Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis

June 30, 2017 and 2016

(With Independent Auditors' Reports Thereon)

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)

Financial Statements

June 30, 2017 and 2016

TABLE OF CONTENTS

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees of
Ramapo College of New Jersey
Mahwah, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Ramapo College of New Jersey (the College), a component unit of the State of New Jersey, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2017 and 2016, and the respective changes in financial position and, 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 the management's discussion and analysis on pages 3 through 17, and the Schedules of Proportionate Share of the Net Pension Liability and Schedules of Employer Contributions on pages 49 and 50 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 regarding 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.

PKF O'Connor Davies, LLP

Paramus, New Jersey
September 25, 2017

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Management's Discussion and Analysis

June 30, 2017 and 2016

Introduction Overview of Financial Statements and Financial Analysis

This section of the annual financial statements for Ramapo College of New Jersey (Ramapo or the College) presents management's discussion and analysis of the College's financial performance for the fiscal years ended on June 30, 2017 and 2016 and comparative amounts for the year ended June 30, 2015. Since the management's discussion and analysis is designed to focus on current activities and currently known facts, it should be read in conjunction with the College's basic financial statements and related footnote disclosures, which follow this section.

College Overview

Established in 1969, Ramapo offers bachelor's degrees in the arts, business, humanities, social sciences and the sciences, as well as in professional studies, which include nursing and social work, and teacher certification at the elementary and secondary levels. The College also offers eight graduate programs as well as articulated programs with Rutgers, The State University of New Jersey, New York Chiropractic College, New York University College of Dentistry, SUNY State College of Optometry and New York College of Podiatric Medicine.

Ramapo offers a Dual Enrollment Program with Seton Hall University's School of Law for prospective freshmen students wishing to pursue their Juris Doctorate (J.D.) and practice law after finishing their undergraduate coursework.

The College is sometimes viewed as a private college, in part, due to its interdisciplinary academic structure, its size of approximately 6,000 students and its pastoral setting in the foothills of the Ramapo Mountains on the New Jersey/New York border.

Undergraduate students may choose to concentrate their studies in one of five schools with more than 539 course offerings and 36 academic programs. Ramapo boasts an average student/faculty ratio of 18:1 and average class size of 23, affording students the opportunity to develop close ties to the College's exceptional faculty.

The College's curriculum is built on the four "pillars" of a Ramapo education: international, intercultural, interdisciplinary and experiential (hands on), all of which are incorporated throughout the curricula and extracurricular programs and help students push intellectual, personal and professional boundaries. The international mission is further accomplished through a wide range of study abroad and student exchange links with institutions all over the world. Additional experiential programs include internships, co-op and service learning.

Ramapo joins an elite group of institutions with less than five percent of business schools worldwide earning the accreditation distinction of its business degree program by the Board of Directors of the Association to Advance Collegiate Schools of Business (AACSB International). Additional accreditations include: the Social Work Program (Council on Social Work Education), the Chemistry Program (American Chemical Society), the Nursing Program (Accreditation Commission for Education in Nursing), the Teacher Education Program (Teacher Education Accreditation Council), and the Teacher Certification Program, approved by the State of New Jersey.

College Choice's ranking of the 20 Best Colleges in New Jersey placed Ramapo third behind only Princeton University and Stevens Institute of Technology, respectively. As both of these institutions are private, Ramapo was ranked by College Choice as #1 among eight of the public colleges in New Jersey.

In 2016, the College was recognized as the winner of the 2016 Hobsons Education Advances Award for its accomplishments in increasing student retention and establishing a campus-wide "success network." The College has achieved an 86 percent retention rate and 60 percent four-year graduation rate in recent years.

The National Historic Publications and Records Commission (NHPRC), a department of the National Archives, has awarded the Jane Addams Papers Project a one-year grant to support the project's work at the College. The Jane Addams Papers started work at Ramapo in September 2015, with a grant from the NHPRC, with the goal of creating a digital edition of the correspondence and writings of the founding mother of American social work.

During 2016, the College received two grants from the National Collegiate Athletics Association (NCAA). The first grant (CHOICES) provides funding over three years for alcohol and substance abuse prevention activities for student athletes and students who participate in Greek life. The second NCAA grant provides salary and professional development funding for a coaching intern in athletics.

The College was pleased to announce the receipt of an award of $15 million from the State of New Jersey Higher Education Capital Facilities Programs for the renovation and expansion of the George T. Potter Library. This funding provides much-needed support to transform the Library into a modern learning commons, with updated spaces that respond to the ways 21st century students study and learn.

Ramapo College of New Jersey is one of twelve senior public institutions in the New Jersey system of public higher education. The New Jersey Legislature appropriates funds annually to support the College; however, Ramapo operates autonomously from the State's activity. The Board of Trustees approved the College's Strategic Plan 2014-2018 which provides the College with a blueprint for the immediate future. The Board of Trustees also endorsed a Campus Facilities Master Plan in 2013 that will guide the College's renewal and replacement of facilities over the next 10-15 years.

Dr. Peter P. Mercer became the College's fourth president on July 1, 2005. The College is governed by a Board of Trustees appointed by the Governor of the State, and the chairman of the board is William F. Dator.

Financial Highlights

Using the Financial Statements

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements focus on the financial condition of the College, the changes in financial position, and cash flows of the College as a whole, and are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board (GASB). These statements present the College's operations on a consolidated basis and focus on assets, liabilities, revenues, expenses and cash flows and should be read with the accompanying footnotes.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reports information on the College as a whole and on its activities. When revenues and other support exceed expenses, the result is an increase in net position; and when the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Ramapo's operating results.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

In order to highlight the impact of GASB 68 on the College's net position as of June 30, 2017 and 2016, reconciliation is show below (dollars in thousands):

	2017	2016
Net Position		
Invested in capital assets, net of related debt	$ 92,855	$ 78,145
Expendable restricted	794	747
Unrestricted capital projects	46,346	63,268
Unrestricted operating current	21,273	13,416
Total unrestricted prior to GASB 68 impact	67,619	76,684
Unrestricted GASB 68 impact	(88,037)	(81,656)
Total Unrestricted, including GASB 68	(20,418)	(4,972)
Total net position	$ 73,231	$ 73,920

Statement of Net Position

The Statement of Net Position is a point of time statement that presents the financial position of the College at the end of the fiscal year. Assets, excluding capital assets, are generally carried at estimated fair market value. Capital assets are carried at cost and are depreciated over their respective useful life. Assets are classified as current and noncurrent and are shown in order of their relative liquidity. Current assets are those considered to be convertible to cash within one year, and consist primarily of cash, short- term investments, deposits with bond trustees plus student and other receivables.

Liabilities are categorized based on maturity or when cash is expected to be used to liquidate them. Current liabilities are amounts becoming due and payable within the next year. Current liabilities consist primarily of accounts payable, accrued benefits and the current portion of long-term debt.

Net position is the residual interest in the College's assets after liabilities are deducted (the difference between total assets and total liabilities). Net position is one indicator of the financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year. In addition, there are other nonfinancial factors that are relevant to the College's goals and missions, such as the trend and quality of applicants, first year class size, student retention rates, graduation rates, and other statistical data.

Net position is classified into three categories: Net investment in capital assets, Restricted and Unrestricted.

Net investment in capital assets represents the gross expenditure for capital less accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. This provides the College's equity in property, buildings and equipment.

Restricted net position consists of both nonexpendable and expendable categories. Nonexpendable net positions are subject to externally imposed stipulations that may be maintained permanently by the College; whereas expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time. The whole of College's restricted net position is expendable as the Ramapo College Foundation maintains any nonexpendable balances.

Unrestricted net positions are not subject to externally imposed stipulations and may be designated by specific purposes by action of management to the board of trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all of the College's unrestricted net position is designated for academic programs and initiatives, debt service and capital.

The condensed statement of net position as of June 30, 2017 and 2016 is as follows (dollars in thousands):

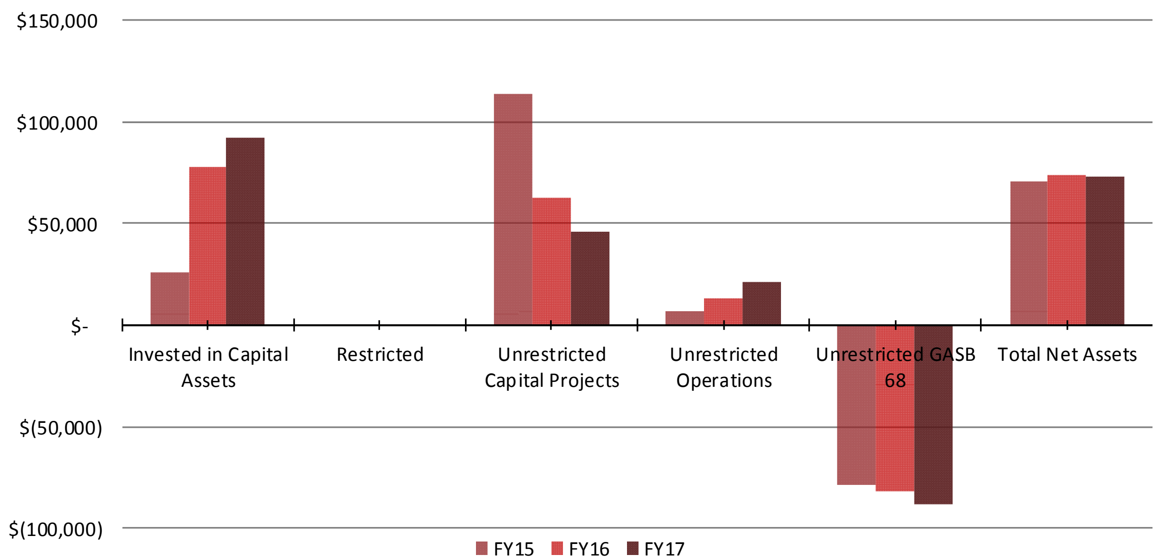
	2017	2016
Assets		
Current assets	$ 101,936	$ 94,761
Capital assets, net	331,552	329,496
Other assets	18,606	724
Total assets	452,094	424,981
Deferred Outflows of Resources	22,144	10,048
Liabilities		
Current liabilities	30,325	27,458
Noncurrent net pension liability	105,486	88,667
Other noncurrent liabilities	260,501	241,947
Total liabilities	396,312	358,072
Deferred Inflows of Resources	4,695	3,037
Net Position		
Invested in capital assets, net of related debt	92,855	78,145
Expendable restricted	794	747
Unrestricted capital projects	46,346	63,268
Unrestricted operating current	21,273	13,416
Unrestricted GASB 68 impact	(88,037)	(81,656)
Total net position	$ 73,231	$ 73,920

During fiscal year 2017, Ramapo's total assets increased $27.1 million. Current assets increased by $7.2 million primarily due to increases in deposits held with trustees and other receivables. Other receivables increased due to the timing of the June appropriations payment from the State. Both current and noncurrent assets were impacted by deposits held with trustees increased due to the new debt placement. Capital assets increased by $2.0 million as a result of the ongoing capital projects and renovations on campus.

Total liabilities increased by $38.2 million. Net pension liability increased $16.8 million to $105.5 million as of the year ending June 30, 2017, long term debt increase by $11.0 million and unearned revenue from grantors increased by $9.1 million due to grants awarded relating to projects that are underway. These increases were partially offset by a reduction of $2.9 million in current liabilities mostly in accounts payable and accrued expenses due to timing. Ramapo secured additional debt during fiscal year 2017 which was used to refinance existing debt and obtain additional funding for ongoing projects as outlined in the Master Plan. As a result, long term debt increased by $11.0 million.

During fiscal year 2017, total net position decreased $0.7 million. GASB 68 pension expense of $6.4 million directly affected net position, and excluding this impact the College had a $5.7 million increase in its net position during fiscal 2017.

Graphically displayed is the comparative net position change by category for the fiscal years ended June 30, 2017, 2016 and 2015 is shown below (dollars in thousands):



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year, regardless of when the cash is received or paid. This statement is categorized into three sections: operating revenues, operating expenses and non-operating revenues (expenses). The net difference among these sections results in an increase or decrease in the College's net position.

Revenues

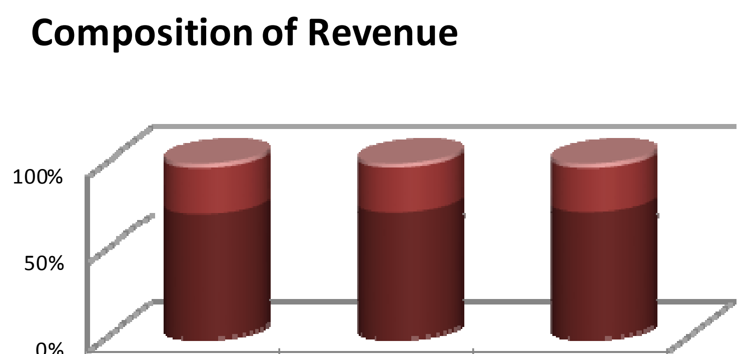
Operating revenues are earned from providing goods and services to students and various other constituencies of the College. Non-operating revenues are revenues for which goods or services are not directly provided in exchange for the revenue.

Ramapo derives its revenues from a variety of sources, the largest being net student revenues which include tuition, fees and residence life charges, net of scholarship allowances. The College will continue to aggressively seek funding from all possible sources and manage those resources to fund its operating activities.

A condensed statement of revenues for the fiscal years ended June 30, 2017, 2016 and 2015 follows (dollars in thousands).

	2017	2016	2015
Operating revenues			
Student revenues, net	$ 97,140	$ 95,265	$ 91,474
Grants and contracts	14,570	13,815	13,670
Other	850	2,242	3,692
Total operating revenues	112,560	111,322	108,836
Non-operating revenue			
State appropriation	41,199	39,244	37,550
Transactions with affiliates	3,413	3,209	3,685
Investment and other	750	471	278
Total non-operating revenue	45,362	42,924	41,513
Capital grants and gifts	1,082	846	16,864
Total revenues	$ 159,004	$ 155,092	$ 167,213

A graphical breakdown of each category's percentage of total revenues for the fiscal years ended June 30, 2017, 2016 and 2015 is as follows (dollars in thousands):



	FY17	FY16	FY15
Other Nonoperating	$4,163	$3,680	$3,963
State appropriation	$41,199	$39,244	$37,550
Operating revenues	$112,560	$111,322	$108,836

Operating Revenues

Student Revenues

Student revenues are comprised of three main sources: tuition, fees and auxiliary enterprises. Auxiliary enterprises are self-funding activities mostly consisting of Residence Life (room and board) and the Student Center (including Student Center Fee and Bookstore operations). Student revenues are reflected net of scholarship and auxiliary allowances. These allowances represent scholarships and financial aid applied to student accounts for tuition, fees, and room and board. These scholarships are funded through federal and state grant programs, gifts raised by the Ramapo College Foundation and general College revenues.

Student revenues increased $1.9 million in fiscal 2017 from fiscal 2016, primarily as a result of slightly higher enrollments, specifically in graduate programs. Ramapo applied $23.4 million, $22.8 million and $22.7 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal years 2017, 2016 and 2015, respectively. The main source of these allowances comes from the College, but also includes federal and state grants. The fiscal year 2017 allowances include $8.8 million from the College, $8.0 million federal, and $6.6 million from the State and others.

Federal, State & Local Grants and Contracts

Federal, state and local grant and contract revenue includes student financial aid. For fiscal year 2017 grant revenue from all sources was $14.6 million, $0.8 million more than fiscal year 2016, included in this change were federal grants which were up $0.8 million.

Non-operating Revenues

New Jersey State Appropriation

Total state appropriation, which includes fringe benefits, increased $2.0 million in fiscal year 2017, as compared to 2016. The composite fringe benefit rate is based on gross salary, and the increase in the payment for fringe benefits by the State of New Jersey was a direct result of the change in the composite fringe benefit rate to 50.65% in 2017 from 44.15% in 2016. The direct state appropriation to College operations remained steady at $15.0 million in both fiscal 2017 and 2016. These appropriations are set annually by the State of New Jersey.

Transactions with Affiliates

This category represents funds received from the Ramapo College Foundation to provide support for scholarships, programs and capital expansion. Often payments from the Ramapo College Foundation are based upon the timing of payments from donors, and fluctuate year to year. In fiscal year 2017, there was a decrease of $0.2 million in support payments from the prior year.

Investment and Other

In 2017 there were earnings of $0.7 million, as compared to $0.5 million in 2016, an increase of $0.2 million.

Expenses

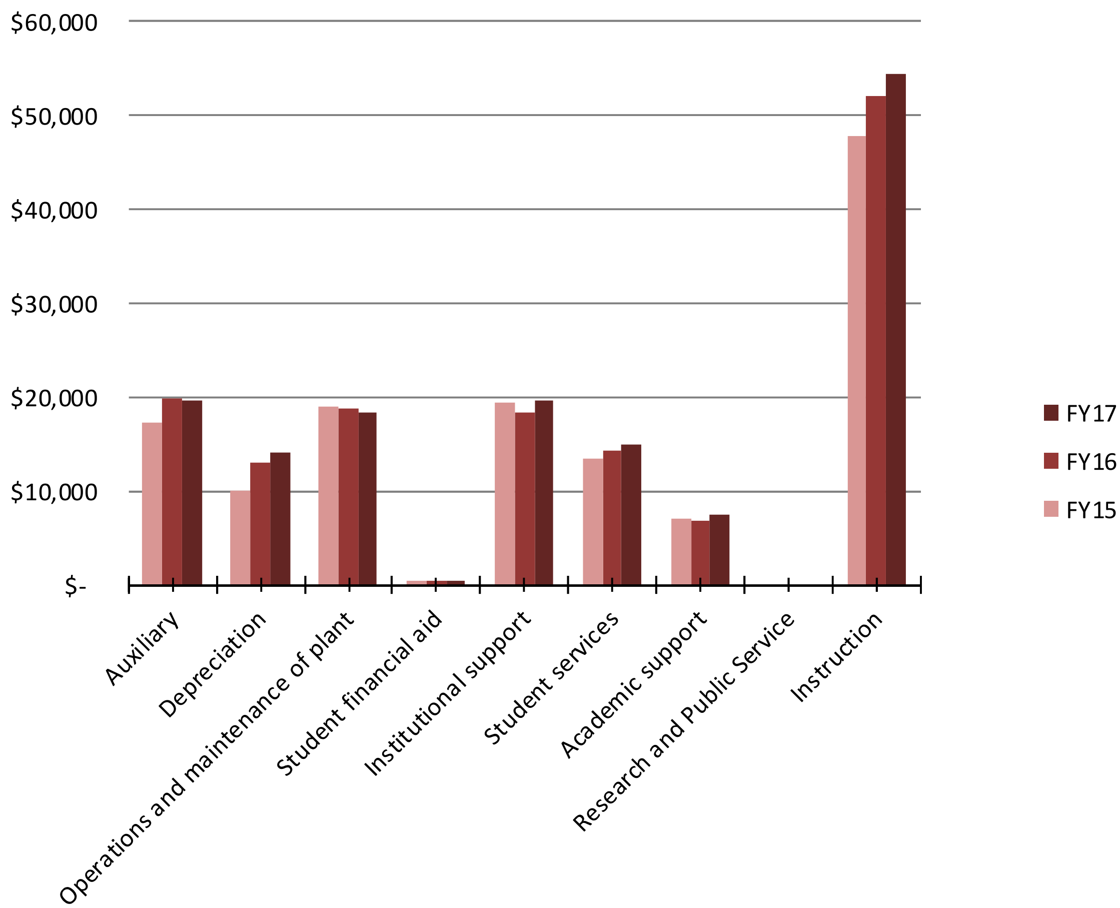
A condensed statement of expenses for the fiscal years ended June 30, 2017, 2016 and 2015 is as follows (dollars in thousands):

	2017	2016	2015
Operating expenses			
Instruction	$ 54,366	$ 52,211	$ 47,798
Research and Public Service	117	-	-
Academic support	7,530	6,947	7,158
Student services	14,995	14,378	13,394
Institutional support	19,629	18,420	19,531
Student financial aid	435	435	405
Operations and maintenance of plant	18,356	18,820	19,025
Depreciation	14,149	13,164	9,978
Auxiliary	19,741	19,974	17,325
Total operating expenses	149,318	144,349	134,614
Non-operating expenses	10,375	7,697	8,712
Total expenses	$159,693	$152,046	$143,326

For fiscal year 2017, salaries and benefits comprised approximately 75% of the College's total operating expenses, as compared to 69% in fiscal 2016. Total operating expenses increased in fiscal 2017 by $5.0 million from fiscal 2016, with approximately $2.6 million of that increase related to the GASB 68 increased pension expense. Notwithstanding the pension expense, operating expenses increased 1.7% in fiscal 2017 as compared to fiscal 2016. These expenses increased as a direct relation to the increase in revenue, which increase 2.0% during the comparable time period.

During 2017, interest on debt service, included in non-operating expenses increased $2.7 million to $10.4 million. When eliminating the impact of capitalized interest, which was $0.5 million and $3.0 million in fiscal years 2017 and 2016, respectively, the interest expense only increased 1% year-over-year.

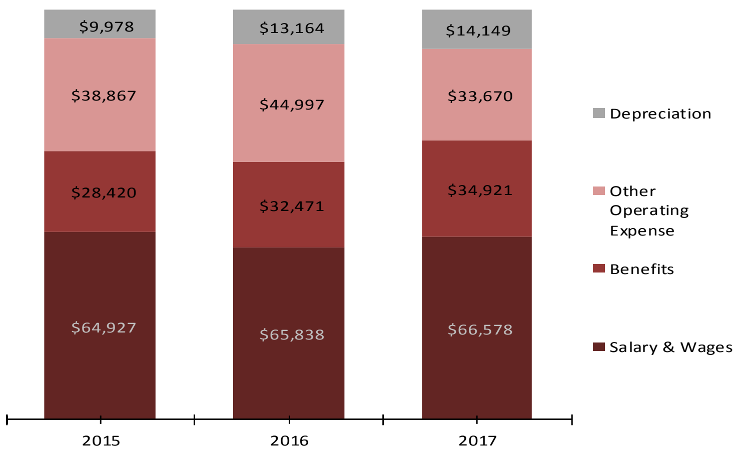
A comparative graph of functional operating expense for the fiscal years ended June 30, 2017, 2016 and 2015 is as follows (dollars in thousands):



Natural Classification Expenses:

The natural classification of expenses is a way to review expense by their nature, as compared to their function, for example educational program code. Reviewing expenses in their natural classification shows trend in spending, when several years are shown. As the following graph illustrates, natural expenses from fiscal 2017 as compared to fiscal 2016 show salaries and wages increasing slightly from $65.8 million to $66.6 million. Benefits increased from $34.3 million to $34.9 million, depreciation increased from $13.2 million in fiscal 2016 to $14.1 million in fiscal 2017 as a result of the completion of projects and other operating expenses decreased from $44.5 million in fiscal 2016 to $39.0 million in fiscal 2017. Salary and benefits are mostly negotiated by the State therefore the College only controls the number of employees related to the expense. Benefit rates are also set by the State, so the increased costs for benefits are somewhat uncontrollable to the College.

Operating expenses by natural classification for the fiscal years ended June 30, 2017, 2016 and 2015 are illustrated in the following graph (dollars in thousands):



Statement of Cash Flows

This statement assists in evaluating the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. Cash flows from operating activities will be negative since GASB Statement No. 35 requires state appropriations to be reported as cash flows from noncapital financing activities, which also include gifts and grants. Cash flows from capital financing include all capital related activities and related debt activities, while those from investing activities show the interest on investments.

A condensed statement of cash flow for the fiscal years ended June 30, 2017, 2016 and 2015 is as follows (dollars in thousands).

	2017	2016	2015
Net cash from operating activities	$ 11,473	$ 5,540	$ 11,749
Noncapital financing activities	18,366	18,162	19,815
Capital financing activities	(24,894)	(19,222)	(22,932)
Investing activities	750	471	278
Net increase in cash	5,695	4,951	8,910
Cash – beginning of year	66,659	61,708	52,798
Cash – end of year	$ 72,354	$ 66,659	$ 61,708

Cash from operating activities was $11.5 million in fiscal 2017 versus $5.5 million in fiscal 2016 an increase of $6.0 million. A significant portion of this change resulted from the increase in revenue and grants and contracts, as well as the timing in payments of payables at the end of the year. The College has experienced a decrease in its change in net assets over the last few years, which is the result of flat or decreasing state aid, pressure to keep tuition increases to a minimum and modest expense increases in salary and wages as well as non-salary. In addition, the College continues to invest in infrastructure to adequately maintain existing facilities as well as expand and renovate in accordance with our Campus Master Plan, discussed below. These economic factors will continue to impact the College and its sustained growth in the future.

Capital Assets and Debt

Capital Assets

In order to meet the needs of the College's academic and community activities, the College must continually reinvest resources into its capital assets to maintain adequate facilities for these programs. The College has updated its Campus Master Plan in conjunction with its Strategic Plan (2014-2018) to further identify and prioritize capital needs for the future. At June 30, 2017, the College had $331.6 million invested in capital assets, net of accumulated depreciation of $163.8 million. Depreciation expense was $14.1 million in fiscal year 2017 and $13.2 million in fiscal 2016.

A condensed statement of net capital asset as of June 30, 2017, 2016 and 2015 is as follows (dollars in thousands):

	2017	2016	2015
Land	$ 3,231	$ 3,231	$ 3,231
Land improvements, net	2,738	3,029	3,320
Infrastructure, net	9,694	10,056	9,934
Buildings and improvements, net	303,484	288,686	219,132
Equipment, net	3,132	2,721	2,277
Library collection, net	700	934	1,191
Construction in progress	8,573	20,839	84,651
Total	$ 331,552	$ 329,496	$ 323,736

As a result of the completion of a number of significant projects in 2017, construction in progress decreased to $8.6 million as of June 30, 2017 from $20.8 million as of June 30, 2016.

Construction projects completed in fiscal 2017 include the Student Center and Core renovations. Significant projects completed in fiscal 2016 include the Adler Center for Nursing Excellence and the renovation of the G-Wing building, which expanded classrooms, research and simulation laboratory space, and connected via an overhead walkway to the College's science/social science building.

Debt

At June 30, 2017, the College had $256.8 million in debt outstanding as compared to $245.7 million at June 30, 2016. The increase relates to three new debt placements which occurred during the year to obtain additional funding for projects outlined in the Campus Master Plan as well as refinance higher rate debt. As part of its mission, the College is committed to the expansion and renewal of its capital assets through its Campus Master Plan, in order to continue to enhance the quality of its academic and student development programming.

In 2017, Standard and Poor's Rating Services (S&P) assigned an 'A' long-term rating to New Jersey Educational Facilities Authority's series 2015B revenue and refunding bonds, issued on behalf of the College. S&P also affirmed the 'A' long-term rating on the other outstanding debt also issued for the College. This rating reflects S&P's view that the College has maintained fiscally prudent financial operations, and has stable enrollment.

In January of 2017, Moody's Investor Service (Moody's) assigned a negative outlook and a, 'A2'rating to the College's series 2017A revenue bonds, mainly driven by Moody's concerns over the risk of further decreasing State support.

Economic Factors that Could Affect the Future

The major components of Ramapo's operating revenue have changed over time due to declining State support over the last several years, which is approximately 25% of total revenue. In addition, the College faces limited expense flexibility as salaries and benefits are the largest expenses the College incurs and the State controls salary and benefit negotiations for a majority of College employees. New Jersey continues to face challenging economic times including the underfunding of the State's pension plan. These economic factors may affect future appropriations to the College, and reduced appropriations may place an increased burden on tuition and fees to fund operating costs.

Despite these changes, the College has been able to consistently increase its net position with solid financial operations and fiscally conservative budgeting and financial planning practices. Ramapo has had tuition and fee growth of only 8.8% total in the last five years (FY12-FY17 tuition rates), as compared to the other New Jersey institutions, which averaged approximately 13% tuition increases for that same time period.

The College is also increasing its number of graduate programs and expects enrollment to continue to grow modestly over the next few years. Masters programs such as a Masters in Social Work, Masters in Business Administration, Master of Science in Educational Technology and Masters in Educational Leadership are continuing to enroll significant numbers of students. In fall of 2016, the College successfully offered additional enrollment opportunities such as the Family Nurse Practitioner and the Nursing Administrator tracks in the Masters of Science in Nursing program. In the fall of 2017, the new Masters of Science in Accounting is being offered. As the College looks towards the needs of its students and community, it will continue to expand its graduate programs to meet those needs and build on its undergraduate strengths.

It is important for Ramapo to continue to sustain strong operating cash flows in order to meet its financial obligations with the uncertainty of future State support. However, the College will continue to implement its Strategic Plan and focus on enhancing financial strength and sustainability, as it continues to seek new and enhanced revenue streams and operating efficiencies to maintain its ability to increase total net assets to meet the needs of its students. Ramapo remains committed to its mission of serving the educational needs of New Jersey.

Requests for Information

Questions concerning any of the information contained in this report or request for additional information should be addressed to Controller's Office, Ramapo College of New Jersey, 505 Ramapo Valley Road, Mahwah, New Jersey 07430.

Complete financial statement for the Ramapo College Foundation, the College's component unit, can also be obtained from the Controller's Office.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Net Position
June 30, 2017
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 72,354	$ 2,036	$ 74,390
Short term investments	-	42	42
Receivables			-
Students, less allowance of $783	609	-	609
Loans, less allowance of $74	110	-	110
Gifts and grants	1,144	322	1,466
Contributions, net	-	1,065	1,065
Due from Ramapo College Foundation (Due to College)	1,577	(1,577)	-
Other	2,256	108	2,364
Total Receivables	5,696	(82)	5,614
Prepaid expenses	70	24	94
Restricted deposits held by Trustees	23,816	-	23,816
Total Current Assets	101,936	2,020	103,956
Noncurrent Assets			
Restricted deposits held by Trustees	18,006	-	18,006
Investments, at fair value	-	18,492	18,492
Student loan receivables, less allowance of $587	563	-	563
Prepaid expenses	37	-	37
Contributions receivable, net	-	3,322	3,322
Capital assets, net	331,552	-	331,552
Total Noncurrent Assets	350,158	21,814	371,972
Total Assets	452,094	23,834	475,928
DEFFERED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	22,144	-	22,144
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	13,312	68	13,380
Long-term debt - current portion	8,738	-	8,738
Unearned tuition, fees, and deposits	4,960	99	5,059
Compensated absences - current portion	2,044	-	2,044
Deposits	1,271	15	1,286
Total Current Liabilities	30,325	182	30,507
Noncurrent Liabilities			
Long-term debt - noncurrent portion	248,035	-	248,035
Other liabilities	100	230	330
Unearned revenue from grantors	10,368	-	10,368
Compensated absences - noncurrent portion	1,241	-	1,241
Assets held on behalf of Federal government loan programs	757	-	757
Net pension liability	105,486	-	105,486
Total Noncurrent Liabilities	365,987	230	366,217
Total Liabilities	396,312	412	396,724
DEFFERED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	4,695	-	4,695
NET POSITION			
Net investment in capital assets	92,855	-	92,855
Restricted			
Nonexpendable	-	12,454	12,454
Expendable			
Grants	-	10,582	10,582
Renewal and replacement	794	-	794
Unrestricted			
Capital projects	46,346	-	46,346
Current	(66,764)	386	(66,378)
Total Net Position	$ 73,231	$ 23,422	$ 96,653

See accompanying notes to finanical statements.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Net Position
June 30, 2016
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 66,659	$ 3,118	$ 69,777
Short term investments	-	23	23
Receivables			
Students, less allowance of $720	812	-	812
Loans, less allowance of $98	164	-	164
Gifts and grants, less allowance of $204	1,952	402	2,354
Contributions, net	-	2,707	2,707
Due from Ramapo College Foundation (Due to College)	2,341	(2,341)	-
Other	536	205	741
Total Receivables	5,805	973	6,778
Prepaid expenses	58		58
Restricted deposits held by Trustees	22,239	-	22,239
Other current assets	-	17	17
Total Current Assets	94,761	4,131	98,892
Noncurrent Assets			
Investments, at fair value	-	16,476	16,476
Student loan receivables, less allowance of $568	635	-	635
Other assets	89	-	89
Contributions receivable, net	-	731	731
Capital assets, net	329,496	-	329,496
Total Noncurrent Assets	330,220	17,207	347,427
Total Assets	424,981	21,338	446,319
DEFFERED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	10,048	-	10,048
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	11,998	37	12,035
Long-term debt - current portion	7,150	-	7,150
Unearned tuition, fees, and deposits	4,955	76	5,031
Compensated absences - current portion	1,984	-	1,984
Deposits	1,371	36	1,407
Total Current Liabilities	27,458	149	27,607
Noncurrent Liabilities			
Long-term debt - noncurrent portion	238,582	-	238,582
Other liabilities	100	255	355
Unearned revenue from grantors	1,222	-	1,222
Compensated absences - noncurrent portion	1,057	-	1,057
Assets held on behalf of Federal government loan programs	986	-	986
Net pension liability	88,667	-	88,667
Total Noncurrent Liabilities	330,614	255	330,869
Total Liabilities	358,072	404	358,476
DEFFERED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	3,037	-	3,037
NET POSITION			
Net investment in capital assets	78,145	-	78,145
Restricted			
Nonexpendable	-	12,271	12,271
Expendable			
Grants	-	6,959	6,959
Renewal and replacement	747	-	747
Unrestricted			
Capital projects	63,268	-	63,268
Current	(68,240)	1,704	(66,536)
Total Net Position	$ 73,920	$ 20,934	$ 94,854

See accompanying notes to finanical statements.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2017
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	$ 81,209	$ -	$ 81,209
Less: tuition scholarship allowances	(19,776)	-	(19,776)
Net Student Tuition and Fees	61,433	-	61,433
Auxiliary enterprises	39,359	-	39,359
Less: auxiliary allowances	(3,652)	-	(3,652)
Net Auxiliary Enterprises	35,707	-	35,707
Federal grants and contracts	8,017	-	8,017
State and local grants and contracts	6,553	1,096	7,649
Contributions	-	3,383	3,383
Other operating revenues	850	660	1,510
Total Operating Revenues	112,560	5,139	117,699
EXPENSES			
Operating Expenses			
Instruction	54,366	-	54,366
Research & Public Service	117	-	117
Academic support	7,530	-	7,530
Student services	14,995	-	14,995
Institutional support	19,629	1,156	20,785
Student financial aid and scholarships	435	-	435
Operations and maintenance of plant	18,356	-	18,356
Depreciation	14,149	-	14,149
Auxiliary	19,741	-	19,741
Total Operating Expenses	149,318	1,156	150,474
Operating (Loss) Income	(36,758)	3,983	(32,775)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	14,953	-	14,953
State of New Jersey paid fringe benefits	26,246	-	26,246
Investment income, net	750	1,918	2,668
Interest expense	(10,375)	-	(10,375)
Transactions with affiliates	3,413	(3,413)	-
Net Nonoperating Revenue (Expenses)	34,987	(1,495)	33,492
Capital gifts and grants	1,082	-	1,082
(Decrease) increase in Net Position	(689)	2,488	1,799
NET POSITION			
Beginning of year	73,920	20,934	94,854
End of year	$ 73,231	$ 23,422	$ 96,653

See accompanying notes to finanical statements.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2016
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	$ 77,883	$ -	$ 77,883
Less: tuition scholarship allowances	(19,324)	-	(19,324)
Net Student Tuition and Fees	58,559	-	58,559
Auxiliary enterprises	40,143	-	40,143
Less: auxiliary allowances	(3,437)	-	(3,437)
Net Auxiliary Enterprises	36,706	-	36,706
Federal grants and contracts	7,260	-	7,260
State and local grants and contracts	6,555	1,267	7,822
Contributions	-	922	922
Other operating revenues	2,242	707	2,949
Total Operating Revenues	111,322	2,896	114,218
EXPENSES			
Operating Expenses			
Instruction	52,211	-	52,211
Academic support	6,947	-	6,947
Student services	14,378	-	14,378
Institutional support	18,420	1,275	19,695
Student financial aid and scholarships	435	-	435
Operations and maintenance of plant	18,820	-	18,820
Depreciation	13,164	-	13,164
Auxiliary	19,974	-	19,974
Total Operating Expenses	144,349	1,275	145,624
Operating (Loss) Income	(33,027)	1,621	(31,406)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	14,953	-	14,953
State of New Jersey paid fringe benefits	24,291	-	24,291
Investment income, net	471	51	522
Interest expense	(7,697)	-	(7,697)
Transactions with affiliates	3,209	(3,209)	-
Net Nonoperating Revenue (Expenses)	35,227	(3,158)	32,069
Capital gifts and grants	846	-	846
Increase (decrease) in Net Position	3,046	(1,537)	1,509
NET POSITION			
Beginning of year	70,874	22,471	93,345
End of year	$ 73,920	$ 20,934	$ 94,854

See accompanying notes to finanical statements.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statements of Cash Flows
(Business-Type Activities-Ramapo College Only)
Years Ended June 30,
(dollars in thousands)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 61,541	$ 59,070
Grants and contracts	15,378	12,893
Payments to suppliers	(32,837)	(37,157)
Payments to employees	(66,334)	(65,870)
Payments for employee benefits	(2,294)	(2,052)
Auxiliary enterprise charges	35,707	36,706
Other	312	1,950
Net Cash from Operating Activities	11,473	5,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	14,953	14,953
Gifts and grants	3,413	3,209
Net Cash from Noncapital Financing Activities	18,366	18,162
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	10,228	2
Purchases of capital assets	(15,722)	(18,924)
Proceeds from the issuance of long-term debt	116,545	-
Principal paid on capital debt and leases	(105,504)	(7,283)
Interest paid on capital debt and leases	(10,858)	(10,719)
Decrease (Increase) in deposits held by trustees	(19,583)	17,702
Net Cash from Capital Financing Activities	(24,894)	(19,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	750	471
Net Increase in Cash and Cash Equivalents	5,695	4,951
CASH And CASH EQUIVILENTS		
Beginning of year	66,659	61,708
End of year	$ 72,354	$ 66,659
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	$ (36,758)	$ (33,027)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation expense	14,149	13,164
State of New Jersey fringe benefits	26,246	24,291
Changes in assets and liabilities		
Receivables, net	109	(1,157)
Prepaid expenses and other assets	112	26
Deferred outflows/inflows of resources	(10,438)	(5,963)
Net pension liability	16,819	10,313
Accounts payable and accrued expenses	1,314	(2,660)
Unearned tuition, fees, and deposits	5	636
Deposits	(100)	(87)
Compensated absences	244	(32)
Government grants refundable	(229)	36
Net Cash from Operating Activities	$ 11,473	$ 5,540

See accompanying notes to finanical statements.

1. Organization

Established in 1969, Ramapo College of New Jersey (the College) offers bachelor's degrees in the arts, business, humanities, social sciences and the sciences, as well as in professional studies, which include nursing and social work. In addition, the College offers courses leading to teacher certification at the elementary and secondary levels. The College also offers five graduate programs as well as articulated programs with the University of Medicine and Dentistry of New Jersey and New York Chiropractic College.

The College's mission is focused on the four "pillars" of a Ramapo education: international, intercultural, interdisciplinary and experiential, all of which are incorporated throughout the curriculum and extracurricular. The international mission is further accomplished through a wide range of study abroad and student exchange links with institutions all over the world through the New Jersey State Consortium for International Studies (NJSCIS). Additional experiential programs include internships, co-op, and service learning.

The College is recognized as a public institution of higher education by the State of New Jersey. This recognition is supported by an annual appropriation between the College and the State whereby the College agrees to render services of public higher education for the State. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, the College is considered a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the College are included in the State of New Jersey's Comprehensive Annual Financial Report.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the College conform to U.S. generally accepted accounting principles as applicable to colleges and universities. The College's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Interpretations, Accounting Principles, Board Opinion, and Accounting Review Boards of the Committee on Accounting Procedures.

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

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

- *Restricted*:
  Nonexpendable – Net position subject to externally-imposed stipulations that must be maintained permanently by the College.
  Expendable – Net position whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

- *Unrestricted*:
  Net position not subject to externally-imposed stipulations that 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. Substantially all unrestricted net position are designated for academic programs and initiatives and capital programs.

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

Measurement Focus and Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments purchased with an original maturity of three months or less. The College maintains cash balances at several financial institutions.

Restricted deposits Held by Trustees

Restricted deposits held by trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and cash equivalents and U.S. Treasury securities. Investment income is recorded on an accrual basis. Changes in fair value (including realized and unrealized gains and losses) are reported in investment income.

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The College 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.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Expenditures for normal maintenance and repairs are expensed when incurred.

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

	Useful Lives
Land improvements	20 Years
Buildings and improvements	20-50 Years
Equipment	5-10 Years
Library collection	10 Years
Infrastructure	7-50 Years

Deferred Outflows and Deferred Inflows of Resources

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. The changes in assumptions, net differences between projected and actual earnings on pension plan investments and changes in proportionate share may be either deferred outflows of resources or deferred inflow of resources. See note 10 for the College's breakdown of these items.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid and are recognized in the period earned. Student tuition and fees collected in advance of the academic year are recorded as unearned tuition and fees in the accompanying statement of net position.

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 when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants for which eligibility requirements have not yet been met under the terms of the agreement are recorded as unearned revenue in the accompanying statement of net position.

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

Classification of Revenue

The College's policy for defining operating activities in the statement of revenues, expenses, and changes in net position are those that serve the College's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include: student tuition and fees, net of scholarship allowances; sales and services of auxiliary enterprises; and most Federal, State and local grants and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the State and investment income.

Financial Dependency

The College 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 College and the State whereby the College agrees to render services of public higher education for the State. The College is economically dependent on these appropriations to carry on its operations.

Tax Status

The College is exempt from Federal income taxes under Section 115 of Internal Revenue Service code. . The Foundation is exempt from Federal income taxes under the Internal Revenue Code Section 501c(3) and, therefore, has made no provision for Federal income taxes. The Foundation is subject to the accounting standard for uncertain tax positions and has determined that no liabilities are required to be recorded for uncertain tax positions. The Foundation is no longer subject to Federal tax examinations for its Federal Form 990 and for the State of New Jersey Form CRI-300R for years prior to June 30, 2014.

2. Summary of Significant Accounting Policies (Continued)

Reclassification

Interest expense on the statement of revenues, expenses and changes in net position for the year ended June 30, 2016 was overstated by $3.0 million and operating expenses were understated by $3.0 million. These amounts have been reclassified to conform with the current year presentation.

Recently Adopted Accounting Standards

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of this statement is to enhance the comparability of financial statements by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value on a government's financial position. The College adopted Statement No. 72 for its fiscal year 2016 financial statements.

In March 2016, the GASB issued Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73. This statement addresses certain implementation issues related to (1) the presentation of payroll-related measures in required supplementary information; (2) selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and, (3) the classification of payments made by employers to satisfy employee contribution requirements. The College adopted Statement No. 82 for its fiscal year 2017 financial statements, the impact of which was disclosure only.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Statement 75 requires governments to report a liability on the face of the financial statements for the other post-employment employee benefits (OPEB) that they provide. Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability equal to the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

2. Summary of Significant Accounting Policies (Continued)

Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The College is required to adopt Statement No. 75 for its fiscal year 2018 financial statements.

Management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the College's financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents are carried in the financial statements at fair value and consist of the following (dollars in thousands) as of:

	June 30,	
	2017	2016
Cash and money market accounts	$ 71,218	$ 65,529
State of New Jersey Cash Management Fund	1,136	1,130
Total Cash and Cash Equivalents	$ 72,354	$ 66,659

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the College has assessed the certain risks related to its cash and cash equivalents and restricted deposits held by trustees.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College entered into an irrevocable standby letter of Credit agreement with drawdown limit of $80 million with TD Bank N.A. and the Federal Home Loan Bank of Pittsburgh acting as the custodian. This agreement secures payment of uninsured deposits to the College.

As of June 30, 2017 and 2016, cash and money market accounts balances held by depositories amounted to $71.1 million and $68.6 million, of which $0.8 million and $0.9 million, respectively were FDIC (Federal Deposit Insurance Corporation) insured. Bank balances in excess of insured amounts of $70.3 million, and $67.7 million as of June 30, 2017 and 2016, respectively, were collateralized according to the irrevocable standby letter of credit agreement.

3. Cash and Cash Equivalents (Continued)

The College participates in the State of New Jersey Cash Management Fund wherein amounts contributed by the College are combined with funds from other state institutions into a large-scale investment program. The carrying amount of cash and cash equivalents in the State of New Jersey Cash Management Fund as of June 30, 2017 and 2016 was $1.1 million. These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes. The Cash Management Fund is unrated.

Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the College to invest in obligations of the U.S. Treasury, foreign governments, agencies and 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 criteria as minimum capital, dividend paying history, credit history and other evaluation factors.

4. Restricted Deposits Held by Trustees

Restricted deposits held by trustees represent restricted funds held by financial institutions, under the terms of various obligations. Restricted deposits held by trustees under bond indenture agreements are carried in the financial statements at fair value and include the following (dollars in thousands) as of:

	June 30,	
	2017	2016
Construction fund	$ 29,479	$ 10,159
Debt service fund for principal and interest	11,228	11,327
Capitalized interest	308	-
Cost of issuance	13	-
Renewal and replacement fund	794	747
Rental pledge fund	-	6
	41,822	22,239
Less: current portion	23,816	22,239
Noncurrent Deposits Held by Trustees	$ 18,006	$ -

The College's restricted deposits held by trustees are subject to various risks. Among these risks are interest risk and credit risk.

4. Restricted Deposits Held by Trustees (Continued)

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The following table summarizes restricted deposits held by trustees maturities (dollars in thousands) as of:

		June 30, 2017		
		Investment maturities (in years)		
Investment Type	Fair Value	Less than 1	1 to 2	More than 2
Money market funds	$ 38,130	$ 38,130	$ -	$ -
U.S. Treasury notes and government securities	2,942	2,942	-	-
Fixed Income	750	750	-	-
	$ 41,822	$ 41,822	$ -	$ -

		June 30, 2016		
		Investment maturities (in years)		
Investment Type	Fair Value	Less than 1	1 to 2	More than 2
Money market funds	$ 15,789	$ 15,789	$ -	$ -
U.S. Treasury notes and government securities	6,450	6,450	-	-
	$ 22,239	$ 22,239	$ -	$ -

Assets held under bond indenture agreements are not governed by the College's investment policies, but rather by the investment policies of the New Jersey Educational Facilities Authority. As of June 30, 2017 and 2016, restricted deposits held by trustees were invested in money market funds, U.S. Treasury bills or fixed income securities.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy requires that the overall average quality rating of the portfolio's domestic fixed income holdings will be at least "AA", as rated by the Standard and Poor's or Moody's rating agency.

5. Capital Assets

Capital assets activity for the year ended June 30, 2017 is comprised of the following (dollars in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Non Depreciable Capital Assets				
Land	$ 3,231	$ -	$ -	$ 3,231
Construction in progress	20,839	14,240	(26,506)	8,573
	24,070	14,240	(26,506)	11,804
Depreciable Capital Assets				
Land improvements	7,077	-	-	7,077
Buildings and improvements	410,072	27,162	-	437,234
Equipment	13,198	1,254	(136)	14,316
Library collection	9,410	5	(1,263)	8,152
Infrastructure	16,691	50	-	16,741
	456,448	28,471	(1,399)	483,520
Total Capital Assets	480,518	42,711	(27,905)	495,324
Accumulated Depreciation				
Land improvements	4,048	291	-	4,339
Buildings and improvements	121,386	12,364	-	133,750
Equipment	10,477	843	(136)	11,184
Library collection	8,476	239	(1,263)	7,452
Infrastructure	6,635	412	-	7,047
Total Accumulated Depreciation	151,022	14,149	(1,399)	163,772
Capital Assets, Net	$ 329,496	$ 28,562	$ (26,506)	$ 331,552

5. Capital Assets *(continued)*

Capital assets activity for the year ended June 30, 2016 is comprised of the following (dollars in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Non Depreciable Capital Assets				
Land	$ 3,231	$ -	$ -	$ 3,231
Construction in progress	84,651	18,628	(82,440)	20,839
	87,882	18,628	(82,440)	24,070
Depreciable Capital Assets				
Land improvements	7,077	-	-	7,077
Buildings and improvements	329,079	80,993	-	410,072
Equipment	12,586	1,202	(590)	13,198
Library collection	9,490	3	(83)	9,410
Infrastructure	16,153	538	-	16,691
	374,385	82,736	(673)	456,448
Total Capital Assets	462,267	101,364	(83,113)	480,518
Accumulated Depreciation				
Land improvements	3,757	291	-	4,048
Buildings and improvements	109,947	11,439	-	121,386
Equipment	10,309	758	(590)	10,477
Library collection	8,299	260	(83)	8,476
Infrastructure	6,219	416	-	6,635
Total Accumulated Depreciation	138,531	13,164	(673)	151,022
Capital Assets, Net	$ 323,736	$ 88,200	$ (82,440)	$ 329,496

As of June 30, 2017 and 2016, estimated costs to complete the projects classified as construction in progress are approximately $30.9 million and $10.6 million, respectively, and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues. During fiscal 2017 and 2016, the College capitalized interest expense of $0.5 million and $3.0 million, respectively.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following (dollars in thousands) as of:

	June 30, 2017	June 30, 2016
Vendors	$ 3,299	$ 3,223
Capital projects	3,868	2,303
Accrued salaries and benefits	2,130	1,418
Interest payable	4,015	5,054
	$ 13,312	$ 11,998

7. Noncurrent Liabilities

Activity in noncurrent liabilities for the year ending June 30, 2017 was as follows (dollars in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017	Current Portion
Other Liabilities	$ 100	$ -	$ -	$ 100	$ -
Compensated absences	3,041	360	(116)	3,285	2,044
U.S. Government grants refundable (Perkins)	986	50	(279)	757	-
Long-term debt	245,732	116,545	(105,504)	256,773	8,738
	$ 249,859	$ 116,955	$ (105,899)	$ 260,915	$ 10,782

Activity in noncurrent liabilities for the year ending June 30, 2016 was as follows (dollars in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016	Current Portion
Other Liabilities	$ 100	$ -	$ -	$ 100	$ -
Compensated absences	3,073	255	(287)	3,041	1,984
U.S. Government grants refundable (Perkins)	950	36	-	986	-
Long-term debt	253,015	-	(7,283)	245,732	7,150
	$ 257,138	$ 291	$ (7,570)	$ 249,859	$ 9,134

8. Long-Term Debt and Credit Line

The Board of Trustees of the College, the New Jersey Board of Higher Education and the New Jersey Educational Facilities Authority (the Authority) have entered into various agreements whereby the College is given use of buildings, improvements and equipment and the College agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority. The College has pledged all net revenues generated from the operation of the residential facilities, the campus life building and from other legally available funds of the College.

In December of 2016, the Authority issued Revenue Bonds Higher Education Capital Improvement Fund Issue (CIF), Series 2016A and 2016B. Series 2016A CIF funds were used as an advance refunding of all of the outstanding Series 2005A and Series 2006A. In addition, the College received $15 million in Series 2016B CIF funds in connection with this issuance. These funds will be used to renovate and expand the George T. Potter Library (the Library Renovation). The grant is contingent upon the Authority issuing the bonds necessary to finance the project. In exchange for the receipt of the grant, the College will pay one third of the debt service and fees of the bonds allocable to the College. The College's share of the bond debt service is $4.9 million over the life of the bond.

In February 2017, the Authority issued Series 2017A Revenue and Refunding Bonds to advance refund all of the outstanding Series 2006I bonds. Series 2017A also provided $10 million new money which will be used to finance a portion of the Library Renovation. The Series 2017A bonds totaling $99.5 million consist of $96.0 million of series bonds carrying coupon rates ranging from 3% to 5% maturing through July 1, 2036 and a $3.5 million term bond with an interest rate of 3.75% maturing on July 1, 2042. The bonds were issued with a premium of $10 million on the Series 2017A bonds and the College incurred $0.9 million in bond issue costs which were expensed during the year ended June 30, 2017. In effect, the College reduced its aggregated debt service payments over the next 19 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $4.0 million.

The College had a $4 million revolving line of credit with TD Bank that expires in December 2017. Borrowings under the line of credit bear interest at 4.25%. At June 30, 2017 and 2016, there was no outstanding borrowing under this line of credit.

8. Long-Term Debt and Credit Line (*continued)*

The following principal payments due the Authority were outstanding (dollars in thousands) as of:

			June 30,	
		Interest Rate	2017	2016
NJ Educational Facilities Authority Revenue Bonds:				
Series 2006I	due serially to 2036	4.00% to 5.00%	$ 3,541	$ 103,185
Series 2011A	due serially to 2021	3.00% to 5.00%	7,075	8,565
Series 2012B	due serially to 2042	2.00% to 5.00%	75,945	76,810
Series 2015B	due serially to 2040	3.00% to 5.00%	44,595	45,180
Series 2017A	due serially to 2042	3.00% to 5.00%	99,450	-
Total NJEFA Revenue Bonds			230,606	233,740
Public College's Share of Other NJEFA-Financed Programs:				
Capital Improvement Fund				
Series 2002A	due serially to 2023	3.00% to 5.25%	15	15
Series 2005A	n/a	3.00% to 5.00%	-	879
Series 2006A	n/a	4.00% to 4.50%	-	1,201
Series 2014A	due serially to 2034	3.00% to 4.00%	260	270
Series 2016A	due serially to 2023	2.05% to 3.00%	1,897	-
Series 2016B	due serially to 2037	3.00% to 5.50%	4,888	-
Equipment Leasing Fund				
Series 2014A 042-01	due serially to 2023	1.75% to 3.50%	118	136
Series 2014A 042-05	due serially to 2022	3.00% to 3.50%	80	93
Total NJEFA-Financed Programs			7,258	2,594
Capital Leases		5.10% to 6.50%	131	217
Plus: Bond premiums			18,778	9,181
			256,773	245,732
Less: current portion			8,738	7,150
Total long-term debt, long-term portion			$ 248,035	$ 238,582

8. Long-Term Debt and Credit Line (*continued)*

Payments due on long-term debt, including mandatory sinking fund payments on the revenue bonds, for the duration of the debt are as follows as of June 30, 2017 (dollars in thousands):

Fiscal Year	Principal	Interest
2018	$ 8,738	$ 9,332
2019	8,500	10,196
2020	8,974	9,895
2021	9,251	9,576
2022	9,510	9,204
2023-2027	53,143	39,582
2028-2032	64,752	27,820
2033-2037	68,958	12,623
2038-2042	21,646	2,974
2043	3,301	79
	$ 256,773	$ 131,281

9. Fringe Benefit Appropriation

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance, retirement and FICA taxes) on behalf of College employees. For the years ended June 30, 2017 and 2016, such benefits amounted to approximately $26.2 million and $24.3 million, respectively, and are included as part of non-operating revenue under State of New Jersey paid fringe benefits and as operating expense in various functional expense categories in the accompanying financial statements.

10. Retirement Plans

The College participates in three retirement plans for its employees - Public Employee's Retirement System (PERS), the Alternate Benefit Program (ABP), and the Defined Contribution Retirement Program (DCRP). Generally, all employees, except certain part-time employees, participate in one of these plans.

The PERS pension plan is a defined benefit program administered by the State of New Jersey Division of Pension and Benefits. 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 or public agency provided the employee is not a member of another State administered retirement system.

10. Retirement Plans (Continued)

The ABP pension plan is a defined contribution program. Under the provisions of N.J.S.A 18A-96, the ABP allows enrollees to make contributions to the following carriers: Teachers Insurance and Annuity Association, College Retirement Equities Fund (TIAA/CREF), ING, Valic, Equitable Life Insurance Company, Hartford, and Metropolitan Life Insurance Company. Each ABP alternative is administered by a separate Board of Directors.

The DCRP pension plan is a defined contribution program. Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, the DCRP allows enrollees to make contributions to Prudential Retirement Services who administers the plan with a separate Board of Directors.

Public Employees' Retirement System

Plan Descriptions

PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits

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

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

10. Retirement Plans (Continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

PERS members were required to contribute 7.20% and 7.06% of their annual covered salary for the years ended June 30, 2017 and 2016, respectively. This amount changes with negotiations of each new union contract. The State of New Jersey, in accordance with state statutes, makes employer contributions on behalf of the College. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

Net Pension Liability

At June 30, 2017 and 2016, the College reported a liability in the amount of $105.5 million and $88.7 million, respectively, for its proportionate share of the net pension liability. The College’s proportion of the net pension liability was based on the ratio of the employer contributions made related to the College’s employees to the total contributions made by all participating State-group employers. The College’s proportion of the net pension liability was 0.359% and 0.374% for the fiscal year ended June 30, 2017 ad 2016, respectively.

10. Retirement Plans (Continued)

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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 for the June 30, 2016 and 2015 measurement date:

	2016	2015
Inflation Rate	3.08%	3.04%
Salary increases:		
2012-2026	1.65-4.15% based on age	2.15 - 4.40% based on age
Thereafter	2.65 - 5.15% based on age	3.15 - 5.40% based on age
Investment rate of return	7.65%	7.90%

For the June 30, 2016 measurement date, Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For the June 30, 2015 measurement date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Table (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

10. Retirement Plans (Continued)

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 PERS's target asset allocation are summarized in the following tables:

As of June 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

10. Retirement Plans (Continued)

As of June 30, 2015

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90% and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rates in the most recent fiscal year. State employers contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

10. Retirement Plans (*continued*)

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

The following presents the collective net pension liability of the College, measured as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the College's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
College's proportionate share of the net pension liability	$ 123,547	$ 105,486	$ 90,613

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended June 30, 2017 and 2016, the College recognized pension expense in the amount of $6.4 million and $3.8 million, respectively. Pension expense is recognized within the functional classifications in the statement of revenues, expenses and changes in net position.

The College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources as of (dollars in thousands):

	June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 15,767	$ -
Net differences between projected and actual earnings on pension plan investments	3,988	
Changes in proportion and differences between College contributions and proportionate share of contributions	708	4,695
College contributions subsequent to the measurement date	1,681	-
	$ 22,144	$ 4,695

10. Retirement Plans (*continued*)

	June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 6,759	$ -
Net differences between projected and actual earnings on pension plan investments	1,239	438
Changes in proportion and differences between College contributions and proportionate share of contributions	914	2,599
College contributions subsequent to the measurement date	1,136	-
	$ 10,048	$ 3,037

College contributions subsequent to the measurement date reported as deferred outflows of resources related to PERS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (dollars in thousands):

Year Ended June 30,	Net Deferred Outflows
2018	$ 3,418
2019	3,418
2020	3,418
2021	3,418
2022	2,098
Total deferrals recognized as pension expense	15,770
Deferred outflows recognized as a reduction to net pension liability	1,681
Net deferred outflows	$ 17,451

10. Retirement Plans (*continued*)

Alternate Benefit Program Information

ABP provides the choice of six investment carriers all of which are privately operated defined contribution retirement plans. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility, as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating College employees are required to contribute 5% of their base annual salary and may contribute, on a pretax basis, an additional voluntary contribution of salary up to the maximum Federal statutory limit on a pretax basis. Employer contributions are 8% of base salary. ABP received employer and employee contributions that approximated the following from the College (dollars in thousands) during the years ended June 30:

	2017	2016
Employer contribution	$ 3,259	$ 3,350
Employee contribution	$ 4,074	$ 4,195
Basis for contributions		
Participating employee salaries	$ 40,732	$ 41,881

Employer contributions to ABP are paid by the State of New Jersey and are reflected in the accompanying financial statements as nonoperating revenue under New Jersey State appropriations and as operating expenses in various functional expense categories. The maximum compensation to be considered for employer retirement contributions is $141,000 per New Jersey state law Chapter 31, P.L. 2010. This law was effective as of July 1, 2010. The College created a separate 403(B) plan to fund the 8% employer match above the $141,000 compensation limit. These contributions are funded by the College.

Defined Contribution Retirement Program

The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage.

DCRP enrollment eligibility criteria includes employees who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of established “maximum compensation” limits. Participating eligibility, as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law.

10. Retirement Plans (continued)

DCRP has one investment carrier, Prudential, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The College assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not enrolled in PERS. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating College employees contribute 5.5% of their eligible wages. Employer contributions are 3% of the each member's eligible wages. Prudential received employee contribution that approximated the following from College during the years ended June 30 (dollars in thousands):

	2017	2016
Employer contribution	$ 13	$ 11
Employee contribution	$ 23	$ 19
Basis for contributions		
Participating employee salaries	$ 423	$ 369

Employer contributions to DCRP are paid by the College and are reflected in the financial statements as expenses.

11. Reconciliation of Net Position

The changes in net position with the impact of GASB Statement No. 68 broken out separately are as follows (dollars in thousands):

	Net postion at June 30, 2015	Changes in net position in 2016	Net postion at June 30, 2016	Changes in net position in 2017	Net postion at June 30, 2017
Net investment in capital assets	$ 25,981	$ 52,164	$ 78,145	$ 14,710	$ 92,855
Restricted	1,061	(314)	747	47	794
Unrestricted					
Capital projects	114,128	(50,860)	63,268	(16,922)	46,346
Current					
Operating	7,588	5,828	13,416	7,857	21,273
GASB 68 impact	(77,884)	(3,772)	(81,656)	(6,381)	(88,037)
Total Current	(70,296)	2,056	(68,240)	1,476	(66,764)
Total Net Position	$ 70,874	$ 3,046	$ 73,920	$ (689)	$ 73,231

12. Compensated Absences

Vacation, Compensatory and Paid Leave Bank Time

The College's general policy states that employees are entitled, upon termination, to the current year's unused earned vacation, compensatory and paid leave bank time in addition to any unused vacation, compensatory and paid leave bank time carried over from the immediate prior year. The liability for unused vacation, compensatory and paid leave bank time at June 30, 2017 and 2016 amounted to approximately $2.1 million and $2.0 million, respectively.

Accumulated Unpaid Sick Leave

Cash payments for unused accumulated sick leave are made to eligible employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the adjusted hourly pay rate in effect at the time of retirement, up to a maximum of $15,000. Employees separating from the College prior to retirement are not eligible for payment. Included in the financial statements is the estimated liability for unused sick time of $1.2 million and $1.1 million for June 30, 2017 and 2016, respectively. The College has made payments of approximately $39,000 and $180,000 for unused sick time in fiscal year 2017 and 2016, respectively.

13. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2017 and 2016 are not included in the financial statements. The College has approved contracts in fiscal 2017 and 2016 of approximately $4.6 million and $8.4 million, respectively, the majority of which are for construction and renovation projects and will be funded by plant fund assets on deposit with the trustee.

14. Commitments and Contingencies

Public/Private Partnership

Pursuant to the New Jersey Economic Stimulus Act of 2009, the College entered into a Public/Private Partnership (P3) with National Energy Partners (NEP) of Mt. Laurel, NJ. The agreement calls for the private parties to construct and operate a photovoltaic system on campus that includes solar carport canopies in the main parking fields; ground-mounted solar panels on the berm near the south entrance/exit of the campus; and solar panels on the roofs of the Phase I Academic Building, Mackin Hall, Bischoff Hall, and the Bill Bradley Sports & Recreation Center.

The terms of the agreement call for the private partner to construct and operate at its expense the photovoltaic system, and sell back to the College electricity generated at the initial rate of $0.105/kWh, with cost increases over a twenty-year term not to exceed 2% per year.

In accordance with the terms and conditions of the P3 agreement, NEP transferred to the College $2.2 million which covered the cost of the recent roof replacements. The firm will also provide the College with a credit towards the first $75,000 of electricity billings once the photovoltaic system is operational.

The College has begun the installation of solar carports and rooftop and ground-mounted panels and plans to complete the installation by the Fall of 2017.

Contingencies

The College is involved in various claims and lawsuits arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the College's financial position.

14. Contingencies (Continued)

The College 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. The College estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the College's financial statements for the years ending June 30, 2017 and 2016.

The College is exposed to various risks of loss. The College participates in a consortium with nine other New Jersey colleges and universities to purchase property insurance. Buildings and equipment are fully insured on an all risk replacement basis to the extent that losses exceed $100,000 per occurrence, with a per occurrence limit of $1.5 billion. Coverage for theft of money and securities provides for the actual loss in excess of $25,000 with a per loss limit of $5 million.

15. Government Relations and Legal Fees

The New Jersey Higher Education Restructuring Act of 1994 requires the College to disclose the costs incurred associated with government and public relations and legal costs. During the both years ended June 30, 2017 and 2016, the College expended $0.5 million for government and public relations and $0.1 million in legal fees.

16. Component Unit

Ramapo College Foundation (the Foundation) is a legally separate component unit of Ramapo College of New Jersey, exempt from tax under the Internal Revenue Code Section 501(c) (3). The Foundation acts to stimulate, solicit, secure and promote the receipt of resources from grants, bequests and gifts offered by individuals, corporations and foundations and use such resources to enhance, support and compliment the activities of Ramapo College of New Jersey. Because the resources of the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

During the years ended June 30, 2017 and 2016, the Foundation distributed $3.4 million and $3.2 million, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements for the Ramapo College Foundation can be obtained from Office of Institutional Advancement at 505 Ramapo Valley Road, Mahwah, NJ 07430.

Ramapo College Foundation is a private nonprofit organization that reports under Financial Accounting Board Standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. These standards provide for certain revenue recognition and presentation features which may be different from GASB criteria. No modifications have been made to the Foundation's financial information as discretely presented in these statements.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)

Schedule of Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last 10 Years *
(dollars in thousands)

	2017	2016	2015
College's proportion of the net pension liability	0.36%	0.37%	0.39%
College's proportionate share of the net pension liability	$ 105,486	$ 88,667	$ 78,354
College's covered-employee payroll (As of the measurement date)	$ 16,015	$ 15,439	$ 15,439
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	658.67%	574.31%	507.51%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	24.96%	30.06%

* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)

Schedule of Employer Contributions
Public Employees' Retirement System
Last 10 Years *
(dollars in thousands)

	2017	2016	2015
Contractually required contribution	$ 1,681	$ 1,136	$ 668
Contributions in relation to the contractually required contribution	1,681	1,136	668
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered-employee payroll (As of fiscal year end)	$ 16,543	$ 16,015	$ 15,439
Contributions as a percentage of covered-employee payroll	10.16%	7.09%	4.33%

* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.