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, New Jersey 08540-6612. Readers are invited to visit the Authority's website at www.njefa.com.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014 (As Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	$ 72,501	$ 96,109
Investments, Principally U.S. Government Obligations	8,582,850	6,997,322
Fees Receivable	-	710,023
Prepaid Expenses and Other Assets	17,443	22,574
Total Current Assets	8,672,794	7,826,028
NONCURRENT ASSETS		
Capital Assets, at cost, Less Accumulated Depreciation of $542,283 and $562,474 During 2015 and 2014, Respectively	72,319	60,084
DEFERRED OUTFLOWS OF RESOURCES	779,818	213,555
Total Assets and Deferred Outflows of Resources	$ 9,524,931	$ 8,099,667
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	188,828	192,422
NONCURRENT LIABILITIES		
Net Pension Liability	3,644,819	2,834,265
Postemployment Benefits Other than Pension	334,881	732,581
Project Obligations	19,398	22,631
Total Noncurrent Liabilities	3,999,098	3,589,477
Total Liabilities	4,187,926	3,781,899
DEFERRED INFLOWS OF RESOURCES	160,991	294,443
NET POSITION		
Investment in Capital Assets	72,319	60,084
Unrestricted	5,103,695	3,963,241
Total Net Position	5,176,014	4,023,325
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 9,524,931	$ 8,099,667

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014 (As Restated)
OPERATING REVENUES		
Administrative Fees	$ 3,486,547	$ 3,581,441
OPERATING EXPENSES		
Salaries and Related Expenses	1,519,776	1,484,754
General and Administrative Expenses	577,857	570,656
Provision for Postemployment Benefits	133,800	119,797
Professional Fees	108,202	71,738
Total Operating Expenses	2,339,635	2,246,945
NET OPERATING INCOME	1,146,912	1,334,496
NONOPERATING REVENUE		
Investment Income	5,777	2,830
CHANGES IN NET POSITION	1,152,689	1,337,326
Net Position - Beginning of Year	4,023,325	5,601,152
Prior Period Adjustment - See Note 2	-	(2,915,153)
Net Position - Beginning of Year, As Restated	4,023,325	2,685,999
NET POSITION - END OF YEAR	$ 5,176,014	$ 4,023,325

See accompanying Notes to Financial Statements.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Administrative Fees	$ 4,201,701	$ 2,890,573
Payments to Employees	(1,032,416)	(1,112,999)
Payments to Suppliers	(1,581,254)	(1,548,749)
Net Cash Provided by Operating Activities	1,588,031	228,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(9,568,832)	(9,511,840)
Sale and Maturity of Investments	7,984,235	9,266,077
Investment Income	4,846	2,513
Net Cash Used by Investing Activities	(1,579,751)	(243,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(31,888)	(14,397)
Net Cash Used by Capital and Related Financing Activities	(31,888)	(14,397)
NET INCREASE (DECREASE) IN CASH	(23,608)	(28,822)
Cash - Beginning of Year	96,109	124,931
CASH - END OF YEAR	$ 72,501	$ 96,109
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	$ 1,146,912	$ 1,334,496
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	19,653	21,869
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Fees Receivable	710,023	(685,023)
Prepaid Expenses and Other Assets	5,131	(5,845)
Accounts Payable and Accrued Expenses	(3,594)	(36,387)
Project Obligations	(3,233)	(2,582)
Postemployment Benefits other than Pension	(397,000)	(397,703)
Net Pension Liability and Related Deferred Items	110,139	-
Net Cash Provided by Operating Activities	$ 1,588,031	$ 228,825
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTMENT ACTIVITIES		
Change in Fair Value of Investments	$ 931	$ 317

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND FUNCTION OF THE AUTHORITY

The New Jersey Educational Facilities Authority (the “Authority”), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB).

Administrative Fees

The Authority charges administrative fees to its client institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. These fees are recognized as earned. The fees are used to provide sufficient funds to ensure that the Authority’s operating expenses will be met, and that sufficient reserves will be available to provide for the Authority’s needs.

Capital Assets

Capital assets, which consist of furniture and equipment, are carried at cost and depreciated over their useful lives using the straight-line method.

Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2015, the amount of conduit debt outstanding totaled $5,537,441,253.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred outflows and inflows of resources for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contributions and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Recent Accounting Standards

The Authority has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statements No. 68 and 71 require the Authority to report its share of the defined benefit pension liabilities and expense, as well as the related deferred outflows of resources and deferred inflows of resources, allocated to it by the Public Employees' Retirement System (PERS). The January 1, 2014, balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources is reported in the Statement of Revenues, Expenses, and Changes in Net Position as a restatement to the *2014 Net position—beginning of year*.

		2014
Net Position, beginning of year, as previously stated	$	5,601,152
January 1, 2014, Balance of the net pension liability and related deferred outflows of resources and deferred inflows of resources		(2,915,153)
Net Position, beginning of year, as restated	$	2,685,999

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application ("GASB 72"). The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and for enhancing disclosures around fair value measurements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2015. The Authority has not yet completed the process of evaluating the impact of GASB 72 on its financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (continued)

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This statement establishes requirements for defined contribution pensions and defined benefit pensions that are not within the scope of Statement No. 68 and amends certain provisions of Statements No. 67 and 68. Statement No. 73 is effective for fiscal years beginning after June 15, 2016. The Authority has determined that Statement No. 73 will have no effect on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (“GASB 74”). This statement establishes financial reporting for state and local governmental other postemployment benefit (OPEB) plans and defined contribution OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes financial reporting standards for governments that hold assets accumulated for purposes of providing OPEB through defined benefit OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2016. This Statement will become effective for the June 30, 2017 year-end. The Authority has not yet completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”). This statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local government employers through OPEB plans that are administered through trusts or equivalent arrangements. This Statement also establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employees through OPEB plans that are not administered through trusts or equivalent arrangements. The provisions of this Statement are effective for financial statements in periods beginning after June 15, 2017. This Statement will become effective for June 30, 2018 year-end. The Authority has not yet completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Statement No. 76 modifies the GAAP hierarchy, which are the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP. The provisions in Statement No. 76 are effective for reporting periods beginning after June 15, 2015. The Authority has determined that Statement No. 76 will have no effect on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The Authority has determined that Statement No. 77 will have no effect on its financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (continued)

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension* Plans. This Statement amends the scope and applicability of GASB Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The provisions in Statement No. 78 are effective for reporting periods beginning after December 15, 2015. The Authority has not yet completed the process of evaluating the impact of GASB 78 on its financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* Statement No. 79 requires establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions in Statement No. 79 are effective for reporting periods beginning after June 15, 2015. The Authority has not yet completed the process of evaluating the impact of GASB 79 on its financial statements.

In January 2016, GASB issued Statement No. 80*, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.* Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions in Statement No. 80 are effective for reporting periods beginning after June 15, 2016. The Authority has determined that Statement No. 80 will have no effect on its financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions in Statement No. 81 are effective for reporting periods beginning after December 15, 2016. The Authority has not yet completed the process of evaluating the impact of GASB 81 on its financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 14, No. 68, and No. 73*. Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in Statement No. 82 are effective for reporting periods beginning after June 15, 2016. The Authority has not yet completed the process of evaluating the impact of GASB 82 on its financial statements.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2015 and 2014, the Authority's bank balance was $94,903 and $99,133, respectively, all of which was covered by FDIC insurance.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

Investments of the Authority comprise the following:

	2015	2014
Investments:		
U.S. Treasury Bills	$ 8,567,881	$ 6,988,272
Money Market Mutual Fund	14,969	9,050
Total Investments	$ 8,582,850	$ 6,997,322

In 2015 and 2014, the Authority had $14,969 and $9,050, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

(a) Custodial Credit Risk – The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2015 and 2014, the Authority's bank balances were not exposed to custodial credit risk since the full amount was covered by FDIC insurance.

As of December 31, 2015 and 2014, the Authority's investments consisted of U.S. Treasury Bills in the amount of $8,567,881 and $6,988,272, respectively. Since the investments are registered in the Authority's name they are not exposed to custodial credit risk. The Authority does not have a written policy for investment securities custodial credit risk but its practice has been to maintain a safekeeping account for the securities at a financial institution.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed five percent of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer, but its practice has been to invest, almost exclusively, in U.S. Treasury Securities. At December 31, 2015 and 2014, the Authority was not exposed to a concentration of credit risk.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority's investment policy. The Authority's Money Market Mutual Fund is not rated.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2015, the U.S. Treasury Bills had maturities ranging from January 7, 2016 through November 10, 2016.

For the years ended December 31, 2015 and 2014, investment income comprised the following:

	2015	2014
Interest Earnings	$ 4,845	$ 2,513
Net Increase in Fair Value of Investments	932	317
Total Investment Income	$ 5,777	$ 2,830

NOTE 4 RETIREMENT PLANS

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The PERS is administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes financial statements and required supplementary information and can be found at:

www.state.nj.us/treasury/pensions/annrprts.shtml.

The PERS provides retirement, death and disability benefits to qualified members. Membership is open to most state, county, municipal, authority, school board employees and elected officials who are not required to become members of any other NJ state retirement system and is mandatory in most cases given the requirements for eligibility are met. Vesting and benefit provisions are established by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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.

NOTE 4 RETIREMENT PLANS (CONTINUED)

The PERS is maintained on an actuarial reserve basis with contribution requirements of plan members determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual base salary. Effective October 1, 2011, in accordance with Chapter 78, P.L. 2011, employee contributions to the PERS were increased to 6.5% of base salary. For employees enrolled in the retirement system prior to October 1, 2011, the increase was effective with the first payroll amount to be paid on or immediately after October 1, 2011. Subsequent increases are scheduled to be phased in on July 1st of each year over a seven year period bringing the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

- Actuarial cost method is entry age normal, level percent of pay.
- Straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits.
- Inflation of 3.04%.
- Investment return of 7.90%, including inflation.
- Salary increases of 2.15 – 4.40% based on age for years 2012-2021, and 3.15 – 5.40% based on ages subsequent years.
- Asset Valuation using fair (market) value.
  Mortality rates based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 base on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on pension plan investments was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table below.

NOTE 4 RETIREMENT PLANS (CONTINUED)

PERS' policy in regard to the allocation of invested plan assets is established and may be amended by the PERS Board of Trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	100.00%	

The discount rate used to measure the total PERS pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2014 and 2013, respectively, 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 contribution rate and that contributions from employers will be based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date to determine the total pension liability.

NOTE 4 RETIREMENT PLANS (CONTINUED)

The following presents the Authority's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90% and 5.39%, as of June 30, 2015 and 2014, respectively, as well as what 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 rate.

Sensitivity of the Authority's Proportionate Share of the PERS Net Pension Liability to Changes in the Discount Rate

	1% Decrease 3.90%	Current Rate 4.90%	1% Increase 5.90%
2015	$4,506,300	$3,644,819	$2,887,409

	1% Decrease 4.39%	Current Rate 5.39%	1% Increase 6.39%
2014	$3,559,509	$2,834,265	$2,216,334

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, the fiduciary net position of PERS and additions to or deductions from PERS's fiduciary net position have been determined on the same basis as they are reported in the PERS's financial statements. For this purpose, 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. Detailed information about PERS' fiduciary net position is available in the PERS Comprehensive Annual Financial Report, which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

PERS measured the net pension liability as of June 30, 2015. The total PERS pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability calculated as of June 30, 2014, to June 30, 2015. PERS calculated the employer's proportion of the net pension liability using the ratio of each employer's one-year contributions to total participating employers' contributions for the group. At June 30, 2015, the Authority's proportion was .01615%, an increase of .00104% from its proportion calculated as of June 30, 2014.

NOTE 4 RETIREMENT PLANS (CONTINUED)

For the year ended December 31, 2015, the Authority recognized PERS' pension expense of $235,422. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 389,371	$ -
Changes in Proportions	165,090	102,697
Net Difference Between Projected and Actual Investment Earnings	-	58,294
Difference Between Expected and Actual Experience	86,496	-
Contributions After the Measurement Date	138,860	-
	$ 779,818	$ 160,991

For the year ended December 31, 2014, the Authority recognized PERS' pension expense of $119,740. At December 31, 2014, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ 88,972	$ -
Changes in Proportions	-	125,825
Net Difference Between Projected and Actual Investment Earnings	-	168,618
Contributions After the Measurement Date	124,583	-
	$ 213,555	$ 294,443

The Authority will recognize the $138,860 and $124,583 reported as deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PERS net pension liability in the year ended December 31, 2016 and December 31, 2015, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2015 will be recognized as PERS pension expense as follows.

Year Ending December 31,	Amortization
2016	$ 87,866
2017	87,866
2018	87,866
2019	147,927
2020	68,440
Total	$ 479,966

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, provides postemployment medical benefits for eligible retired employees through participation in the New Jersey Health Benefits Program as sponsored and administered by the State of New Jersey. The Authority does not issue a publicly available financial report for the plan which for financial reporting purposes is considered a single employer defined benefit health care plan. Employees become eligible for these benefits upon retirement after 25 years of creditable service in the PERS.

Benefit provisions for the plan are established and amended by the Authority's Members, and there is no statutory requirement for the Authority to continue this plan for future Authority employees. The Plan is a non-contributory plan with all payments for plan benefits being funded by the Authority.

The Authority applies the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service.

The Authority's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC," an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Authority's annual OPEB cost for the years ended December 31, 2015 and 2014 and the related information for the plan are as follows (dollar amounts in thousands):

	2015	2014
Annual Required Contribution	$ 238	$ 214
Interest on the Net OPEB Obligation	50	45
Amortization of the Net OPEB Obligation	(155)	(139)
Annual OPEB Cost	133	120
Contributions Made	(531)	(517)
Change in Net OPEB Obligation	(398)	(397)
Net OPEB Obligation - Beginning of Year	733	1,130
Net OPEB Obligation - End of Year	$ 335	$ 733

NOTE 5 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for fiscal years 2013 through 2015 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	$ 134	397.23%	$ 335
December 31, 2014	120	431.98%	733
December 31, 2013	182	0.00%	1,130

In April 2008, the Authority established and funded an irrevocable trust in the amount of $2,000,000 to pay for the employee postemployment medical benefits. At December 31, 2015 and 2014, the fair value of this trust fund was $2,700,119 and $2,233,019, respectively.

As of January 1, 2014, the most recent actuarial valuation date, the New Jersey Educational Facilities Authority OPEB Plan was 69% funded. The actuarial accrued liability for benefits was $2,581,400 and the actuarial value of assets was $1,786,000, resulting in an unfunded actuarial accrued liability (UAAL) of $795,400. The covered payroll (annual payroll of active employees covered by the plan) was $1,076,700, and the ratio of the UAAL to the covered payroll was 74%. During 2015 and 2014, the Authority funded $531,000 and $517,000, respectively, to continue to increase the funding ratio.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

For the January 1, 2014 actuarial valuation, the Authority used the actuarial assumptions of a 4% discount rate and an annual healthcare trend rate of 8% grading down to an ultimate rate of 5% in 2020.

At December 31, 2015, the Plan had 18 participants of which 13 were active employees and 5 were retirees. Of the Plan participants, 5 retirees and 0 active employees were eligible to receive benefits.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Authority has an operating lease commitment for its offices at an annual rental of approximately $218,212 through December 31, 2016 and an annual rental of approximately $190,834 through December 31, 2023.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions of higher education, and costs associated with litigation are the obligation of the institution involved. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

NOTE 7 NET POSITION

The Authority's net position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and is categorized as follows:

- **Investment in Capital Assets** are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.

- **Unrestricted** is the remaining net position, which can be further categorized as designated or undesignated. The designated position is not governed by statute or contract but is committed for specific purposes pursuant to Authority policy and/or directives. The designated position includes funds and assets committed to working capital.

NOTE 8 CHANGES IN NET POSITION

The changes in net position are as follows:

	Net Investment in Capital Assets	Unrestricted	Total
Net Position at December 31, 2013	$ 67,556	$ 5,533,596	$ 5,601,152
Net Position Change	-	1,337,326	1,337,326
Capital Asset Additions	14,397	(14,397)	-
Depreciation	(21,869)	21,869	-
Prior Period Adjustment	-	(2,915,153)	(2,915,153)
Net Position at December 31, 2014	60,084	3,963,241	4,023,325
Net Position Change	-	1,152,689	1,152,689
Capital Asset Additions	31,888	(31,888)	-
Depreciation	(19,653)	19,653	-
Net Position at December 31, 2015	$ 72,319	$ 5,103,695	$ 5,176,014

NOTE 9 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the last three years.

Required Supplementary Information

Schedule 1

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
January 1, 2014	$ 1,786	$ 2,581	$ 795	69%	$ 1,077	74%
January 1, 2011	$ 1,966	$ 2,591	$ 625	76%	$ 1,110	56%
January 1, 2008	-	1,826	1,826	0%	1,415	129%

Note: In April 2008, the Authority established and funded an irrevocable trust in the amount of $2 million. During 2015 and 2014, the Authority contributed $531,000 and $517,000, respectively, and as of December 31, 2015 and 2014, the fair value of this trust was $2,700,119 and $2,233,019, respectively.

Schedule 2

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE OPEB PLAN
(in thousands)

Year Ended December 31,	Annual OPEB Cost (Benefit)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	133.8	397.23%	334.9
2014	119.8	431.98%	732.6
2013	181.7	0.00%	1129.8
2012	168.1	0.00%	948.1
2011	562.0	0.00%	780.0
2010	120.0	0.00%	218.0
2009	95.0	0%	98.0
2008	(221.0)	N/A	3.0

Schedule 3

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (NPL)
Determined as of June 30, 2015, Measurement Date

Year Ended December 31,	Authority's Proportion	Authority's Proportion Share	Authority's Covered Employee Payroll	Authority's Proportionate Share of NPL as a % of Covered-Employee Payroll	PERS Fiduciary Net Position as a % of Total Pension Liability
2015	0.016151549%	$ 3,644,819	$ 1,074,192	339.31%	47.93%
2014	0.015112225%	$ 2,834,265	$ 1,059,504	267.51%	52.08%

Schedule 4

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Contractually Required Contributions	Contributions Recognized by PERS in FY 2014/15	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2015	138,860	138,860	-	$ 1,074,192	12.93%
2014	124,583	124,583	-	$ 1,059,504	11.76%

Supplemental Financial Information

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
BALANCE SHEETS – TRUSTEE HELD FUNDS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash	$ -	$ 1,262
Investments, Principally U.S. Government Obligations	699,780,967	844,932,998
Accrued Interest Receivable	12,452	131,773
Due from Colleges and Universities	3,122,607	3,121,069
Loans and Leases Receivable	5,488,336,753	5,608,557,491
Total Assets	$ 6,191,252,779	$ 6,456,744,593
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 43,127,257	$ 25,210,171
Accrued Interest Payable	102,876,512	113,468,696
Bonds, Notes, and Leases Payable	5,537,441,253	5,655,282,490
Funds Held in Trust	507,807,757	662,783,236
Total Liabilities	$ 6,191,252,779	$ 6,456,744,593

See accompanying Notes to Supplemental Financial Information.

NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Funds Held in Trust - Beginning of Year	$ 662,783,236	$ 163,848,086
Additions:		
Proceeds from Sale of Bonds and Issuance of Notes:		
Par Amount	1,097,685,826	1,197,206,363
Bond Premium, Net	91,208,891	93,037,137
Annual Loan and Rental Requirements	750,255,029	661,170,762
College and University Contributions (Returned)	(33,251)	(2,724,442)
Investment Income	342,759	1,015,009
U.S. Government Debt Service Subsidies	1,742,639	1,738,889
Change in Investment Valuation Reserve	(5,644)	(35,881)
Total Additions	1,941,196,249	1,951,407,837
Deductions:		
Debt Service:		
Interest	239,104,415	250,390,163
Principal	512,042,064	427,141,453
Project Costs	681,279,260	630,138,388
Issuance Costs	4,019,296	4,278,083
Administrative Fees	3,486,546	3,582,292
Transfers to Escrow Accounts for Defeasance of Refunded Issues	656,240,147	136,942,308
Total Deductions	2,096,171,728	1,452,472,687
Increase (Decrease) in Funds Held in Trust	(154,975,479)	498,935,150
Funds Held in Trust - End of Year	$ 507,807,757	$ 662,783,236

See accompanying Notes to Supplemental Financial Information.

NOTE 1 INTRODUCTION

Under the terms of the Authority's enabling legislation, the Authority has the power to issue bonds and notes on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The Trustee Held Funds are presented as fiduciary funds and are held by outside trustees and as such are not intended to present the financial position or results of operations of the Authority. The Trustee Held Funds utilize the accrual basis of accounting.

NOTE 3 FUNDS HELD IN TRUST

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2015 and 2014:

	2015	2014
Construction Funds	$ 483,771,344	$ 627,051,787
Debt Service Funds	467,383	211,495
Debt Service Reserve Funds	20,135,118	31,726,919
Renewal and Replacement Accounts	3,433,912	3,793,035
Total Funds Held in Trust	$ 507,807,757	$ 662,783,236

NOTE 4 CASH AND INVESTMENTS

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

Investments held by trustees are carried at fair value and comprise the following:

	2015	2014
Investments:		
Collateralized Investment Agreements	$ 2,293,000	$ 2,299,000
Variable Rate Demand Obligations	2,415,000	5,900,000
U.S. Treasury and Agency Obligations*	695,072,967	836,733,998
Total Investments	$ 699,780,967	$ 844,932,998

* Includes $456,914,006 and $621,410,761 of investments in pooled U.S. Treasury funds at December 31, 2015 and 2014, respectively, which are uncategorized.

NOTE 5 LOANS AND LEASES RECEIVABLE

Since its inception, the Authority has issued obligations of $15,202,113,125 and $14,398,427,299 as of December 31, 2015 and 2014, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenues produced by the facilities and by other legally available funds of the institutions. For projects under lease agreements, the Authority is the owner of those projects. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

NOTE 5 LOANS AND LEASES RECEIVABLE (CONTINUED)

Loans and leases receivable comprise the following:

	2015	2014
Loans:		
Institute for Advanced Study	$ 44,910,000	$ 46,955,000
New Jersey Institute of Technology	69,932,500	70,972,500
Princeton Theological Seminary	62,040,000	66,022,500
Princeton University	1,918,660,000	1,848,127,500
Mortgages:		
Bloomfield College	31,608,577	32,215,047
Caldwell University (formerly Caldwell College)	18,726,075	19,260,334
Centenary College	32,757,928	33,942,348
College of Saint Elizabeth	19,590,000	20,340,000
Drew University	62,282,973	67,534,373
Fairleigh Dickinson University	76,443,983	82,809,737
Felician College	-	6,360,000
Georgian Court University	24,173,065	25,094,462
Institute for Defense Analyses	9,400,500	11,625,000
New Jersey Institute of Technology	617,500	1,817,500
Rider University	39,080,000	42,955,000
Saint Peter's University (formerly Saint Peter's College)	32,181,335	34,626,108
Seton Hall University	115,667,500	124,350,000
Stevens Institute of Technology	66,785,000	69,695,000
Leases:		
Kean University	309,267,256	321,217,210
Montclair State University	435,622,500	452,302,500
New Jersey City University	152,440,000	121,582,500
Passaic County Community College	12,752,500	13,012,500
Ramapo College of New Jersey	230,582,500	222,265,000
Rowan University	182,917,500	271,147,500
Thomas Edison State University (formerly		14,543,872
Thomas Edison State College)	13,204,735	
The College of New Jersey	355,742,500	364,087,500
Stockton University (formerly The Richard Stockton College of New Jersey)	219,095,326	225,009,000
The William Paterson University of New Jersey	166,335,000	156,702,500
Higher Education Capital Improvement Fund	442,015,000	478,255,000
Higher Education Facilities Trust Fund	199,855,000	199,855,000
Higher Education Equipment Leasing Fund	78,735,000	89,340,000
Higher Education Technology Infrastructure Fund	36,670,000	38,110,000
County College Capital Projects Fund		-
Dormitory Safety Trust Fund	6,340,000	11,970,000
Library Grant Program	21,905,000	24,455,000
Total	$ 5,488,336,753	$ 5,608,557,491

NOTE 6 BONDS, NOTES AND LEASES PAYABLE

Bonds, notes and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2015	Amount Outstanding December 31, 2014
Bonds Payable					
Bloomfield College					
2013 Series A	$ 32,267,000	5/13/2043	Variable	$ 31,608,577	$ 32,215,047
Caldwell University (formerly Caldwell College):					
2013 Series E	20,000,000	5/31/2038	3.629%	18,726,075	19,260,334
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	7,730,000	8,320,000
2006 Series J	9,154,113	11/1/2036	Variable	8,176,613	8,344,113
2007 Series B	4,784,617	11/1/2036	Variable	4,146,315	4,243,235
2010 Series D	13,974,000	1/1/2041	Variable	12,705,000	13,035,000
Drew University:					
2003 Series C	20,855,000	7/1/2021	3.888%	13,240,000	14,120,000
2007 Series D	29,135,000	7/1/2037	4.601%	25,655,000	26,230,000
2008 Series B	10,765,000	7/1/2017	4.234%	3,300,000	4,825,000
2008 Series I	40,000,000	6/25/2018	Variable	12,895,473	14,844,373
2010 Series C	15,580,000	6/1/2024	Variable	8,755,000	9,005,000
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	4,855,000	9,710,000
Series 2001 B - Taxable	5,800,000	3/1/2016	6.117%	410,000	820,000
Series 2003 A	5,440,000	3/1/2018	3.752%	1,075,000	1,440,000
Fairleigh Dickinson University:					
2004 Series C	35,285,000	7/1/2023	5.534%	-	21,935,000
2006 Series G	14,505,000	7/1/2028	4.954%	10,615,000	11,185,000
2006 Series H	2,147,554	7/1/2027	4.954%	728,983	774,738
2014 Series B	51,925,000	2/1/2029	3.678%	48,100,000	50,175,000
2015 Series B	19,675,000	7/1/2045	3.932%	17,650,000	-
Felician College:					
2006 Series I	11,445,000	11/1/2022	4.749%	-	6,475,000
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	-	230,000
2007 Series D	26,980,000	7/1/2037	5.022%	23,970,000	24,690,000
2007 Series H	1,050,000	10/1/2022	5.296%	580,565	649,462

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2015	Amount Outstanding December 31, 2014
Higher Education Capital Improvement Fund:					
Series 2002 A	194,590,000	9/1/2022	4.599%	1,640,000	1,640,000
Series 2005 A	169,790,000	9/1/2019	4.121%	96,370,000	122,240,000
Series 2006 A	155,460,000	9/1/2024	4.421%	150,410,000	151,065,000
Series 2014 A	164,245,000	9/1/2033	3.669%	158,705,000	164,245,000
Series 2014 B	14,345,000	9/1/2033	3.671%	13,860,000	14,345,000
Series 2014 C	21,230,000	9/1/2020	1.696%	18,060,000	21,230,000
Series 2014 D	3,490,000	9/1/2020	1.712%	2,970,000	3,490,000
Higher Education Equipment Leasing Fund:					
Series 2014 A	82,235,000	6/1/2023	1.894%	72,320,000	82,235,000
Series 2014 B	7,105,000	6/1/2023	1.894%	6,415,000	7,105,000
Higher Education Facilities Trust Fund:					
Series 2014	199,855,000	6/15/2029	3.246%	199,855,000	199,855,000
Higher Education Technology Infrastructure Fund:					
Series 2014	38,110,000	6/1/2028	3.039%	36,670,000	38,110,000
Institute for Advanced Study:					
2006 Series B	29,600,000	7/1/2031	3.990%	24,500,000	25,500,000
2006 Series C	20,000,000	7/1/2036	Variable	16,500,000	17,000,000
2008 Series C	11,255,000	7/1/2021	3.619%	3,910,000	4,455,000
Institute for Defense Analysis:					
2000 Series D	16,695,000	10/1/2030	Variable	9,400,500	11,625,000
Kean University:					
Series 1998 B	25,995,000	7/1/2027	4.872%	4,215,000	4,360,000
Series 2003 D	75,000,000	7/1/2033	4.811%	4,865,000	6,190,000
Series 2005 B	101,915,000	7/1/2037	4.681%	-	16,200,000
Series 2007 D	117,795,000	7/1/2039	4.553%	-	107,840,000
Series 2009 A	179,380,000	9/1/2036	6.404%	177,090,000	177,975,000
Series 2015 H	117,175,000	7/1/2039	3.762%	117,175,000	-
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	21,905,000	24,455,000

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2015	2014
Montclair State University:					
Series 2002 F	78,500,000	7/1/2032	4.489%	-	2,500,000
Series 2003 E	23,425,000	7/1/2033	4.445%	-	10,100,000
Series 2006 A	98,090,000	7/1/2036	4.816%	-	73,630,000
Series 2006 J	154,110,000	7/1/2034	4.300%	149,050,000	152,100,000
Series 2007 A	6,150,000	7/1/2021	4.022%	3,620,000	4,125,000
Series 2008 J	27,545,000	7/1/2038	5.100%	24,735,000	25,345,000
Series 2014 A	189,365,000	7/1/2044	4.212%	189,365,000	189,365,000
Series 2015 D	73,770,000	7/1/2036	3.757%	73,770,000	-
New Jersey City University:					
Series 2002 A	15,115,000	7/1/2032	4.949%	-	410,000
Series 2003 B	2,300,000	7/1/2018	5.659%	750,000	1,000,000
Series 2007 F	17,910,000	7/1/2032	4.337%	16,095,000	16,395,000
Series 2008 E	68,445,000	7/1/2035	4.763%	57,615,000	59,350,000
Series 2008 F	6,175,000	7/1/2036	7.039%	6,175,000	6,175,000
Series 2010 F	24,065,000	7/1/2028	3.313%	20,435,000	22,145,000
Series 2010 G	18,310,000	7/1/2040	4.062%**	18,310,000	18,310,000
Series 2015 A	35,340,000	7/1/2045	3.932%	35,340,000	-
New Jersey Institute of Technology:					
Series 2001 H - Taxable	12,570,000	7/1/2016	6.259%	1,235,000	2,400,000
Series 2010 H	50,965,000	7/1/2031	4.280%	50,080,000	50,965,000
Series 2010 I	20,450,000	7/1/2040	4.304%**	20,450,000	20,450,000
Passaic County Community College:					
Series 2010 C	13,635,000	7/1/2041	5.355%	12,885,000	13,140,000
Princeton Theological Seminary:					
2009 Series B	14,435,000	12/1/2032	2.878%	8,800,000	9,835,000
2010 Series A	68,785,000	7/1/2030	3.745%	55,270,000	58,140,000
Princeton University:					
2003 Series D	114,495,000	7/1/2019	3.727%	42,380,000	51,925,000
2005 Series A	139,590,000	7/1/2030	4.405%	-	123,050,000
2005 Series B	114,645,000	7/1/2035	4.236%	-	68,805,000
2006 Series D	74,290,000	7/1/2031	4.391%	57,655,000	60,105,000
2006 Series E	93,285,000	7/1/2027	4.504%	91,670,000	91,825,000
2007 Series E	325,000,000	7/1/2037	4.534%	275,085,000	282,150,000
2007 Series F	67,620,000	7/1/2030	4.392%	66,755,000	66,890,000
2008 Series J	250,000,000	7/1/2038	4.391%	220,735,000	226,105,000
2008 Series K	208,805,000	7/1/2023	4.356%	120,805,000	135,160,000
2010 Series B	250,000,000	7/1/2040	4.034%	231,070,000	236,015,000
2011 Series B	250,000,000	7/1/2041	4.087%	236,750,000	241,370,000
2014 Series A	200,000,000	7/1/2044	3.773%	200,000,000	200,000,000
2015 Series A	156,790,000	7/1/2035	2.317%	156,790,000	-
2015 Series D	150,000,000	7/1/2045	3.403%	150,000,000	-

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2015	2014
Ramapo College of New Jersey:					
Series 2006 D	49,085,000	7/1/2036	4.521%	-	31,565,000
Series 2006 I	106,820,000	7/1/2036	4.417%	103,185,000	104,755,000
Series 2011 A	19,090,000	7/1/2021	3.325%	8,565,000	11,655,000
Series 2012 B	80,670,000	7/1/2042	3.689%	76,810,000	77,635,000
Series 2015 B	45,180,000	7/1/2040	3.585%	45,180,000	-
Rider University:					
2012 Series A	52,020,000	7/1/2037	3.741%	41,055,000	44,855,000
Rowan University:					
Series 2005 D	51,840,000	7/1/2030	4.532%	2,120,000	43,780,000
Series 2006 G	69,405,000	7/1/2031	4.362%	19,670,000	58,355,000
Series 2007 B	121,355,000	7/1/2034	4.266%	109,585,000	113,845,000
Series 2008 B	35,205,000	7/1/2027	4.839%	34,975,000	35,095,000
Series 2011 C	30,045,000	7/1/2025	3.705%	22,190,000	24,355,000
Saint Peter's University (formerly Saint Peter's College):					
2007 Series G	36,053,465	7/1/2027	4.217%	30,699,285	32,607,306
2008 Series H	5,000,000	7/1/2018	3.925%	1,482,050	2,018,800
Seton Hall University:					
2008 Series D	49,760,000	7/1/2037	Variable	40,985,000	44,935,000
2008 Series E	24,340,000	7/1/2037	6.127%	-	22,540,000
2011 Series A	35,470,000	7/1/2026	2.997%	13,860,000	17,500,000
2013 Series D	41,910,000	7/1/2043	2.707%	41,090,000	41,810,000
2015 Series C	22,205,000	7/1/2037	3.819%	22,205,000	-
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	4,225,000	4,610,000
2007 Series A	71,060,000	7/1/2034	4.977%	64,050,000	66,505,000
The College of New Jersey:					
Series 2008 D	287,790,000	7/1/2035	5.086%	161,955,000	279,385,000
Series 2010 A	3,410,000	7/1/2015	2.411%	-	890,000
Series 2010 B	41,090,000	7/1/2040	4.748%**	41,090,000	41,090,000
Series 2012 A	26,255,000	7/1/2019	1.637%	18,590,000	22,610,000
Series 2013 A	24,950,000	7/1/2043	4.561%	24,950,000	24,950,000
Series 2015 G	114,525,000	7/1/2031	3.301%	114,525,000	-

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

Issue	Original Issue Amount		Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31, 2015	Amount Outstanding December 31, 2014
The College of Saint Elizabeth:						
2008 Series F	24,090,000		7/1/2036	Variable	19,590,000	20,340,000
Stockton University (formerly The Richard Stockton College of New Jersey):						
Series 1998 A	3,294,000		7/1/2016	3.000%	79,000	239,000
Series 2005 F	28,180,000		7/1/2028	4.458%	-	19,790,000
Series 2006 F	50,365,000		7/1/2036	4.460%	43,710,000	44,940,000
Series 2007 G	40,250,000		7/1/2037	4.500%	34,695,000	35,650,000
Series 2008 A	136,910,000		7/1/2038	5.309%	124,560,000	127,665,000
Series 2015 E	18,830,826		7/1/2028	2.830%	18,830,826	-
Thomas Edison State University (formerly Thomas Edison State College):						
Series 2011 D	8,000,000		10/1/2031	3.516%	5,921,216	6,342,269
Series 2014 B	7,000,000		12/1/2024	2.500%	6,325,000	6,945,000
The William Paterson University of New Jersey:						
Series 2005 E	42,295,000		7/1/2030	4.546%	-	32,040,000
Series 2008 C	88,670,000		7/1/2038	4.724%	76,000,000	78,175,000
Series 2012 C	33,815,000		7/1/2042	2.955%	32,225,000	32,690,000
Series 2012 D	21,860,000		7/1/2028	2.489%	16,115,000	17,085,000
Series 2015 C	45,695,000		7/1/2040	3.538%	45,695,000	-
Notes Payable						
Princeton University:						
Various Commercial Paper	120,000,000	*	N/A	Variable	74,000,000	69,500,000
Leases Payable						
Kean University	10,000,000		7/1/2020	3.140%	4,750,000	5,750,000
Kean University	15,000,000		2/15/2021	2.820%	5,512,256	6,562,210
Thomas Edison State University	2,700,000		9/28/2022	Variable	491,801	562,059
Thomas Edison State University	700,000		9/14/2015	2.370%	-	110,355
Thomas Edison State University	948,000		7/1/2019	2.427%	466,718	584,189
					$ 5,537,441,253	$ 5,655,282,490

* Maximum authorized amount.

** Build America Bond

NOTE 6 BONDS, NOTES AND LEASES PAYABLE (CONTINUED)

The minimum aggregate principal maturities for each of the following five year periods are as follows:

2016 - 2020	$ 1,319,134,947
2021 - 2025	1,271,805,519
2026 - 2030	1,281,735,350
2031 - 2035	952,196,466
2036 - 2040	499,771,222
2041 - 2045	212,797,749
Total	$ 5,537,441,253

NOTE 7 REFUNDED BOND ISSUES

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

NOTE 7 REFUNDED BOND ISSUES (CONTINUED)

Refunded bonds outstanding at December 31, 2015 comprise the following:

Issue	Principal Amount Outstanding December 31, 2015	Refunded Issues: Principal Amount Refunded	Refunded Issues: Call Date	Debt Service Savings	Refunding Issues: Date of Issuance	Refunding Issues: Issue	Refunding Issues: Original Amount of Issue
Princeton University							
2005 Series B	-	7,820,000	7/1/2015	2,755,549	8/10/2006	2006 Series E	45,500,000
Ramapo College of New Jersey							
Series 2006 D	11,145,000	11,145,000	7/1/2016	3,510,943	11/28/2006	Series 2006 I	106,820,000
Montclair State University							
Series 2002 F	-	56,125,000	7/1/2015	6,194,157	12/14/2006	Series 2006 J	154,110,000
Kean University							
Series 2005 B	71,035,000	77,530,000	7/1/2016	14,985,307	4/13/2007	Series 2007 E	156,240,000
Stevens Institute of Technology							
1998 Series I	3,615,000	6,050,000	No Call	N/A*	8/2/2007	2007 Series A	71,060,000
Princeton University							
2005 Series A	-	2,095,000	7/1/2015	2,361,004	6/19/2007	2007 Series F	67,620,000
2005 Series B	-	17,625,000	7/1/2015				
University of Medicine & Dentistry of New Jersey							
Series 2009 B	96,628,042	109,794,495	6/1/2019	N/A**		Rutgers TE	
	92,488,330	105,090,709	6/1/2019	N/A**		Rutgers Taxable	
	31,122,002	35,362,659	6/1/2019	N/A**		Rowan	
	1,581,626	2,341,867	6/1/2019	N/A**		Univ Hospital	
Montclair State University							
Series 2002 F	-	12,900,000	7/1/2015	4,161,795	4/3/2014	Series 2014 A	189,365,000
Series 2003 E	-	6,325,000	7/1/2015				
Series 2006 A	10,945,000	10,945,000	7/1/2016				
Rowan University							
Series 2006 G	34,855,000	34,855,000	7/1/2016	N/A**		GCIA	
Ramapo College of New Jersey							
Series 2006 D	30,360,000	30,360,000	7/1/2016	1,296,916	5/19/2015	Series 2015 B	45,180,000
Montclair State University							
Series 2006 A	71,420,000	71,420,000	7/1/2016	6,705,621	7/1/2015	Series 2015 D	73,770,000
Seton Hall University							
2008 Series E	22,030,000	22,030,000	7/1/2019	1,329,496	7/14/2015	2015 Series C	22,205,000
Kean University							
Series 2005 B	13,645,000	13,645,000	7/1/2016	5,835,842	8/27/2015	Series 2015 H	117,175,000
Series 2007 D	100,715,000	100,715,000	7/1/2017				
The College of New Jersey							
Series 2008 D	112,665,000	112,665,000	7/1/2018	3,781,458	9/17/2015	Series 2015 G	114,525,000

* Debt Restructuring
** Not NJEFA Refunding Bonds

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Management and Members of
New Jersey Educational Facilities Authority
Princeton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of the New Jersey Education Facilities Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 13, 2016