KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
REPORT ON FINANCIAL STATEMENTS AND
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
IN ACCORDANCE WITH
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS (UNIFORM GUIDANCE) AND
NEW JERSEY OMB CIRCULAR 15-08

YEARS ENDED JUNE 30, 2016 AND 2015

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Kean University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Kean University (the "University"), a component unit of the State of New Jersey as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Kean University Foundation, Inc. (the "Foundation"), the blended presented component unit of Kean University. The Foundation's financial statements represent 5% of total assets, 10% of total net position and 2% of total revenues for the year ended June 30, 2016 and 6% of total assets, 10% of total net position and 2% of total revenues for the year ended June 30, 2015. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor. 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

WISS & COMPANY, LLP

14 Penn Plaza, Suite 1010
New York, NY 10122
212.594.8155

354 Eisenhower Parkway, Suite 1850
Livingston, NJ 07039
973.994.9400

5 Bartles Corner Road
Flemington, NJ 08822
908.782.7300

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, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the University and the blended presented component unit of Kean University, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the University's proportionate share of the net pension liability-PERS, schedule of University contributions - PERS, schedule of the University's proportionate share of the net pension liability-PFRS, schedule of University contributions–PFRS, schedule of the State's proportionate share of the net pension liability associated with the University-TPAF as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the schedules of expenditures of federal awards and state financial assistance, are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,* respectively, and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of the University'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 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 University's internal control over financial reporting and compliance.

Wiss & Company

WISS & COMPANY, LLP

October 31, 2016
Livingston, New Jersey

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

YEARS ENDED JUNE 30, 2016 and 2015
(Unaudited)

Overview of Basic Financial Statements and Financial Analysis

This section of the basic financial statements for Kean University of New Jersey (the "University") presents management's discussion and analysis of the University's financial position for the years ended June 30, 2016 and 2015 and comparative amounts for the year ended June 30, 2014. The discussion in this report focuses on the combined operations and financial positions of Kean University and its blended component unit, the Kean University Foundation, Inc. It is an overview of the reporting unit's financial activities and should be read in conjunction with the financial statements and notes, which follow this section. Management has prepared the financial statements and the related note disclosures, along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with management. All dollar amounts referred to in this Management's Discussion and Analysis are expressed in thousands.

University Overview

Kean University of New Jersey, one of twelve public institutions in the New Jersey system of public higher education, offers programs in the liberal arts and sciences as well as in business and other professional studies within a liberal context at both the bachelor's and master's level. Organized into schools, which provide thematic learning communities, the University presents a curriculum of traditional majors and innovative programs in an interdisciplinary fashion. Supported by global partnerships and telecommunications, international and intercultural education have become central themes in Kean's programming. The University purposely involves students in the cultural diversity of the world and of American society.

Financial Statements

The University's financial statements include the following: the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles and accounting principles generally accepted in the United States of America.

Kean University Foundation, Inc. (the "Foundation") is a legally separate component unit of Kean University and is exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of Kean University. Because the resources of the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is presented as a blended component unit in the University's financial statements in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

Separate financial statements of the Foundation can be obtained from the Kean University Foundation, Inc. at 1000 Morris Avenue, T-130, Union, NJ 07083 and/or from the Foundation's website at www.keanfoundation.org.

Statement of Net Position

Net position represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists primarily of grants and contracts and capital funds that are subject to regulations or restrictions governing their use. The unrestricted component of net position is available to the University for general purposes, but may be internally designated for various academic and student programs.

The following represents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University and its component unit at June 30, 2016, 2015 and 2014:

Net Position
(in thousands)

	June 30, 2016	June 30, 2015	June 30, 2014
Current assets	$ 195,556	$ 185,892	$ 180,373
Capital assets, net	482,610	479,369	458,201
Other noncurrent assets	12,633	12,453	11,822
Total Assets	690,799	677,714	650,396
Deferred Outflows of Resources	29,667	18,824	15,267
Current liabilities	53,049	54,770	58,087
Noncurrent liabilities	479,502	478,657	354,885
Total Liabilities	532,551	533,427	412,972
Deferred Inflows of Resources	13,695	9,508	-
Net Position:			
Net investment in capital assets	160,383	148,165	113,971
Restricted	67,950	78,589	89,457
Unrestricted (deficit)	(54,113)	(73,151)	49,263
Total Net Position	$ 174,220	$ 153,603	$ 252,691

Kean University's net position *increased* approximately $20.6 million during fiscal 2016. Operating revenues of $146.1 million, plus net non-operating revenues and capital related revenues, net of interest expense of $93.4 million, *exceeded* operating expenses of $214.7 million and offset by a $4.1 million decrease in Debt Service Reserves that were released due to early extinguishment of debt. State appropriations and State payment of fringe benefits totaling $70.6 million plus Federal and State Non-Operating Grants of $39.9 million *more than* offset the year's *operating loss* of $68.6 million and net interest expense and investment income of $17.3 million.

Net investment in capital assets *increased* $12.2 million primarily due to capital spending on the Regional Highlands Center at Mt. Paul as well as additional spending on the new Multi-Purpose Academic building on Morris & North Avenue. Restricted net position *decreased* $10.6 million due to the release of debt services reserves from the early extinguishment of debt as well as the utilization of funds restricted for capital projects mentioned above. In addition, endowment funds restricted by donors *decreased* by $0.4 million.

The *decreased* net position in the 2015 fiscal year of $99.1 million was primarily due to the implementation of GASB Statement No. 68 which required an adjustment to restate the opening balance of Net Position by $134.8 million. This decrease adjustment was offset by an increase of $35.8 million resulting from non-operating revenues from State appropriations and State payment of fringe benefits more than offsetting the year's operating loss and net interest expense.

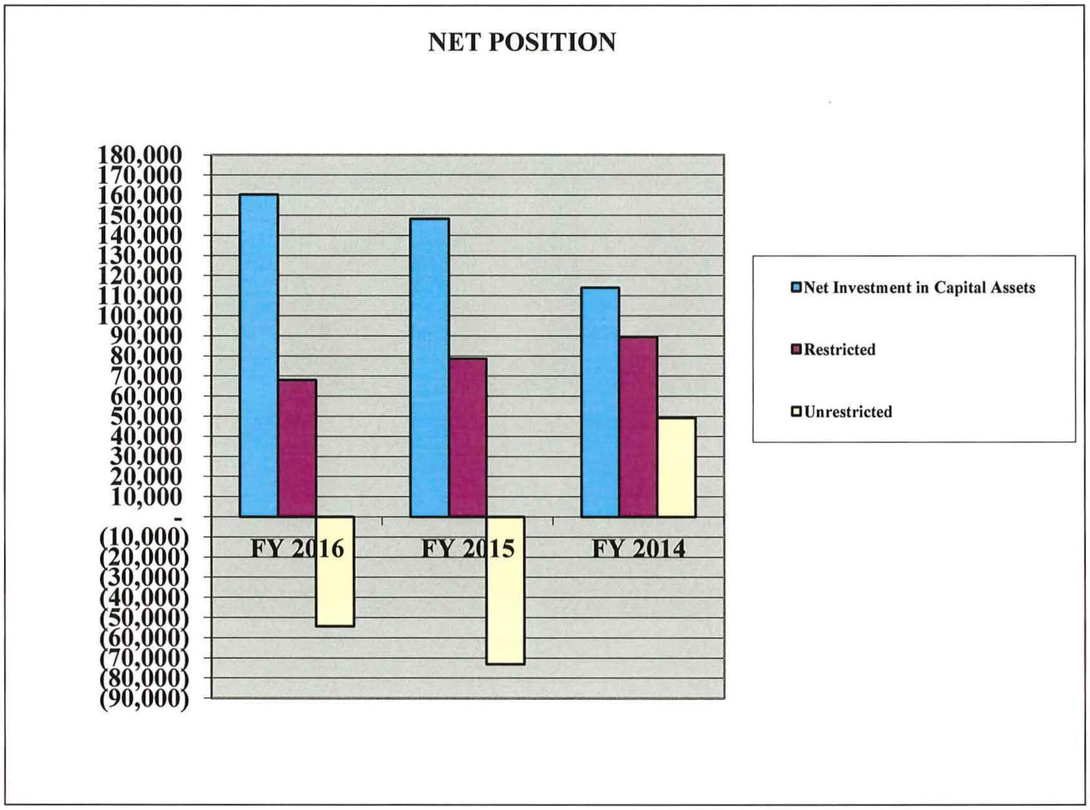
Current assets consist primarily of cash & equivalents, deposits held by bond trustees under bond agreements for capital activities, investments, accounts receivable, and prepaid expenses. Noncurrent assets consist primarily of investments, construction-in-progress, capital assets, net of accumulated depreciation and deferred outflows of resources. Current liabilities consist primarily of accounts payable, accrued expenses and unearned revenue. Noncurrent liabilities consist primarily of long-term debt, compensated absences and the State Net Pension Liability.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

YEARS ENDED JUNE 30, 2016 and 2015
(Unaudited)

Graphically displayed below is net position by category for the years ended June 30, 2016, 2015 and 2014



Statements of Revenues and Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the University's changes in net position. The purpose of the statement is to present the revenues earned by Kean University, both operating, non-operating and capital and expenses incurred by Kean University, both operating and non-operating. A summary of the University's revenues for the years ended June 30, 2016, 2015 and 2014 follows:

Total Revenues

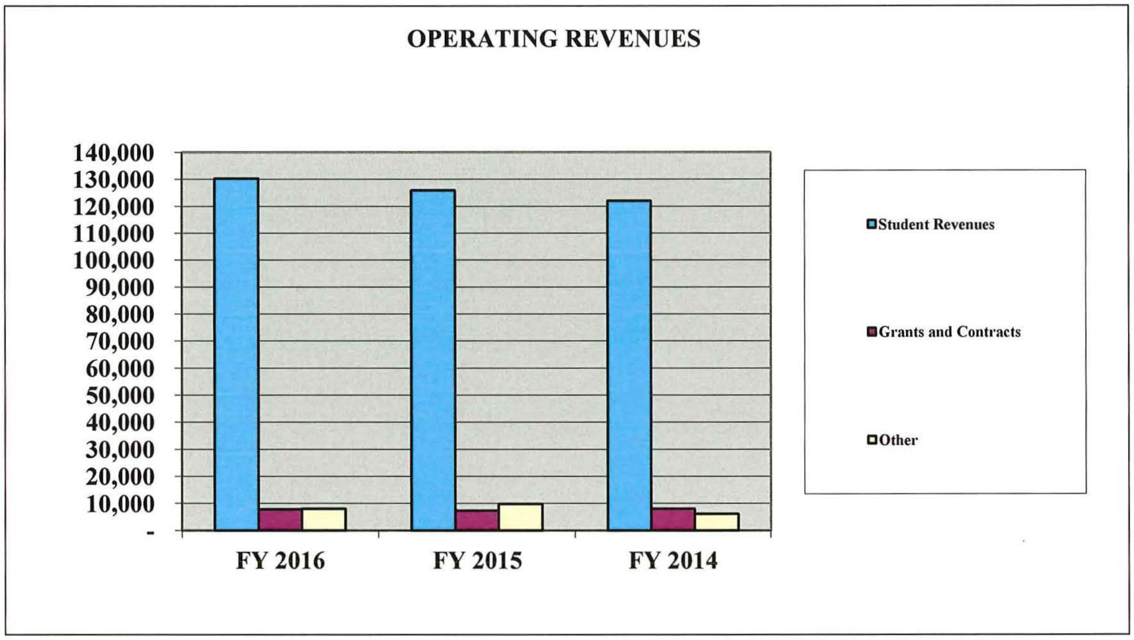
	Year Ended June 30,		
	2016	2015	2014
Operating revenues:			
Student revenues, net	$ 130,310	$ 125,886	$ 121,960
Grants and contracts	7,758	7,283	8,013
Other	8,036	9,808	6,084
Total Operating Revenues	146,104	142,977	136,057
Non-operating revenues (expenses), and capital revenues:			
State appropriation/paid fringe benefits	63,225	64,038	72,522
State appropriation - capital	7,342	23,439	11,697
Grants and contracts	39,876	39,667	37,701
Private gifts, investment income and interest expense, net	(17,056)	(16,650)	(13,663)
Total Non-operating revenues (expenses)	93,387	110,494	108,257
Total Revenues and Non-Operating Expenses	$ 239,491	$ 253,471	$ 244,314

Operating Revenues

Operating revenues are recognized by Kean University for providing goods and services directly to its customers (students). Operating revenues *increased* $3.1 million in fiscal 2016 versus fiscal 2015. Net student revenues *increased* $4.4 million, while grants, contracts and gifts *increased* by $0.5 million offset by a *decrease* of $1.8 million in fund raising & other operating revenues.

In fiscal 2015, operating revenues *increased* $6.9 million in fiscal 2015 versus fiscal 2014. Net student revenues *increased* $3.9 million, while grants, contracts and gifts *decreased* by $0.7 million, as well as an *increase* of $3.7 million in fund raising & other operating revenues.

Following is a breakdown of operating revenue by category for the years ended June 30, 2016, 2015 and 2014:



Non-Operating and Capital Revenues

Non-operating and capital related revenues are revenues earned for which no goods or services have been provided. The primary non-operating and capital revenues earned by the University are State appropriations and State payment of fringe benefits (on-behalf) which totaled $70.6 million and $87.5 million in 2016 and 2015, for a *decrease* of $16.9 million. Included in the 2016 State appropriation - capital amount is $7.3 million related to reimbursements for construction expenses incurred for the Building Our Future Bond Act projects. The *decrease* of $16.9 million, combined with an *increase* in interest expense of $0.2 million contributed to an overall *decrease* in non-operating and capital revenues of $17.1 million in fiscal 2016 versus fiscal 2015.

In fiscal 2015, the State appropriation and State payment of fringe benefits *increased* by $3.3 million versus fiscal 2014. Included in the 2015 State appropriation amount is $23.4 million related to reimbursements for construction expenses incurred for the Building Our Future Bond Act projects. This *increase* of $3.3 million, combined with a *decrease* in investment income of $2.3 million and an *increase* in interest expense of $0.7 million as well as an increase in Non-Operating Grants of $2.0 million are the principal factors that contributed to the overall *increase* in non-operating and capital revenues of $2.2 million in fiscal 2015 versus fiscal 2014.

Operating Expenses

Operating expenses are those incurred to acquire or produce goods and services in return for operating revenues, and to carry out the mission of the University. Beginning with fiscal year 2015, operating expenses also include pension-related expenses due to State-managed pension plans of Kean University. Non-operating expenses are those for which Kean University does not receive goods or services in return.

For the year ended June 30, 2016, operating expenses *decreased* by approximately $3.0 million. The primary reason was due to a *decrease* in expenses as follows: Operations & Maintenance of $3.9 million, Instruction of $1.4 million, and Auxiliary Enterprises of $0.9 million. Decreases noted in Operations and Maintenance are a result of reduced fuel costs as well as savings realized from outsourcing certain facility and maintenance functions. Instruction noted a decrease in salary expenses across various departments and Auxiliary Enterprises realized decreases in household and security expense.

These decreases were offset by an *increase* in the State's Fringe benefit allocation rate which applies an expense allocation to the various programs that have state funded employee positions. These expenses are offset against a corresponding revenue allocation shown in non-operating revenues. Certain program areas didn't have enough savings to offset the Fringe Benefit rate increase and ended up with a net increase compared to the prior year. Such areas included Student Services of $1.7 million and Institutional Support of $1.7 million.

For fiscal year 2016, an operating charge of $5.3 million resulted from the recording of expenses due to the PERS and PFRS State-managed pension programs. These pension expenses consisted of employer (i.e., Kean) contributions as well as pension activity expenses to each plan. Such expenses were allocated among the various program expense line items based on salary expenses incurred.

For the year ended June 30, 2015, operating expenses *decreased* by approximately $2.9 million. The primary reason was due to a *decrease* in Institutional Support of $3.2 million, Operations & Maintenance of $2.9 million, Public Service of $1.0 million, and Research of $0.4 million as well as other smaller decreases in Academic Support The *decreases* in these programs was primarily due to the decrease in the State's Fringe benefit allocation rate which applies an expense allocation to the various programs that have state funded employee positions. These expenses are offset against a corresponding revenue allocation shown in non-operating revenues. Other decreases noted in Operations and Maintenance were a result of reduced fuel costs, a decrease in snow removal, as well as savings realized from outsourcing certain household & maintenance functions. Institutional Support noted a decrease in legal costs/settlements which were incurred in the prior year. Other cost savings were a result of a decrease in media and publication expenses which had a strong focus in the prior year as well as a decrease in computer services expenses due to an initiative to cut expenses in certain areas.

These decreases were offset by *increases* in the following operating expense areas: Instruction of $2.9 million, Student Services of $0.5 million, depreciation & amortization of $1.0 million and scholarships & fellowships of $0.2 million. There was also a small expense increase in auxiliary enterprises

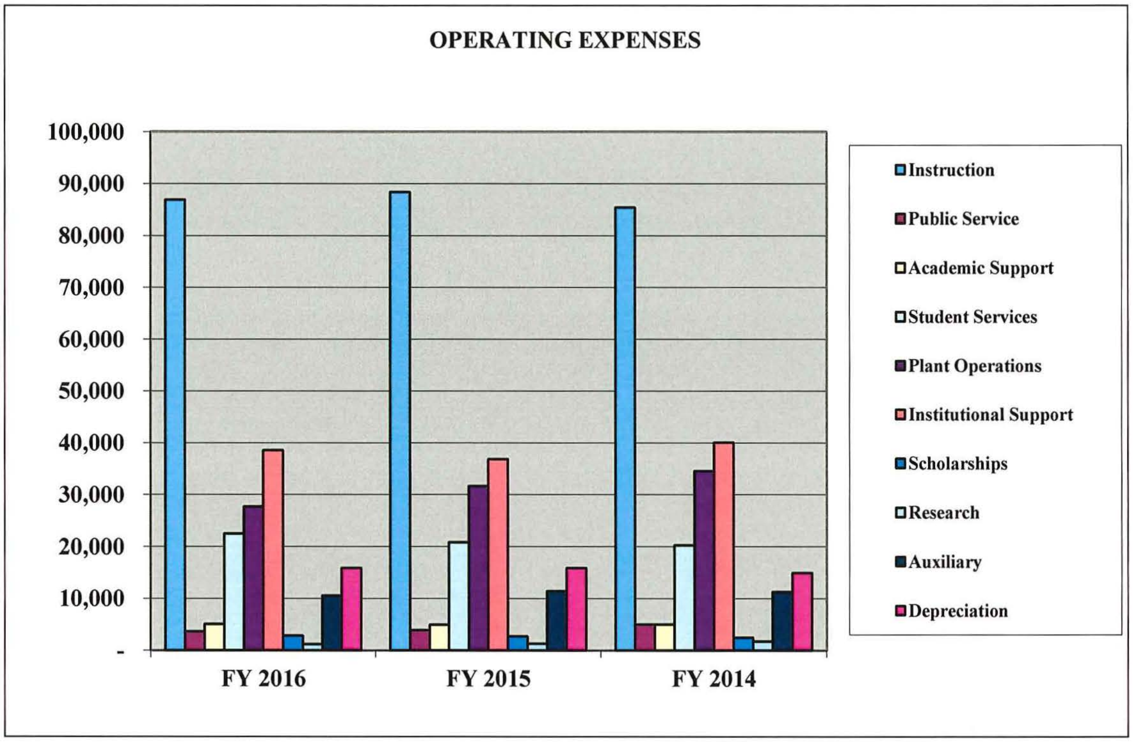
For fiscal year 2015, operating expenses of $5.8 million resulting from the recording of expenses due to the PERS and PFRS State-managed pension programs. These pension expenses consisted of employer (i.e., Kean) contributions as well as pension activity expenses to each plan. Each plan also required an adjustment to "Net Position, Beginning of Year" in the aggregate of $134.8 million. Hence, the total impact to the Statement of Revenues, Expenses, and Change in Net Position was $140.6 million in pension expenses.

The following is a summary of operating expenses by category for the fiscal years ended June 30, 2016, 2015 and 2014:

Total Operating Expenses
(in thousands)

	Year Ended June 30, 2016	2015	2014
Operating expenses:			
Instruction	$ 86,915	$ 88,352	$ 85,435
Public service	3,650	3,897	4,963
Academic support	5,036	4,923	4,964
Student services	22,480	20,786	20,244
Operations and maintenance of plant	27,691	31,604	34,552
Institutional support	38,531	36,824	40,035
Scholarships and fellowships	2,825	2,723	2,481
Research	1,162	1,282	1,694
Auxiliary enterprises	10,554	11,428	11,269
Depreciation and amortization	15,888	15,889	14,922
Total operating expenses	$ 214,732	$ 217,708	$ 220,559

The following chart provides a graphical breakdown of operating expenses by category for the fiscal years ended June 30, 2016, 2015 and 2014:



Capital Assets and Debt Administration

Capital Assets

Capital Asset, Net (including construction-in-progress) *increased* approximately $3.2 million in 2016 over 2015. This was primarily due to new capital construction-in-progress spending of $16.4 million and $2.7 million of new capital asset spending placed into service as described below. This was offset by depreciation and amortization expense of $15.9 million. The University had approximately $482.6 million invested in capital assets, net of accumulated depreciation of $173.8 million at June 30, 2016 as compared to approximately $479.4 million net of accumulated depreciation of $158.0 million at June 30, 2015. Depreciation charges totaled $15.9 and $15.9 million for the years ended June 30, 2016 and 2015.

Details of these assets, net of accumulated depreciation, are as follows (in thousands):

	June 30, 2016	June 30, 2015	June 30, 2014
Construction-in-progress	$ 56,236	$ 47,815	$ 22,888
Land	9,123	9,123	9,123
Land improvements	13,619	13,799	12,769
Buildings and improvements	390,842	394,409	398,382
Equipment	6,028	7,192	7,739
Infrastructure	6,762	7,031	7,300
	426,374	431,554	435,313
	$ 482,610	$ 479,369	$ 458,201

Major capital additions (project to date spending) during the 2016 fiscal year included:

Performing Arts Facility Renovation (completed)	$ 6,847
Campus Wide Card Access (completed)	1,861
Parking Lot Improvements (completed)	1,500
Regional Highlands Center at Mt Paul (in progress)	1,328
Multi Purp Acad Bld (Morris/North Ave) (in progress)	14,626
Total	$ 26,162

See Note 3 to the financial statements for more information relating to the capital assets of the University.

Debt and Long-Term Liabilities

The University had $339.1 and $349.7 million in outstanding debt for the years ended June 30, 2016 and 2015, respectively. The outstanding debt is summarized below by the type of debt instrument.

Outstanding Debt, at Year-End

	June 30,		
	2016	2015	2014
Bonds	$ 320,896	$ 330,531	$ 338,670
Lease obligations	14,706	17,099	19,881
Notes payable	-	107	214
Unamortized premium (discount), net	3,482	1,969	2,005
	$ 339,084	$ 349,706	$ 360,770

Year to year reductions in outstanding debt are primarily due to principal and lease payments.

See Note 4 to the financial statements for more information relating to the University's debt and long-term liabilities.

Summary and Outlook

Although operating expenses plus interest at Kean University *increased* from $124.7 million in FY 2002 to $233.0 million in FY 2016 (4.6 % CAGR), state aid revenue (appropriations and revenue) only *increased* from $53.1 million in FY 2002 to $63.2 million in FY 2016 *(excluding Building our Future Bond Act Reimbursements)* (1.3% CAGR). As the state continues to deal with an economic crisis, it is anticipated that state aid appropriations in future years will continue to *decrease*, or at best, remain flat. To offset the increasing gap between state aid revenues and operating expenses, so as to minimize required tuition *increases*, the University will continue its effort to pursue alternate funding sources from outside contributors and other gifts and grants.

Requests for Information

This financial report is designed to provide a general overview of Kean University's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joseph Antonowicz, Director of General Accounting, Kean University, 1000 Morris Avenue, Union, New Jersey 07083.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF NET POSITION
(in thousands)

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 122,211	$ 98,792
Deposits held by Bond Trustees	28,913	33,629
Investments	29,813	30,180
Accounts receivable:		
Student accounts (less allowance for doubtful accounts of $8,219 in 2016 and $7,196 in 2015)	2,995	2,776
Student loans	253	248
Gifts and grants	2,407	2,578
Due from State of New Jersey	2,753	4,041
Other receivables (less allowance for doubtful collections of $75 in 2016 and $55 in 2015)	5,470	12,912
Total Accounts Receivable	13,878	22,555
Prepaid expenses and other assets	741	736
Total Current Assets	195,556	185,892
NONCURRENT ASSETS:		
Investments	8,792	8,698
Student loans receivable	2,003	1,517
Other	1,838	2,238
Construction-in-progress	56,236	47,815
Capital assets (net of accumulated depreciation of $173,826 in 2016 and $158,014 in 2015)	426,374	431,554
Total Noncurrent Assets	495,243	491,822
Total Assets	690,799	677,714
DEFERRED OUTFLOWS OF RESOURCES:		
Swap Termination and Loss on Refinancing	13,888	14,578
Pension deferrals	15,779	4,246
	29,667	18,824
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	18,595	18,508
Accrued interest payable	5,988	6,575
Unearned revenue	13,075	15,233
Deposits and other	65	72
Compensated absences - current portion	3,055	3,061
Other Current Liabilities	108	201
Long-term debt - current portion	12,163	11,120
Total Current Liabilities	53,049	54,770
Noncurrent liabilities:		
Compensated absences	1,374	1,344
U.S. Government grants refundable	1,011	1,008
Other noncurrent liabilities	1,939	2,369
Long-term debt, less current portion	326,921	338,586
Net pension liability	148,257	135,350
Total Noncurrent Liabilities	479,502	478,657
Total Liabilities	532,551	533,427
DEFERRED INFLOWS OF RESOURCES:		
Pension deferrals	13,392	9,508
Deferred Gain on Refinancing	303	-
	13,695	9,508
NET POSITION		
Net investment in capital assets	160,383	148,165
Restricted:		
Nonexpendable	14,019	13,692
Expendable:		
Capital projects	34,664	41,132
Renewal and replacement	1,987	1,986
Debt service reserves	2,457	6,607
Other	14,823	15,172
Unrestricted	(54,113)	(73,151)
Total Net Position	$ 174,220	$ 153,603

See accompanying notes to financial statements.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)

	For the Year Ended	
	2016	2015
OPERATING REVENUES:		
Student revenues:		
Student tuition and fees	$ 153,655	$ 150,953
Auxiliary enterprises	21,416	20,452
Less: Scholarship allowances	(44,761)	(45,519)
Student revenues, net	130,310	125,886
Federal grants and contracts	5,236	4,734
State and local grants and contracts	2,522	2,549
Fund raising revenue	4,601	3,641
Other operating revenues	3,435	6,167
Total operating revenues	146,104	142,977
OPERATING EXPENSES:		
Instruction	86,915	88,352
Public service	3,650	3,897
Academic support	5,036	4,923
Student services	22,480	20,786
Operations and maintenance of plant	27,691	31,604
Institutional support	38,531	36,824
Scholarships and fellowships	2,825	2,723
Research	1,162	1,282
Auxiliary enterprises	10,554	11,428
Depreciation and amortization	15,888	15,889
Total operating expenses	214,732	217,708
OPERATING LOSS	(68,628)	(74,731)
NON-OPERATING REVENUES (EXPENSES):		
State of New Jersey appropriations - State	30,470	32,837
State of New Jersey paid fringe benefits - on behalf payments	32,755	31,201
Federal nonoperating grants and contracts	24,982	24,836
State and local nonoperating grants and contracts	14,894	14,831
Private gifts	99	158
Investment income	1,048	1,027
Interest expense	(18,349)	(18,159)
Other	146	324
Net non-operating revenues (expenses)	86,045	87,055
STATE OF NEW JERSEY APPROPRIATIONS - CAPITAL	7,342	23,439
INCOME BEFORE SPECIAL ITEMS	24,759	35,763
Debt Service Reserves Released for Early Extinguishment of Debt	(4,142)	-
INCREASE IN NET POSITION	20,617	35,763
NET POSITION, BEGINNING OF YEAR	153,603	117,840
NET POSITION, END OF YEAR	$ 174,220	$ 153,603

See accompanying notes to financial statements.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended 2016	For the Year Ended 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student revenues	$ 127,447	$ 128,223
Government grants	40,686	38,638
Payments to suppliers	(94,823)	(100,299)
Payments for employee salaries and benefits	(98,658)	(101,122)
Other receipts	15,326	7,525
Net cash flows from operating activities	(10,022)	(27,035)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State of New Jersey appropriations	39,100	55,245
Government grants	39,876	39,667
Direct lending receipts	83,976	84,413
Direct lending disbursements	(83,976)	(84,413)
Private gifts	99	158
Net cash flows from noncapital financing activities	79,075	95,070
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from long-term debt	124,877	-
Payments made for bond issuance costs	(1,010)	-
Payments made for refunded debt	(128,010)	-
Purchases of capital assets	(19,110)	(36,845)
Principal paid on long-term debt	(12,135)	(11,031)
Interest paid on long-term debt	(16,429)	(17,892)
Deposits held by Bond Trustees	4,716	(1,567)
Net cash flows from capital and related financing activities	(47,101)	(67,335)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Sales/(Purchases) of Investments	273	(967)
Net Investment income and other	1,194	1,352
Net cash flows from investing activities	1,467	385
NET CHANGE IN CASH AND EQUIVALENTS	23,419	1,085
CASH AND EQUIVALENTS, BEGINNING OF YEAR	98,792	97,707
CASH AND EQUIVALENTS, END OF YEAR	$ 122,211	$ 98,792
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (68,628)	$ (74,731)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization expenses	15,888	15,889
State of New Jersey paid fringe benefits	32,755	31,201
State of New Jersey paid pension contributions	5,258	5,761
Changes in operating assets and liabilities:		
Accounts receivable, net	6,905	(1,058)
Prepaid expenses and other assets	377	(460)
Accounts payable and accrued expenses	87	(5,363)
Unearned revenue	(2,158)	2,071
Deposits and other	(437)	(62)
Compensated absences	(69)	(283)
Net cash flows from operating activities	$ (10,022)	$ (27,035)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization - Kean University (the "University"), a multi-purpose institution of higher education, offers graduate and undergraduate programs that are administered through the University's six (6) colleges: the Nathan Weiss Graduate College, College of Education, College of Business and Public Administration, College of Natural, Applied, and Health Sciences, College of Humanities and Social Sciences, and the College of Visual and Performing Arts. Certain amounts in the footnotes include amounts for the Foundation that are reported as part of the primary government, as a blended component unit.

The University is recognized as a public institution of higher education by the State of New Jersey (the "State"). This recognition is supported by an annual appropriation between the University and the State whereby the University agrees to render services of public higher education for the State.

In 1986, State College Autonomy legislation was enacted, which granted certain fiscal and financial responsibility to the University Board of Trustees. In 1994, the Higher Education Restructuring Act further expanded the role of the Board of Trustees. However, under Governmental Accounting Standards Board ("GASB") Statement No. 14 and No. 61, "The Financial Reporting Entity," the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

Kean University Foundation, Inc. (the "Foundation") is a legally separate component unit of Kean University, exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of Kean University. Because the resources of the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is presented as a blended component unit in the University's financial statements.

Complete financial statements can be obtained from the Kean University Foundation, Inc. at 1000 Morris Avenue, T-130, Union, NJ 07083-01 or from the Foundation's website at www.keanfoundation.org.

The significant accounting policies employed by the University are described below:

Basis of Presentation - The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities and the accounts are maintained on the accrual basis of accounting. The University reports are based on all applicable GASB authoritative literature.

(dollars in thousands)

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

The University follows GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* which established criteria for determining whether certain organizations should be reported as component units of the financial reporting entity.

Kean University Foundation, Inc. is a private not-for-profit organization that reports under Financial Accounting Board Standards ("FASB"), including FASB Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities* and FASB ASC 720-25, *Contributions Made*. These standards provide for certain revenue recognition and presentation features which may be different from GASB criteria. Modifications have been made to the Foundation's financial information to enable a blended presentation.

Condensed financial information for Kean University Foundation, Inc. is provided below:

Kean University Foundation, Inc.

Condensed Statements of Financial Position

	2016	2015
Assets		
Investments	$ 26,476	$ 26,550
Lease Payments Receivable	17,778	18,166
Other Assets	10,816	11,408
Total Assets	**$ 55,070**	**$ 56,124**
Liabilities		
Bonds Payable, net of discount	$ 16,701	$ 17,526
Other Liabilities	3,043	3,980
Total Liabilities	**$ 19,744**	**$ 21,506**
Net Assets		
Unrestricted	$ 6,484	$ 5,754
Temporarily Restricted	14,823	15,172
Permanently Restricted	14,019	13,692
Total Net Assets	**$ 35,326**	**$ 34,618**

(dollars in thousands)

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Kean University Foundation, Inc.
Condensed Statements of Activities

	2016	2015
Revenue and Support		
Contributions, grants, and bequests	$ 4,594	$ 3,613
Other support, revenue, and gains	1,357	2,736
Total Revenue and Gains	**5,951**	**6,349**
Expenses		
Program Services	2,083	1,941
Supporting Services	3,160	3,044
Total Expenses	**5,243**	**4,985**
Increase in Net Assets	708	1,364
Net Assets - beginning of year	34,618	33,254
Net Assets - end of year	**$ 35,326**	**$ 34,618**

Kean University Foundation, Inc.
Condensed Statements of Cash Flows

	2016	2015
Net cash provided by (used in) operating activities	$ 1,230	$ (559)
Net cash used in investing activities	(1,607)	(843)
Net cash (used in) provided by financing activities	(168)	821
Net (decrease) in cash and cash equivalents	(545)	(581)
Cash and Cash equivalents - beginning of year	2,039	2,620
Cash and Cash equivalents - end of year	**$ 1,494**	**$ 2,039**

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Net Position - GASB Statements No. 35 and No. 63 established the standards for external financial reporting for public colleges and universities. The University classifies its resources into three net position categories in accordance with the provisions of these Statements.

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

- ***Restricted:***

  Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the University.

  Expendable - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

- ***Unrestricted:*** Net position not subject to externally imposed stipulations. They may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Measurement Focus and Basis of Accounting - The financial statements of the University have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with the Governmental Accounting Standards Board. The University reports its financial statements 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.

Estimates and Uncertainties - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Cash and Equivalents - Cash and equivalents consist of cash and highly liquid investments that have maturities of three months or less when purchased. The University invests a certain portion of its cash in the State of New Jersey Cash Management Fund. This is an interest-bearing account from which funds are available upon demand. Cash and equivalents under the Foundation include highly liquid short-term investments purchased with original maturities of three months or less.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Deposits Held by Bond Trustees - Deposits held by bond trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and equivalents and U.S. Treasury notes and government securities.

Capital Assets - Capital assets are recorded at actual incurred cost if purchased or constructed. Construction-in-progress is recorded as costs are incurred during construction. Donated capital assets are recorded at estimated fair value at the date of donation.

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

	Useful Lives
Land and Building improvements	15
Buildings	40
Equipment	5-7
Infrastructure	40

Unearned Revenue - Unearned revenue consists primarily of amounts received from grants and NJEFA funds, which have not yet been earned under the terms of the agreement. Unearned revenue also includes student tuition and fees billed and collected in advance of the applicable academic term.

Student Tuition and Fees - Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarships expenses, and are recognized in the period earned.

Grants and Contracts - Federal, State and local grants and contracts revenue is comprised mainly of grant revenues received from the Federal Government and State of New Jersey and are recognized as the related expenses are incurred. Amounts received from grants, which have not yet been earned under the terms of the agreement, are recorded as unearned revenue in the accompanying statements of net position.

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

Financial Dependency - One of the University's largest sources of revenue is appropriations from the State of New Jersey. The University is economically dependent on these appropriations to carry on its operations.

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

Classification of Operating Revenues and Expenses - The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) most Federal, State and local grants and contracts. Operating expenses include administrative and educational costs, as well as depreciation and amortization. All revenues and expenses not meeting this definition including formula-based state aid and non-exchange, non-operating grants and contracts are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted resources first, then unrestricted resources as they are needed.

Income Taxes - The University is exempt from Federal income taxes under Internal Revenue Code Section 115. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, has made no provision for federal income taxes. The Foundation believes it is no longer subject to income tax examinations for years prior to June 30, 2013.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the University has two items that qualify for reporting in this category, including deferred swap termination and loss from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University has two items that qualify for reporting in this category, including deferred gain on the refunding of debt and deferred amounts related to pensions.

Reclassifications - Certain prior period amounts have been reclassified to conform to the current year presentation. Such reclassifications were on the statements of revenues, expenses and changes in net position for non-operating federal and state grants and contracts from operating federal and state grants and contracts. The reclassification has no impact on overall net position.

New Accounting Pronouncements – In Fiscal year 2015, the University adopted the following accounting standard:

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State*

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

and Local Governmental Employers, as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* ("GASB 71"). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement eliminated the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

In fiscal year 2016, the University adopted the following accounting standard:

In February, 2016, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and

(dollars in thousands)

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued):

liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016.

GASB Not Yet Adopted - During the fiscal year, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the University in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

Subsequent Events - Management has reviewed and evaluated all events and transactions from June 30, 2016 through October 31, 2016, the date that the financial statements are available to be issued. The effects of those events and transactions that provide information about conditions that existed at the statements of net position dates, have been recognized and disclosed in the accompanying financial statements.

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees:

Statutes of the State of New Jersey and regulations of the State Investment Council authorize the New Jersey Division of Investments to invest in obligations of the U.S. Treasury agencies, and other municipal or political subdivisions of the State; commercial paper; bankers acceptances; revenue obligations of public authorities; debt instruments of banks; collateralized notes and 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 things as minimum capital, dividend paying history, credit history and other evaluation factors.

Cash and equivalents are comprised of the following as of June 30, 2016 and 2015:

	2016	2015
Cash and cash equivalents	$ 93,839	$ 70,489
State of NJ Cash Management Fund	28,372	28,303
Total Cash and Equivalents	$ 122,211	$ 98,792

As of June 30, 2016 and 2015, the University's cash and equivalents book balance was $93,839 and $70,489, respectively; the actual amount of cash on deposit in the University's bank accounts was $93,328 and $71,002, respectively. Of these bank balances, $92,655 at June 30, 2016, and $70,421 at June 30, 2015, were either fully insured by the Federal Deposit Insurance Corporation, covered by a collateralization agreement or backed by US Government Securities. Balances in excess of the insured amount at June 30, 2016 and 2015 of $673 and $581, respectively, were unsecured. The amount covered under this collateralization agreement as of June 30, 2016 and 2015 was $82,430 and $59,920.

For additional information regarding the investments of the Foundation blended component unit, please refer to the separately issued Foundation report.

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's Investment Policy addresses custodial credit risk by limiting deposits and investments to specific banks and financial institutions that meet criteria established by the New Jersey Department of Banking and Insurance.

The University participates in the State of New Jersey Cash Management Fund ("NJCMF") wherein amounts also contributed by other State entities are combined into a large-scale investment program. The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. The carrying amount of cash and equivalents in the State of New Jersey Cash Management Fund as of June 30, 2016 and 2015 was $28,372 and $28,303, respectively, which represented the amount on deposit with the Fund. The amount of cash and equivalents is equal to the amount on deposit with the pool.

Lastly, assets held by the bond trustee are carried in the financial statements at fair value, and consist of cash and equivalents and U.S. Government obligations.

Investments - GASB Statement No. 40 requires that the University disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the University would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the 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 name of the University. The University's investment balances as of June 30, 2016 and 2015, of $12,129 and $12,328, respectively, were comprised of instruments that were either fully insured by the FDIC, and/or registered in the University's name. The Foundation's investment balances as of June 30, 2016 and 2015, of $26,476 and $26,550, respectively, were comprised of mutual funds, charitable gift annuities and limited partnership interests registered in the name of the Foundation.

The University's Centralized Cash Management and Investment Policy (Investment Policy) states, "Preservation of capital is regarded as the highest priority in the handling of University investments. All other investment objectives are secondary to the safety of capital." To that end, the Investment Policy addresses custodial credit risk by limiting deposits and investments to specific banks and financial institutions that meet criteria established by the New Jersey Department of Banking and Insurance.

Investments held by various bank custodians, investments in debt securities and equity securities with readily determinable fair values are carried at fair value. Other investments consisting of limited partnership interests are carried at the lower of cost or fair value.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

The following table sets forth by level, with fair value hierarchy, the investment assets at fair value as of June 30, 2016 and 2015:

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Kean University				
US Treasury Securities	$ 5,106	-	-	$ 5,106
Fixed Income Securities	7,023	-	-	7,023
Kean University Foundation				
Mutual Funds	19,752	-	-	19,752
Limited Partnership Interests	-	-	$ 998	998
Alternative Investments	-	-	5,726	5,726
	$ 31,881	$ -	$ 6,724	$ 38,605

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Kean University				
US Treasury Securities	$ 4,793	-	-	$ 4,793
Fixed Income Securities	7,535	-	-	7,535
Kean University Foundation				
Mutual Funds	23,375	-	-	23,375
Limited Partnership Interests	-	-	$ 3,175	3,175
Alternative Investments	-	-	-	-
	$ 35,703	$ -	$ 3,175	$ 38,878

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to fair value losses arising from increasing interest rates, the University's Investment Policy requires that, to the fullest extent possible, investment maturities be matched to anticipated cash flow requirements. Furthermore, the Investment Policy prohibits direct investments in securities maturing more than five years from the date of purchase unless they are matched to a specific cash flow. The average maturity of the University's investments in the NJCMF are less than one year.

Credit Risk - GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government investments guaranteed by the U.S. government as well as pooled investments such as the New Jersey Cash Management Fund. The New Jersey Cash Management Fund is not rated by a rating agency.

Concentration of Credit Risk - This is the risk associated with the amount of investments the University has with any one issuer. The University's Investment Policy requires that investments be diversified by limiting investments to avoid over-concentration in securities from a specific issuer or business sector. Assets held under bond indenture agreements represent assets held by bond trustees under the terms of various bond and other long-term debt agreements. Assets held under bond indenture

(dollars in thousands)

Note 2 - Cash and Equivalents, Investments and Deposits held by Bond Trustees (continued):

agreements are carried in the financial statements at fair value, and consist of cash and equivalents and U.S. Government obligations.

Deposits Held by Bond Trustees - The deposits held by bond trustees under bond indenture agreements are maintained for the following:

	June 30, 2016	June 30, 2015
Construction fund	$ 12,489	$ 13,619
Debt service fund for principal and interest	11,968	11,404
Debt service reserve fund	3,590	7,702
Rental pledge fund	701	700
Rebate fund	165	204
	28,913	33,629
Less: Current Portion	28,913	33,629
Non-current Deposits Held by Trustees	$ -	$ -

Deposits held by bond trustees are recorded in the financial statements at fair value, as determined by quoted market prices, and consist of the following:

	June 30, 2016		June 30, 2015	
	Cost	Fair Value	Cost	Fair Value
Cash and equivalents	$ 25,920	$ 25,920	$ 26,365	$ 26,365
Investments -				
U.S. Treasury notes and governments securities	2,986	2,993	7,260	7,264
	$ 28,906	$ 28,913	$ 33,625	$ 33,629

The University's deposits held with bond trustees are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University, and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. As of June 30, 2016 and 2015, the University's deposits held with bond trustees are invested in money market accounts or U.S. Treasury notes or government securities guaranteed by the U.S. government. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2016 and 2015, no deposits held with bond trustees had maturities greater than one year.

(dollars in thousands)

Note 3 - Capital Assets:

The University's principal capital assets are buildings, which are owned by the State of New Jersey and are dedicated for use to the University. Although legal title rests with the State of New Jersey, the University has been given, through legislation, exclusive use of the buildings and has included the cost of these capital assets in the accompanying statements of net position. For the years ended June 30, 2016 and 2015, capital assets and accumulated depreciation activity was as follows:

	June 30, 2016				
	Beginning of Year	Additions	Retirements	Assets Placed Into Service	End of Year
Nondepreciable assets:					
Construction-in-progress	$ 47,815	$ 16,398	$ -	$ (7,977)	$ 56,236
Land	9,123	-	-	-	9,123
	56,938	16,398	-	(7,977)	65,359
Depreciable assets:					
Land improvements	35,157	1,500	-	-	36,657
Buildings and improvements	512,560	812	-	7,977	521,349
Equipment	21,973	400	(57)	-	22,316
Infrastructure	10,755	-	-	-	10,755
	580,445	2,712	(57)	7,977	591,077
Less: Accumulated depreciation:					
Land improvements	21,358	1,680	-	-	23,038
Buildings and improvements	118,151	12,356	-	-	130,507
Equipment	14,781	1,564	(57)	-	16,288
Infrastructure	3,724	269	-	-	3,993
	158,014	15,869	(57)	-	173,826
Capital Assets, Net	$ 479,369	$ 3,241	$ -	$ -	$ 482,610

(dollars in thousands)

Note 3 - Capital Assets (continued):

	June 30, 2015				
	Beginning of Year	Additions	Retirements	Assets Placed Into Service	End of Year
Nondepreciable assets:					
Construction-in-progress	$ 22,888	$ 32,521	$ -	$ (7,594)	$ 47,815
Land	9,123	-	-	-	9,123
	32,011	32,521	-	(7,594)	56,938
Depreciable assets:					
Land improvements	32,270	1,528	-	1,359	35,157
Buildings and improvements	504,329	1,996	-	6,235	512,560
Equipment	21,122	994	(143)	-	21,973
Infrastructure	10,755	-	-	-	10,755
	568,476	4,518	(143)	7,594	580,445
Less: Accumulated depreciation:					
Land improvements	19,501	1,857	-	-	21,358
Buildings and improvements	105,947	12,204		-	118,151
Equipment	13,383	1,541	(143)	-	14,781
Infrastructure	3,455	269	-	-	3,724
	142,286	15,871	(143)	-	158,014
Capital Assets, Net	$ 458,201	$ 21,168	$ -	$ -	$ 479,369

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was $15,888 and $15,889, respectively. During 2016 and 2015, net interest expense costs of $0 and $193 were capitalized and included in construction-in-progress. Commitments outstanding on construction projects amounted to approximately $4,720 and $13,578 as of June 30, 2016 and 2015, respectively.

Note 4 - Long-Term Debt:

The Board of Trustees of the University, the New Jersey Board of Higher Education and the New Jersey Educational Facilities Authority (the "Authority") have entered into various agreements whereby the University is given use of buildings, improvements and equipment and the University agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority.

Note 4 - Long-Term Debt (continued):

On April 1, 2007, the Authority issued $156,240 of revenue refunding bonds (Series 2007 E) on behalf of the University. The proceeds of the bonds, together with other available funds, were used to finance (1) the costs of advance refunding and defeasing the Authority's outstanding revenue bonds, Kean University Issues: Series 1998 A, Series 2001 A, Series 2003 D (partial refunding), and Series 2005 B (partial refunding), and (2) the payment of the costs of issuing the bonds. As of June 30, 2016, $71,035 of defeased bonds remain outstanding.

In January 2014, the University, along with other colleges and universities, entered into a lease agreement with the Authority. Under the terms of the agreement, the Authority issued bonds to provide a higher education equipment leasing fund to finance the acquisition and installation of higher education equipment at public and private institutions within the State of New Jersey. The Project was financed by the Authority through the Issuance of Series 2014 Revenue Bonds. The University was allocated $2,438 of the total proceeds of the bond issue.

The terms of the agreement require annual rental payments equal to 25% of the amount necessary to pay the debt service on the University's allocable share of the Series 2014 Bonds and related program expenses. The lease ends in May 2023. On that date, equipment title will transfer to the University.

In March 2014, the University also entered into a Capital Improvement Fund agreement with the Authority for the purpose of providing funds for the renewal, renovation, improvement, expansion, construction and reconstruction of certain facilities, or technology infrastructure. The University was allocated $7,800 which was funded with the proceeds of the 2014 A Revenue Bonds issued by the Authority.

The terms of the agreement require the University to pay the Authority an amount equal to one-third (1/3) of the amount necessary to pay the principal of and interest on the Bonds and any refunding bonds, plus the University's share of any fees allocable to the University.

In 2014, the University, along with other colleges and universities, was awarded multiple grants under the State of New Jersey's Building our Future Bond Act ($40,838) as well as the Authority's Higher Education Technology Infrastructure Fund ($238), and Higher Education Facilities Trust Fund ($2,500). The University did not incur any debt with respect to these new grant agreements, however the university was required to provide matching funds equal to 25% for the Building our Future Bond Act grant and matching funds equal to the grant amount for the Higher Education Technology Infrastructure Fund. A matching component was not required for the Higher Education Facilities Trust Fund grant.

On August 1, 2015, the Authority issued $117,175 of revenue refunding bonds (Series 2015 H) on behalf of the University. The proceeds of which were used to refund all of the outstanding series 1998 B , 1991 B, 2005 B, and 1993 G revenue bonds, as well as refund all of the outstanding series 2007 D revenue bonds maturing after July 1, 2018 as well as the payment of the costs of issuing the bonds. As a result of the refunding, the debt reserve funds related to the refunded bonds, in the amount of $4,142, were utilized in reducing the amount of debt sold to finance the refunding of the above issues. This has been reported as a special item in the accompanying Statements of Revenue, Expenses and Change in Net Position. The advance refunding resulted in a difference between reacquisition price and the net carrying amount of the old debt of $316 (gain). The University completed the advance refunding to reduce its total debt service payments over the next twenty four years by $8,288 and to obtain an economic gain (the difference between the present values of the old and new debt service) of $5,836.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

Note 4 - Long-Term Debt (continued):

The following represents the components and changes in outstanding debt for the years ended June 30, 2016 and 2015:

	June 30, 2016				
	Beginning of Year	Additions	Reductions	End of Year	Amount Due Within One Year
Bonds payable and other debt - gross	$ 347,737	$ 117,175	$ (129,310)	$ 335,602	$ 12,163
Unamortized premium	6,150	7,325	(6,051)	7,424	
Unamortized discount	(4,181)	-	239	(3,942)	
Total bonds payable and other debt - net	$ 349,706	$ 124,500	$ (135,122)	$ 339,084	

	June 30, 2015				
	Beginning of Year	Additions	Reductions	End of Year	Amount Due Within One Year
Bonds payable and other debt - gross	$ 358,765	$ -	$ (11,028)	$ 347,737	$ 11,120
Unamortized premium	6,413	-	(263)	6,150	
Unamortized discount	(4,408)	-	227	(4,181)	
Total bonds payable and other debt - net	$ 360,770	$ -	$ (11,064)	$ 349,706	

(dollars in thousands)

Note 4 - Long-Term Debt (continued):

The following principal payments due were outstanding at June 30, 2016 and 2015:

	Interest Rates	June 30, 2016	June 30, 2015
New Jersey Educational Facility			
Authority Revenue Bonds:			
Series 1998 B, due serially to 2021	3.90%-5.00%	$ -	$ 4,360
Series 2003 D, due serially to 2017	3.30%-5.25%	4,215	6,190
Series 2005 B, due serially to 2020	4.00%-5.00%	-	16,200
Series 2007 D, due serially to 2039	4.00%-5.00%	4,865	107,841
Series 2009 A, due 2017 to 2037	4.00%-5.50%	177,091	177,975
Series 2015 H, due 2017 to 2037	1.00%-5.00%	117,175	-
		303,346	312,566
Other debt:			
Higher Education Capital Improvement Fund			
Series 2005 A, due serially to 2024	3.54%-5.75%	2,015	2,458
Series 2006 A, due serially to 2024	3.54%-5.75%	636	638
Series 2014 C, due serially to 2024	3.54%-5.75%	51	60
Series 2014 A, due serially to 2024	3.50%-5.00%	2,338	2,420
Higher Education Dormitory Safety Trust Fund			
Series 2001 A	N/A	-	107
Higher Education Master Equipment Lease			
2010, due serially to 2020	3.140%	4,250	5,000
2011, due serially to 2021	2.820%	4,987	6,037
2014 A, due serially to 2021	5.00%	429	486
Bergen County Improvement Authority			
Series 2010A&B, due serially to 2039	2.13%-5.38%	17,550	17,965
		32,256	35,171
Total principal		335,602	347,737
Additional amounts representing:			
Net premiums/discounts		3,482	1,969
Total long-term debt		339,084	349,706
Less: Non-current portion		326,921	338,586
Long-term debt - current portion		$ 12,163	$ 11,120

(dollars in thousands)

Note 4 - Long-Term Debt (continued):

Payments due on long-term debt for the Kean University, including mandatory sinking fund payments on the Authority and Higher Education revenue bonds, for the next five years and thereafter are as follows as of June 30, 2016:

Year Ending June 30,	Principal	Interest
2017	$ 11,738	$ 15,128
2018	13,603	14,577
2019	12,038	14,032
2020	11,463	13,524
2021	11,977	13,018
2022-2026	58,517	56,706
2027-2031	76,116	39,574
2032-2036	84,379	18,566
2037-2040	38,221	1,972
Total	$ 318,052	$ 187,097

Payments due on long-term debt for the Kean Foundation for the next five years and thereafter are as follows as of June 30, 2016:

Year Ending June 30,	Principal	Interest
2017	$ 425	$ 864
2018	435	851
2019	450	836
2020	465	819
2021	485	800
2022-2026	2,750	3,656
2027-2031	3,490	2,882
2032-2036	4,500	1,832
2037-2040	4,550	485
Total	$ 17,550	$ 13,025

(dollars in thousands)

Note 5 - Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses were as follows:

	June 30, 2016	June 30, 2015
Salaries and fringe benefits	$ 4,723	$ 4,998
Accounts payable - construction related	5,907	5,727
Accounts payable - other	7,965	7,783
Total	$ 18,595	$ 18,508

Note 6 - Other Non-current Liabilities:

Activity in other non-current liabilities for the year ended June 30, 2016 was as follows:

	June 30, 2015	Additions	Reductions	June 30, 2016	Current Portion
Compensated absences	$ 4,405	$ 281	$ 257	$ 4,429	$ 3,055
U.S. Government grants refundable	1,008	3		1,011	
Annuity Payable	1,120	21	331	810	108
Gear Up Scholarship Fund	1,450	-	213	1,237	-
	$ 7,983	$ 305	$ 801	$ 7,487	$ 3,163

Activity in other non-current liabilities for the year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Current Portion
Compensated absences	$ 4,714	$ 189	$ 498	$ 4,405	$ 3,061
U.S. Government grants refundable	1,008	-	-	1,008	-
Annuity Payable	1,075	227	182	1,120	201
Gear Up Scholarship Fund	1,533	-	83	1,450	-
	$ 8,330	$ 416	$ 763	$ 7,983	$ 3,262

Note 7 - Benefits Paid by the State of New Jersey:

The State of New Jersey pays certain fringe benefits on behalf of University employees. It is the policy of the University to reflect such amounts, aggregating $32,755 and $31,201 in 2016 and 2015 respectively, in the financial statements as part of non-operating revenues and as expenses, which are distributed to the various functional categories.

Note 8 - Retirement Plans:

The State of New Jersey funds post-retirement medical benefits for those State employees who retire from a full-time SHBP eligible position with an accumulated 25 years of credited service in a State-administered retirement plan. Any required retiree contributions towards premium costs will be determined by the date on which the employee completed 25 years of service. These expenses are not included in the University's financial statements.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement established standards of accounting and financial reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures and required supplementary information (RSI) in the financial reports of state and local government employers. Since the State of New Jersey pays OPEB benefits on behalf of the University and the State is recording the OPEB liability on its financial statements, this GASB statement does not apply to the University.

Plan Descriptions - All full-time employees of the University participate in a retirement program. The University has four retirement plans for its employees - Public Employees' Retirement System ("PERS"), Police and Firemen's Retirement System ("PFRS"), the Teacher's Pension and Annuity Fund ("TPAF"), and the Alternate Benefit Program ("ABP") which provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. PERS and PFRS are cost-sharing multiple-employer defined benefit pension plans administered by the State of New Jersey.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State of New Jersey or public agency provided the employee is not a member of another State-administered retirement system. PFRS was established under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State of New Jersey firemen appointed after June 30, 1994.

Certain faculty members of the University participate in the Teachers' Pension and Annuity Fund ("TPAF") which is a State of New Jersey cost-sharing, defined benefit plan. TPAF was established under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care, to substantially all full-time public school employees in the State of New Jersey. The plans eligibility requirements are similar to PERS' requirements. The State of New Jersey issues publicly available financial reports that include financial statements and required supplementary information for PERS, PFRS and TPAF. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Note 8 - Retirement Plans (continued):

PERS Funding Policy - Chapter 78, P.L. 2011, the Pension and Health Benefit Reform Law, increased the contribution required from PERS members to 6.5% of base salary effective with the first payroll paid on or after October 1, 2011. Subsequent increases are being phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% as of July 1, 2018. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The University 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. The University has no direct pension obligation associated with this plan and no liability for such cost has been recorded in the accompanying financial statements. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS) - 2016

At June 30, 2016, the University reported a liability of $136,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2015, the University's proportion was 0.5741010825 percent, which was a decrease of 0.0488783515 from its proportion measured as of June 30, 2014.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

For the year ended June 30, 2016, the University recognized full accrual pension expense of \$6,813 in the financial statements. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 10,381	-
Differences between expected and actual experience	1,903	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 672
Changes in proportion and differences between University contributions and proportionate share of contributions	-	11,806
University contributions subsequent to the measurement date	1,857	-
	\$ 14,141	\$ 12,478

\$1,857 is reported as deferred outflows of resources related to pensions resulting from state college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (322)
2018	(322)
2019	(322)
2020	629
2021	145
	\$ (192)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

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, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 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 3 years for males and setback 1 year for females) are used to value disabled retirees.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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:

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 Markets	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%	

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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

(dollars in thousands)

Note 8 - Retirement Plans (continued):

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 in determining the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
University's proportionate share of the net pension liability	$ 159,612	$ 136,189	$ 116,627

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$	2,244,542
Collective deferred inflows of resources	$	221,780
Collective net pension liability	$	23,722,136
University's Proportion		0.5741010825%

Collective pension expense for the State Group for the measurement period ended June 30, 2015 is $1,630,945.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years.

Public Employee's Retirement System (PERS) - 2015

At June 30, 2015, the University reported a liability of $125,388 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to

(dollars in thousands)

Note 8 - Retirement Plans (continued):

the projected contributions of all participating state colleges, actuarially determined. At June 30, 2014, the University's proportion was 0.6229794340 percent, which was a decrease of 0.0272065017 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the University recognized full accrual pension expense of $6,455 in the financial statements. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 2,765	-
Net difference between projected and actual earnings on pension plan investments	-	$ 3,806
Changes in proportion and differences between University contributions and proportionate share of contributions	-	4,435
University contributions subsequent to the measurement date	886	-
	$ 3,651	$ 8,241

$886 is reported as deferred outflows of resources related to pensions resulting from state college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (1,258)
2017	(1,258)
2018	(1,258)
2019	(1,258)
2020	(307)
Thereafter	(136)
	$ (5,475)

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were 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 based on Projection Scale AA.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term 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 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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 in determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
University's proportionate share of the net pension liability	$ 148,097	$ 125,388	$ 106,342

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$ 500,511
Collective deferred inflows of resources	$ 667,494
Collective net pension liability	$ 20,127,103
University's Proportion	0.6229794340%

Collective pension expense for the State Group for the measurement period ended June 30, 2014 is $1,167,028.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

PFRS Funding Policy - Chapter 78, P.L. 2011 increased the contribution required from PFRS members from 8.5% of base salary to 10% effective with the first payroll paid on or after October 1, 2011. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The University 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. The University has no direct pension obligation associated with this plan and no liability for such cost has been recorded in the accompanying financial

(dollars in thousands)

Note 8 - Retirement Plans (continued):

statements. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

Police and Firemen's Retirement System (PFRS) - 2016

At June 30, 2016, the University reported a liability of $12,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2015, the University's proportion was 0.2810715320 percent, which was an increase of 0.0006731059 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the University recognized full accrual pension expense of $865 in the financial statements. At June 30, 2016, the University reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,238	$ -
Net difference between projected and actual investment earnings on pension plan investments	33	-
Changes in proportion	20	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	823
Differences between expected and actual experience		91
University contributions subsequent to the measurement date	347	-
	$ 1,638	$ 914

(dollars in thousands)

Note 8 - Retirement Plans (continued):

$347 is reported as deferred outflows of resources related to pensions resulting from state college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	$	56
2018		56
2019		56
2020		117
2021		90
	$	375

Actuarial Assumptions

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, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.60 - 9.48% based on age
Thereafter	3.60 - 10.48% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Mortality Rates

Mortality rates 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 were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

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 Markets	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%	

Discount rate

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	At 1% Decrease (4.79%)	At Current Discount Rate (5.79%)	At 1% Increase (6.79%)
University's proportionate share of the net pension liability	$ 14,530	$ 12,068	$ 10,067

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$ 464,262
Collective deferred inflows of resources	$ 44,898
Collective net pension liability	$ 4,293,672
University's Proportion	0.2810715320%

Collective pension expense for the State Group for the measurement period ended June 30, 2015 is $376,637.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.53 years.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Police and Firemen's Retirement System (PFRS) - 2015

At June 30, 2015, the University reported a liability of $9,963 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined. At June 30, 2014, the University's proportion was 0.2803984261 percent, which was a decrease of 0.0362450589 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the University recognized full accrual pension expense of $584 in the financial statements. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 203	$ -
Net difference between projected and actual earnings on pension plan investments	-	246
Changes in proportion and differences between University contributions and proportionate share of contributions	-	1,021
University contributions subsequent to the measurement date	392	-
	$ 595	$ 1,267

(dollars in thousands)

Note 8 - Retirement Plans (continued):

$392 is reported as deferred outflows of resources related to pensions resulting from state college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	(220)
2017		(220)
2018		(220)
2019		(220)
2020		(158)
Thereafter		(27)
	$	(1,065)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	3.95 - 8.62% based on age
Thereafter	4.95 - 9.62% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Long-Term 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 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 PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.32% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate

The following presents the University's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	At 1% Decrease (5.32%)	At Current Discount Rate (6.32%)	At 1% Increase (7.32%)
University's proportionate share of the net pension liability	$ 12,045	$ 9,963	$ 8,248

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the State Group

Collective deferred outflows of resources	$	82,119
Collective deferred inflows of resources	$	97,674
Collective net pension liability	$	3,553,051
University's Proportion		0.2803984261%

Collective pension expense for the State Group for the measurement period ended June 30, 2014 is $278,603.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.17 years.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Teachers Pensions and Annuity Fund (TPAF) - 2016 – Special Funding Situation

The employer contributions for participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the participating employers.

However, the notes to the financial statements of the participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the University as of June 30, 2015 was $21,851. The University's proportionate share was $0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the University was based on a projection of the State's long-term contributions to the pension plan associated with the University relative to the projected contributions by the State associated with all participating Universities, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the University was 0.0345727610 percent, which was a decrease of 0.0058664071 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the University recognized on-behalf pension expense and revenue in the financial statements of $1,334 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement

(dollars in thousands)

Note 8 - Retirement Plans (continued):

mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 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 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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 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 TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Entity	12.00%	6.22%
Emerging Market Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	100.00%	

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the University to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the University as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the University would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the University	$ 25,970	$ 21,851	$ 18,303

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Additional Information

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	$	7,639,312
Collective deferred inflows of resources	$	672,332
Collective net pension liability	$	63,577,864
State's proportionate share associated with the University	0.0345727610%	

Collective pension expense for the plan for the measurement period ended June 30, 2015 is $3,882,198.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years.

Teachers Pensions and Annuity Fund (TPAF) - 2015 – Special Funding Situation

The employer contributions for participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the participating employers.

However, the notes to the financial statements of the participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the University as of June 30, 2014 was $21,613. The University's proportionate share was $0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The State's proportionate share of the net pension liability associated with the University was based on a projection of the State's long-term contributions to the pension plan associated with the University relative to the projected contributions by the State associated with all participating Universities, actuarially determined. At June 30, 2014, the State's proportionate share of the TPAF net pension liability associated with the University was 0.0404391681 percent, which was an increase of 0.0138502504 from its proportion measured as of June 30, 2013.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

For the year ended June 30, 2015, the University recognized on-behalf pension expense and revenue in the financial statements of $1,163 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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 15 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 7 years to account for future mortality improvement.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012

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 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 TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Fund / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	100.00%	

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Discount Rate

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the University to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the University as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the University would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	At 1% Decrease (3.68%)	At Current Discount Rate (4.68%)	At 1% Increase (5.68%)
State's proportionate share of the net pension liability associated with the University	$ 25,995	$ 21,613	$ 17,969

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	$	2,389,959
Collective deferred inflows of resources	$	1,846,541
Collective net pension liability	$	53,813,068
State's proportionate share associated with the University		0.0404391681%

Collective pension expense for the plan for the measurement period ended June 30, 2014 is $2,906,836.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

Alternate Benefits Program Information - The Alternate Benefits Program ("ABP") is a defined contribution retirement program for eligible full time non-temporary appointed employees of the public institutions of higher education in New Jersey. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law and IRS Code. An employee is a vested member if he/she has an existing qualified retirement account from his/her previous employer. From that point on, all of the contributions and accumulations in the account belong to employees and provide benefit. An employee never enrolled in a retirement plan will be considered as delayed enrollment and will be vested on the second year of employment. ABP provides retirement benefits, life insurance, long-term disability and loans for vested members. The University assumes no liability for ABP members other than payment of contributions.

Participating University employees are required to contribute 5.0% and may contribute a voluntary additional contribution of salary up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions to ABP of 8.0% of salary are paid by the State of New Jersey and are reflected in the accompanying financial statements as appropriation revenue and expenses.

Participating University employees are required to contribute 5.0%. Employer contributions to ABP of 8.0% of salary are paid by Kean University and reimbursed by the State of New Jersey, and are reflected in the accompanying financial statements as appropriation revenue and expenses.

(dollars in thousands)

Note 8 - Retirement Plans (continued):

During the year ended June 30, 2016 and 2015, ABP received employer and employee contributions that approximated the following from the University:

	2016	2015
Employer contributions	$5,052	$4,928
Employee contributions	$6,193	$6,085
Basis for contributions:		
Participating employee salaries	$63,154	$61,598

Note 9 - Compensated Absences:

The University has recorded a liability for compensated absences in the amount of $4,429 and $4,405 as of June 30, 2016 and 2015, respectively. The liability is calculated based upon employees' accrued vacation leave as of each respective year-end, as well as estimated vested amounts for accrued sick leave and paid leave bank.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University paid approximately $25 and $132 in sick leave payments for employees who retired during the years ended June 30, 2016 and 2015, respectively.

A paid leave bank was established for certain employees who were required to take unpaid furlough days in fiscal year 2010. These employees were credited with three days of paid leave which, beginning July 1, 2010, can be used in the same manner as vacation leave. There are no limitations on the carryover of these paid leave bank days, and any unused days in an employee's paid leave bank will be paid upon the employee's separation from the University.

Note 10 - Agency Transactions:

The University collects and distributes monies as the agent for various student organizations and certification programs, as well as the Federal Direct Loan Program. The revenues and related expenses have not been included in the accompanying financial statements. However, the related assets and liabilities are presented in the statements of net position.

Note 11 - Contingencies:

The University receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors.

As of June 30, 2016, the University estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the University's financial statements.

The University is also involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the University's financial position. Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

There have been no significant reductions in insurance coverage from the prior year and there have been no settlements in the prior three years that exceeded insurance coverage.

Note 12 - Actions of the Middle States Commission on Higher Education:

The University was issued a warning in June, 2011, by the Middle States Commission on Higher Education during their ten-year reaccreditation process after the University self-identified two of fourteen accreditation standards established by Middle States that required improvement: institutional assessment (Standard 7) and student outcomes assessment (Standard 14). Accreditation is a peer-review process designed to solicit institutions to self-identify areas in which they need improvement. In April 2012, the Middle States Commission sent a team to Kean to review the work completed by the University which documented compliance with these standards. This Middle States team acknowledged that much had been accomplished but that there was still work to do in order to meet the warned standards. In addition to the two standards which were previously self-identified, Standard 12, general education, was identified by the visiting team in April as needing improvements. During this same time frame, third party commentary was submitted to Middle States which led to the Commission to require the University to also address a component of Standard 6, integrity, within their already prescribed September 1 report which was to illustrate compliance with Standards 7, 12 and 14. In accordance with the April visiting team's recommendations, on June 28, 2012, the Commission acted to put the University on accreditation probation for lack of evidence that Kean was in compliance with Standards 6, 7, 12 and 14. The University took action to address these standards including the establishment of a comprehensive system to measure institutional assessment, student learning assessment and the general education program, as well as a revision of the academic integrity policy among other actions to ensure a high level of integrity was present on campus. The Commission sent a second team to Kean in September, 2012, to determine if the University met these standards. The September visiting team reaffirmed Kean's actions as the team identified the University as being compliant with Standards 6, 7, 12 and 14. On November 15, 2012, the full Commission accepted the monitoring report and reaffirmed the University's accreditation and found it to be in compliance with the above mentioned Standards.

Note 12 - Actions of the Middle States Commission on Higher Education (continued):

On March 5, 2013, a substantive change request was acknowledged and provisionally reclassified an additional location at the instructional site at Wenzhou University, Wenzhou, Zhejiang Province, People's Republic of China, pending a site visit within six months of commencing operations at the site. A monitoring report, due March 1, 2014, "should document evidence of (1) steps taken by the Board to regularly review and balance the roles and relationships among multiple constituencies as well as the structures and processes through which they participate in governance, and (2) steps taken by the leadership of the various constituencies to regularly articulate a shared vision about the mission of the institution (Standard 6); (3) the development and implementation by all non-academic units of assessment processes that use substantive and direct measures to evaluate and improve outcomes related to unit as well as institutional mission and goals, and (4) the development and implementation by the University Planning Council of written procedures for the regular and systematic use of assessment results in planning, resource allocation, and institutional renewal (Standard 7); and (5) clearly articulated general education outcomes that are assessed in an organized, systematic, and sustainable manner, consistent with the institution's overall plan for assessing student learning, with assessment results that are utilized for curricular improvement (Standard 12). A visit will follow submission of the monitoring report. The Periodic Review Report is now due June 1, 2017."

As of June 26, 2014, the most recent commission action was to accept the monitoring report and the institution's response to third party comment and to note the visit by the Commission's representatives. To request that the Periodic Review Report, due June 1, 2017, document evidence of 1) continued enhancement of communication among all constituent groups (Standard 6); 2) implementation of clear and consistent expectations for direct measures across all non-academic units (Standard 7); and 3) review of the learning outcomes for general education and consideration of a reduction in the number of outcomes (Standard 12).

See: https://www.msche.org/documents/sas/220/Statement%20of%20Accreditation%20Status.htm

(dollars in thousands)

Note 13 - Unrestricted Net Position (Deficit):

As described in Note 1 to the financial statements, unrestricted net position are those amounts not subject to externally imposed stipulations. Net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Unrestricted net position of the University is comprised of the following:

	June 30, 2016	June 30, 2015
Operating reserve	$ (78,963)	$ (96,679)
Academic and other programs	12,441	12,441
Capital - renewal and replacement	3,708	3,708
Capital project reserve	5,617	5,617
Student loan program	1,469	1,066
Operating programs	1,615	696
	$ (54,113)	$ (73,151)

Note 14 - Government Relations and Legal Fees:

The New Jersey Higher Education Restructuring Act of 1994 requires the University to make available the costs incurred associated with government and public relations and legal costs. During the years ended June 30, 2016 and 2015, the University expended $240 and $282 for government and public relations and $254 and $550 for legal fees, respectively.

Note 15 - Operations in China:

On May 8, 2006, Kean University entered into an agreement with Wenzhou University in China and signed a cooperation agreement (the "Agreement") on the establishment and operation of Wenzhou-Kean University (WKU), a jointly governed organization. The Agreement, supplemented in 2010, is to establish a co-operative university in Wenzhou, China which will provide an independent Sino-American co-operative educational institution with legal status and qualified to grant certificates, diplomas and degrees independently. Additionally, this institution will introduce high-quality educational resources and will advance teaching, research and management methods, to provide easier access to high-class educational opportunities and resources to students and to contribute to the development and internationalization of Chinese Higher Education.

Under the agreement, the principal responsibilities of Wenzhou University include: assisting in obtaining all necessary approvals, permits and licenses, and any other documents for the operation of WKU; acting as liaison for the procurement of various services and infrastructure required for the operation of

Note 15 - Operations in China (continued):

WKU; assisting expatriate employees of WKU in obtaining necessary visas, work permits and residences; providing student support services to WKU at the expense of WKU; and assisting in the design, construction and maintenance of a new campus location and providing the funds required to build academic and administrative structures and facilities as well as required infrastructure for the campus. After WKU is established, the Board of Directors of WKU will be responsible for supplementary financing to satisfy the capital requirements of operation and development of WKU. The entire revenue of WKU shall be completely dedicated to the operation and development of WKU. Neither party seeks profit from the operation of WKU. WKU shall hold the user's right of the land and title and ownership of the building and facilities being that the Chinese party raised the funds for such and thus the Kean University claims no interests in the assets or any associated debt in this regard.

Kean University's principal responsibilities under the agreement include: providing all necessary legal documents required for approval, registration and establishment of WKU; providing teaching and administrative staff for academic and administrative work at WKU in compliance with relevant regulations of the People's Republic of China; issuing certificates, diplomas and degrees of Kean University, which are the same as those issued in New Jersey and acceptable in the United States, to qualified WKU students; introducing internationally advanced academic systems and materials at the same level as those in use at Kean University; and accept credits of WKU students for study at Kean University.

On November 16, 2011, the Chinese Ministry of Education approved the initiative, giving the University the name "Wenzhou Kean University (in preparation)" and granting it three years to prepare for its official establishment in 2014.

On March 31, 2014, Chinese Ministry of Education officially approved the formal establishment of Wenzhou-Kean University, making it the first Sino-US University in Zhejiang.

Note 16 - Acquisition of Liberty Hall Museum:

On December 22, 2006, the University entered into an agreement with the Liberty Hall Foundation (the "Foundation") for the sale of real estate and the formation of a Historic Precinct. The Foundation and the University have jointly organized the Liberty Hall Museum, Inc. ("LHM").

As part of the agreement, the University purchased property from the Foundation in the amount of $5,150, which represents the land and the museum building. At the time of the closing, the University took ownership of the land and Museum building, but did not take ownership of the Historical Documents contained in the Museum. In accordance with the terms of the agreement, the Foundation will retain possession and control of the Historical Documents until they are formally donated to the University after a Cataloging Period has been completed. The Cataloging Period represents the period beginning on the closing date and ending on the first to occur of (i) the completion of the identification and cataloging process with respect to the Historical Documents, determined in the Foundation's reasonable discretion, or (ii) the third anniversary of the closing date, unless the Cataloging Period is extended by the mutual agreement of

Note 16 - Acquisition of Liberty Hall Museum (continued):

the parties. In March of 2010, the parties agreed to extend the Cataloging Period until December 31, 2010. The cataloging process was completed in June of 2010, and upon completion of an appraisal, the Historical Documents will be formally donated to the University. At that time, a decision will be made as to whether or not these items will be capitalized. A lengthy research effort to define the project scope was undertaken to determine how the appraisal should be structured and persons qualified and licensed to handle the appraisal. In June 2015, Stuart Lutz Historic Documents Inc. of Short Hills, New Jersey was hired to undertake the appraisal work. On September 30, 2015, the company reported that it had completed its on-site work, as well as the majority of its research, and as of September 2016 the appraisal was substantially complete and all that remains was a Deed of Gift to be signed which would finalize the transfer of the historical documents to the University. The Deed of Gift is anticipated to be signed in October 2016.

LHM was established to operate and preserve the Museum and the Historic Precinct. The Board of Trustees consists of eight individuals, three from the University and five from the Foundation. At closing, LHM and the University entered into a ground lease, which provides for the lease of the Historical Precinct, including the Museum and all other buildings and improvements within the Historical Precinct to LHM for a period of ninety-eight years at an annual rent of one dollar. Annually, LHM is responsible for establishing an operating budget for the Museum and the Historic Precinct approved by its Board of Trustees. Annually, the Foundation provides funding to LHM in an amount not to exceed five percent of the Foundation's total endowment. In the event that LHM's annual operating expenses exceed the amount contributed by the Foundation, the University is required to contribute to the shortfall in an amount not to exceed $200 per year for the first five years. This amount will be adjusted by the CPI Index at the beginning of the sixth year in which the University was required to contribute to the shortfall. Any additional support deemed necessary will be mutually agreed upon and set forth in separate agreement. The amount the University contributed in 2016 and 2015 was $325 and $350, respectively.

Note 17 – Kean Ocean Initiative:

The University entered into a partnership with Ocean County College in Fall 2005 culminating in an agreement signed in June, 2006. The agreement allows students to take the Kean courses needed to complete the requirements for certain Kean University undergraduate and graduate degree programs on the Ocean County campus in Toms River, NJ. The Kean Ocean program has grown significantly since its inception, with approximately 1,623 students currently enrolled in undergraduate and graduate degree programs.

On March 7, 2009, the Board of Trustees authorized the President to pursue a development plan for a "Gateway Building" that would provide the physical infrastructure needed to support the Kean Ocean initiative. The University has received all necessary approvals for the development of the Kean Ocean branch campus at Ocean County College.

The Foundation and the County College entered into the Gateway Building Ownership and Operating Agreement, dated September 21, 2010 (the "Operating Agreement") governing the construction,

Note 17 – Kean Ocean Initiative (continued):

ownership and operation of the Gateway Building, which provides that each party finance fifty percent (50%) of the costs associated with the construction of the building, and any other costs incurred for the Project, and each party owns a fifty percent (50%) interest in the Gateway Building. Operating costs and related improvements of the Gateway Building are paid equally by the County College and the Foundation. The building occupies a portion of an approximately 34 acre site owned by the County College. The Foundation and the County College entered into a Ground Lease, dated September 21, 2010 ("Ground Lease"), whereby the Foundation leases fifty percent (50%) of the Building Footprint from the County College.

During December, 2010, the Kean University Foundation issued two series of revenue bonds through The Bergen County Improvement Authority ("Authority") totaling $18,765. The Series 2010A Bonds are tax-exempt and will be used to pay fifty percent (50%) of the costs of construction of an approximately 75,000 square foot academic building ("Gateway Building") located on the campus of Ocean County College ("County College") in Toms River, New Jersey; fund a portion of the Debt Service Reserve Fund associated with the Series 2010 Bonds; fund a portion of the capitalized interest on the Series 2010 Bonds; and to pay the costs of issuance with respect to the sale and delivery of the Series 2010A Bonds. The Series 2010B Bonds are federally taxable and will be used to fund a portion of the Debt Service Reserve Fund associated with the Series 2010 Bonds; and to pay the costs of issuance with respect to the sale and delivery of the Series 2010B Bonds. The Series 2010A Bonds maturing prior to December 1, 2021 are not subject to redemption prior to maturity.

The Series 2010A Bonds maturing on or after December 1, 2021 are subject to redemption prior to maturity at the option of the Authority, and upon the direction of the Foundation, to be exercised upon receipt of written notice to TD Bank, National Association ("Trustee") in accordance with the terms of the Loan Agreement on or after December 1, 2020 as a whole or in any part on any date and, if in part, in such order of maturity as the Foundation may direct and within a maturity by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to one hundred percent (100%) of the principal amount of Series 2010A Bonds to be redeemed, plus accrued interest to the redemption date. The Series 2010B Bonds are not subject to redemption prior to maturity.

The Foundation leases its interest in the Gateway Building to Kean University pursuant to a Lease Agreement, dated September 21, 2010, as amended and restated (collectively, the "Lease Agreement"), as permitted by the Operating Agreement. Payments by the University to the Foundation under the Lease Agreement, and the contingent guaranty thereunder, shall be sufficient to cover the debt service payments for the Series 2010 Bonds and operating costs. Both the Lease Agreement and the Ground Lease have been assigned to the Authority as additional security for the 2010 Bonds. In addition, a Ground Leasehold Mortgage and Assignment of Lease, dated December 1, 2010 has been granted by the Foundation to the Authority to secure the Foundation's obligations under the Loan Agreement.

Construction of the Gateway Building was completed in August, 2013, and a Certificate of

Note 17 – Kean Ocean Initiative (continued):

Occupancy for the building was received on September 10, 2013. Classes have been held in this building since the Fall 2013 semester.

Note 18 - The Institute for Life Science Entrepreneurship:

On March 3, 2014, the Kean University Board of Trustees passed a resolution approving seed funding in the amount of $250,000 for the creation of the Institute for Life Science Entrepreneurship, Inc. (ILSE), a new non-profit entity based in the New Jersey Center for Science, Technology and Mathematics (STEM building) located on the university campus. ILSE is a regional research integrator, accelerator and incubator, bringing basic researchers and clinical scientists from academia together with entrepreneurs, R&D experts and business leaders to facilitate the translation of early innovation into meaningful health care solutions. ILSE was incorporated as a NJ non-profit 501(c)(3) corporation on April 29, 2014, "organized and operated exclusively for charitable, educational and scientific purposes."

In August 2014, Kean University provided funding in the amount of $250,000 for the creation of the Institute for Life Science Entrepreneurship, Inc. (ILSE). On December 11, 2014, the parties formalized the status of Kean as a founding member as well as a "use of space" agreement which established a life sciences incubator facility in the STEM building, under the direction of ILSE. Under the agreements, the principal responsibilities of ILSE are to provide one seat on its Board of Trustees to Kean University, facilitate networking and collaboration for university faculty, students and staff including participation in seminars, conferences and other educational events organized by ILSE, and the facilitation of internships, advisory roles and research collaborations between ILSE, ILSE partners and the university community. The parties will also seek to collaborate on the submission of research grants and other funding opportunities to support scientific research activities common to the university and ILSE. ILSE will also be responsible for creating and operating a new life sciences incubator facility in a portion of the STEM building, bringing start-up and small entity life science companies and their advisors to STEM in order to create a vibrant research community and ecosystem of entrepreneurship, all in close proximity with the university. Neither party seeks profit from the operation of ILSE, although a for-profit subsidiary of ILSE has been established as a future means to develop and fund commercially viable health care innovation that result from the activities of ILSE and its partners. As a founding member of ILSE, Kean will be entitled to an ownership portion or other benefits from this subsidiary as may be established in the future, and are lawful and consistent with the missions and non-profit status of both ILSE and Kean University.

Kean University's principal responsibilities under the agreement include providing space and staff support for the activities of ILSE in the STEM building. The Dean of the STEM program will serve part time as interim CEO of ILSE until such time as additional funds are raised and a permanent CEO and management team can be recruited. University staff, under the direction of the Dean, will also provide administrative and operational support to ILSE on a part-time basis.

On May 5, 2015, ILSE entered into a collaboration agreement with American Type Culture Collection (ATCC), to establish the ATCC Center for Translational Microbiology (ATCC-CTM) located in

Note 18 - Founding of the Institute for Life Science Entrepreneurship (continued):

the STEM building. The mission of the ATCC-CTM is to advance innovative approaches, new technologies and scientific discoveries in microbiology. ATCC is a non-profit biological resource center and research organization whose mission focuses on acquisition, authentication, production, preservation, development and distribution of standard reference microorganisms, cell lines and other materials for research in the life sciences. Under the terms of the multi-year, multi-million dollar partnership, initial funding to ILSE will support the recruitment of an initial 10-12 person scientific team and the start-up of research operations. Once established, additional funding will be sought from grants, external research collaborations and partnerships and from follow-on ATCC investment.

As of this date, the ATCC-CTM has begun building an industry leading team of researchers from world-class academic institutions and life science companies who are currently building product development programs in the areas of microbiology and standard reference microorganisms. This collaboration is an important step in creating a vibrant research community and ecosystem of entrepreneurship, accessible to university students and faculty.

In June of 2015, there were discussions of continued financial support by Kean. As a result, on October 27, 2015, Kean provided funding in the amount of $30,000. As of October 2015, the life science incubator space at ILSE, which was made available by the "use of space" agreement by Kean, is fully occupied with four tenants.

In April of 2016 the Kean Foundation provided funding in the amount of $50,000, to support the continued growth and development of ILSE and its programs. In doing so visibility has increased for Kean University and ILSE through major regional events within the ILSE Entrepreneur Center leading to new collaboration and partnering opportunities. As of June 2016, ILSE, has created well over a dozen opportunities for the members of the Kean University community in the way of faculty grants, and both full-time jobs and internships, with its incubator tenant companies and the ATCC-CTM.

KEAN UNIVERSITY

Schedule of the University's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System

Last Ten Fiscal Years*

	Year Ended June 30, 2016	Year Ended June 30, 2015
University's proportion of the net pension liability (asset) - State Group	0.5741010825%	0.6229794340%
University's proportionate share of the net pension liability (asset)	$ 136,189	$ 125,388
University's covered-employee payroll	$ 20,526	$ 23,254
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	663.48%	539.21%
Plan fiduciary net position as a percentage of the total pension liability - State Group	24.96%	30.06%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the University presents information for those years for which information is available.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

KEAN UNIVERSITY
Schedule of University Contributions
Public Employee's Retirement System

Last Ten Fiscal Years*

	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	$ 1,857	$ 886
Contributions in relation to the contractually required contribution	(1,857)	(886)
Contribution deficiency (excess)	$ -	$ -
University's covered-employee payroll	$ 20,526	$ 23,254
Contributions as a percentage of covered-employee payroll	9.05%	3.81%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the University presents information for those years for which information is available.

KEAN UNIVERSITY

Schedule of the University's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System

Last Ten Fiscal Years*

	Year Ended June 30, 2016	Year Ended June 30, 2015
University's proportion of the net pension liability (asset) - State Group	0.2810715320%	0.2803984261%
University's proportionate share of the net pension liability (asset)	$ 12,068	$ 9,963
University's covered-employee payroll	$ 1,024	$ 1,195
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1178.43%	834.03%
Plan fiduciary net position as a percentage of the total pension liability - State Group	29.07%	48.72%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the University presents information for those years for which information is available.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.32% as of June 30, 2014 to 5.79% as of June 30, 2015.

KEAN UNIVERSITY
Schedule of University Contributions
Police and Firemen's Retirement System

Last Ten Fiscal Years*

	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	$ 347	$ 392
Contributions in relation to the contractually required contribution	(347)	(392)
Contribution deficiency (excess)	$ -	$ -
University's covered-employee payroll	$ 1,024	$ 1,195
Contributions as a percentage of covered-employee payroll	33.88%	32.82%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the University presents information for those years for which information is available.

KEAN UNIVERSITY

Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the University

Teacher's Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30, 2016	2015
State's proportion of the net pension liability (asset) associated with the University	0.0345727610%	0.0404391681%
University's proportionate share of the net pension liability (asset)	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the University	$ 21,851	$ 21,613
Total proportionate share of the net pension liability (asset) associated with the University	$ 21,851	$ 21,613
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the University presents information for those years for which information is available.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Program Title	Federal CFDA/Grant Number	FAIN Number	Amounts Passed Through to Subrecipients	Current Year Expenditures
U.S. DEPARTMENT OF EDUCATION:				
Student Financial Aid Cluster:				
Federal Direct Loan Program	84.268			$ 81,845,392
Federal Perkins Loan Program	84.038			224,387
Nursing Faculty Loan Program	93.264			227,680
Teacher Education Assistance Program	84.379			448,663
Federal Supplemental Educational Opportunity Grants	84.007			434,250
Federal Work-Study Program	84.033			554,251
Federal Pell Grant Program	84.063			23,975,941
Total Student Financial Aid Cluster				107,710,564
TRIO Cluster:				
Upward Bound	84.047A			285,971
Total TRIO Cluster				285,971
Passed thru William Paterson University:				
Turnaround Partnership- NJ	84.377B	S377B150013		58,457
National Writing Project	84.928A			2,638
STARTALK 2015	12.901			118,698
STARTALK 2016	12.901			167
STARTALK Capacity	12.901			30,252
IDEA	84.027			38,434
Common Core Academy	84.367B			99,693
Stempact	84.0315			160,841
Access Evaluation	84.U01			196
Career and Technical Student Organizations - DECA	76.708			104,733
Total U.S. Department of Education				108,610,644
SMALL BUSINESS ADMINISTRATION:				
Passed through Rutgers University:				
Small Business Development Center 2016	59.037	SBAHQ16B0049		144,809
Hurricane Sandy	59.037	SBAHQ16B0049		67,685
Total Small Business Administration				212,494
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through NJ Department of Health and Senior Services				
NJ Personal Responsibility Education Program (PREP)	93.092	1301NJPREP		125,415
Passed through State of New Jersey:				
Child Care and Development Fund - Professional Impact	93.596	1061NJCCDF	$ 776,652	1,942,980
Traffic Safety Program	20.600	34C00S771MS3010		304,970
Perth Amboy Summer STEM Program	93.401	S010A150030		26,767
Perth Amboy Adelante	93.402	S010A150030		71,242
Hillside STEM Enrichment Program	93.403	S010A150030		3,500
Aim High Academy	84.378A	801180AHA10		99,971
Middle East Studies Cert. (Ocean County College)	93.405	P016A140017		2,047
21st Century Community Learning Centers	84.287	S287C160030		335,409
Special Education: Speech Language Upgrade Project	84.027	S027A150100		2,202
Total U.S. Department of Health and Human Services			776,652	2,914,503
National Science Foundation:				
LSAMP	47.076	1601060		75,519
REU Site MNWLR	47.076	1601060		16,554
Project Ask	47.076	# 1601060		123,500
Total National Science Foundation				215,573
Passed through Arizona State University				
The Role of Story in Game	47.076	1421806		22,592
Passed through Stevens institute of Technology				
Novels of Sutton Griggs	45.161	1421806		2,673
Passed through National Endownment for Humanities				
Privacy Ed Tools	47.076	1421806		475
Total expenditures of Federal awards			$ 776,652	$ 111,978,954

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2016

State of New Jersey Grantor/Program Title	Grant or Account Number	Grant Amount	Grant Period	Current Year Expenditures
Student Financial Assistance Cluster:				
N.J. Department of Treasury:				
New Jersey College Loans to Assist State Students	N/A	$ 1,678,087	07/01/15 - 06/30/16	$ 1,678,087
Tuition Aid Grant	02-100-082-2150-007	14,088,331	07/01/15 - 06/30/16	14,088,331
NJ Best Scholarship	N/A	6,250	07/01/15 - 06/30/16	6,250
New Jersey Stars II	07424056006577	107,621	07/01/15 - 06/30/16	107,621
NJ Foster & Adopt Service	N/A	27,270	07/01/15 - 06/30/16	27,270
Governor's URB School	N/A	15,000	07/01/15 - 06/30/16	15,000
N.J. Department of State:				
Educational Opportunity Fund Article IV - Academic Year	02-100-074-2401-002	692,676	07/01/15 - 06/30/16	692,676
Educational Opportunity Fund Article IV - Summer	02-100-074-2401-002	445,950	07/01/15 - 06/30/16	445,950
Educational Opportunity Fund Undergraduate	02-100-074-2401-002	639,950	07/01/15 - 06/30/16	639,950
Educational Opportunity Fund Graduate	02-100-074-2401-002	8,050	07/01/15 - 06/30/16	8,050
Total Student Financial Assistance Cluster				17,709,185
Interdepartmental Accounts:				
FICA State Colleges and University Reimbursement Program	02-100-094-9500-1205	5,350,087	07/01/15 - 06/30/16	5,350,087
Fringe benefits paid by State of New Jersey	02-100-082-2155-025	27,404,457	07/01/15 - 06/30/16	27,404,457
NJ Historical Commission:				
Liberty Live	N/A	700	07/01/15 - 06/30/16	700
Staring Out to Sea	222960726-00	3,406	07/01/15 - 06/30/16	3,406
N.J. Higher Education Capital Facilities:				
GO Bond	N/A	6,350,780	07/01/15 - 06/30/16	6,350,780
Fire Safety Training Program	06-100-022-8017-035	964,869	07/01/15 - 06/30/16	964,869
N.J. Department of State:				
State of New Jersey Appropriation	02-100-074-2455-001	30,469,000	07/01/15 - 06/30/16	30,469,000
NJ State Council on the Arts:				
Premier Stages	0625A050169	17,154	07/01/15 - 06/30/16	17,154
NJ GEAR UP	N/A	28,875	07/01/15 - 06/30/16	28,875
Passaic Board of Education				
PASS Adelante	N/A	2,260	07/01/15 - 06/30/16	2,260
N.J. Department of Education				
Build Teach Leader Cap	16E 00079	196,869	07/01/15 - 06/30/18	144,792
Total expenditures of State Financial Assistance				$ 88,445,565

N/A - not available.

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

1. Basis of Presentation:

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance have been prepared in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The purpose of these schedules is to present a summary of those activities of Kean University (the "University") for the year ended June 30, 2016 which have been financed by the Federal Government and State of New Jersey. For the purposes of these schedules, Federal and State awards include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations and other non-cash assistance. Because these schedules present only a selected portion of the activities of the University, it is not intended to, and does not, present the financial position, or changes in net assets of the University in conformity with accounting principles generally accepted in the United States of America.

The accounting practice followed by the University in preparing the accompanying schedules is as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) 2 CFR Part 220, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Perkins Loan & Nursing Faculty Loan Programs:

The University administers the following Federal loan program:

CFDA #	Loans Extended for the Year Ended June 30, 2016	Outstanding Principal Balance at June 30, 2016
84.038	$224,387	$1,748,802
93.264	$227,680	$504,998

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

3. Other Loan Programs:

During the fiscal year ended June 30, 2016, the University processed the following amount of new loans under the Stafford Student Loan program (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	CFDA #	Value of Loans
Stafford Loans (Direct):	84.268	
Subsidized		$ 27,950,967
Unsubsidized		43,178,392
		$ 71,129,359
Parent Loans for Undergraduate Students (PLUS)		$ 10,716,033

4. Sub-recipients:

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the University provided Federal awards to sub-recipients for the Professional Impact (CFDA #93.596) to the following:

Community Coordinated Child Care	$ 550,557
Childcare Education Institute LLC	161,733
Atlantic Cape Community College	46,610
Teaching Strategies LLC	17,752
	$ 776,652

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

Independent Auditors' Report

The Board of Trustees
Kean University

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 Kean University (the "University"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 31, 2016. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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.

WISS & COMPANY, LLP

14 Penn Plaza, Suite 1010
New York, NY 10122
212.594.8155

354 Eisenhower Parkway, Suite 1850
Livingston, NJ 07039
973.994.9400

5 Bartles Corner Road
Flemington, NJ 08822
908.782.7300

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
October 31, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Independent Auditors' Report

The Board of Trustees
Kean University

Report on Compliance for Each Major Federal and State Program

We have audited Kean University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the University's major federal and state programs for the year ended June 30, 2016. The University's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the University's compliance.

Opinion of Each Major Federal and State Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A m*aterial weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
October 31, 2016

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified? ___Yes _X_ No
- Are any significant deficiencies identified? ___Yes _X_ None reported

Is any noncompliance material to financial statements noted? ___Yes _X_ No

Federal Awards and State Financial Assistance

Internal control over major federal and state programs:

- Are any material weaknesses identified? ___Yes _X_ No
- Are any significant deficiencies identified? ___Yes _X_ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or NJ OMB 15-08? ___Yes _X_ No

Identification of major programs:

Federal:

CFDA Number	Name of Federal Program or Cluster	
	Student Financial Aid Assistance Cluster:	
84.268	Federal Direct Loan Program	U.S. Department of Education
84.038	Federal Perkins Loan Program	U.S. Department of Education
93.264	Nursing Faculty Loan Program	U.S. Department of Health and Human Services
84.379	Teacher Education Assistance Program	U.S. Department of Education
84.007	Federal Supplemental Educational Opportunity Grants	U.S. Department of Education
84.033	Federal Work-Study Program	U.S. Department of Education
84.063	Federal Pell Grant Program	U.S. Department of Education

State:

Grant Number	Name of State Program or Cluster	
02-100-074-2455-001	State of New Jersey Appropriation	Higher Education Administration Department of State, Department of Treasury

Dollar threshold used to distinguish between Type A and Type B programs: $750,000 (3% of federal awards expended, not including loan programs)
$2,653,367 (3% of state awards expended, not including loan programs)

Auditee qualified as low-risk auditee? _X_ Yes ___No

Section II - Financial Statement Findings

None to report.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

None to report.

KEAN UNIVERSITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2016

Not applicable – no prior year audit findings.