

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

Basic Financial Statements,
Management's Discussion and Analysis and
Schedules of Expenditures of Federal and
State of New Jersey Awards

June 30, 2019 and 2018

(With Independent Auditors' Reports Thereon)

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

Financial Statements
June 30, 2019 and 2018

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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, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

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, 2019 and 2018, 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 18, and the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions and Schedule of Proportionate Share of the Total OPEB Liability on pages 53 through 55 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenditures of Federal and State of New Jersey Awards on pages 56 through 57 as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ramapo College of New Jersey's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

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

June 30, 2019 and 2018

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, 2019 and 2018 and comparative amounts for the year ended June 30, 2017. 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

As the State's premier public liberal arts college, Ramapo College of New Jersey is dedicated to providing students a strong foundation for a lifetime of achievement. The College is committed to academic excellence through interdisciplinary and experiential learning, and international and intercultural understanding. Ramapo College emphasizes teaching and individual attention to all students. We promote diversity, inclusiveness, sustainability, student engagement and community involvement.

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 business, elementary education, nursing and social work. The College also offers seven 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 also offers 9 joint bachelor of science programs in the medical profession. Ramapo boasts an average student/faculty ratio of 16:1 and average class size of 21, 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.

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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.

The quality and value of a Ramapo College education is consistently acknowledged through numerous rankings, awards and accolades. Ramapo has been named among the top three (after Princeton and Stevens Institute of Technology) and Number One among the public institutions in New Jersey in College Choice's ranking for 2018.

For the 12th consecutive year, Ramapo is listed in Kiplinger's Personal Finance Magazine as among the "100 Best Values in Public Colleges."

The College also is ranked annually by U.S. News & World Report as one of the Best Regional Public Universities North category, is a Top College for the value by Money magazine, and is listed by the Princeton Review among its "Best in the Northeast."

The John Templeton Foundation named the College to its Honor Roll for "Character-building Colleges," which recognizes institutions that emphasize character development as an integral aspect of the undergraduate experience.

Ramapo is also recognized as a "Military Friendly School" by Victory Media, in the Guide to Military Friendly Schools and ranked as one of the nation's Best Bachelor's in Social Work by College Choice.

And, Ramapo is featured on CollegesofDistinction.com, a website dedicated to honoring schools nationwide for their excellence in student-focused higher education.

Ramapo also is recognized as a Top 10 ranked college for highest return on investment by Affordable Colleges Online and Niche.com named Ramapo's campus housing the best in New Jersey. Ramapo College is recognized as a Career Development College of Distinction by Colleges of Distinction.

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 2016, 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.

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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 2018-2021 which provides the College with a blueprint for the immediate future. This plan reflects a refresh of the 2014-2018 Strategic Plan, as the tenants outlined in the prior plan are still relevant and were reevaluated based on recent experience and the current landscape of higher education. 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 report 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.

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In fiscal year 2018, the College implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*. GASB 75 requires state and local government employers to recognize a liability for other postemployment benefits (OPEB). During the implementation of this guidance, it was noted that the State Health Benefit State Retired Employees Plan meets the definition of a special funding situation as defined in GASB 75. As a result, the OPEB liability is not allocated to the College, but OPEB expense is, and is offset by the revenue related to the support allocated by the State of New Jersey.

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, 2019, 2018 and 2017, a reconciliation is show below (dollars in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Position			
Invested in capital assets, net			
of related debt	\$ 99,236	\$ 97,368	\$ 92,855
Expendable restricted	1,462	1,183	794
Unrestricted capital projects	49,636	47,803	46,346
Unrestricted operating current	23,289	19,067	21,273
Total unrestricted prior to GASB 68	72,925	66,870	67,619
Unrestricted GASB 68 impact	(93,538)	(91,701)	(88,037)
Total unrestricted, including GASB 68	(20,613)	(24,831)	(20,418)
 Total net position	 <u>\$ 80,085</u>	 <u>\$ 73,720</u>	 <u>\$ 73,231</u>

The implementation of GASB 75 had no impact on the College's net position. The annual expense allocated to the College from the State is presented on the Statement of Revenues, Expenses and Changes in Net Position, along with the allocation of income.

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 lives. 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.

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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 the 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.

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The condensed statement of net position as of June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets	\$ 101,111	\$ 99,263	\$ 101,936
Capital assets, net	325,773	327,269	331,552
Other assets	<u>12,899</u>	<u>18,628</u>	<u>18,606</u>
Total assets	<u>439,783</u>	<u>445,160</u>	<u>452,094</u>
Deferred Outflows of Resources	<u>16,653</u>	<u>20,242</u>	<u>22,144</u>
Liabilities			
Current liabilities	30,962	29,535	30,325
Noncurrent net pension liability	89,083	94,937	105,486
Other noncurrent liabilities	<u>235,198</u>	<u>250,204</u>	<u>260,501</u>
Total liabilities	<u>355,243</u>	<u>374,676</u>	<u>396,312</u>
Deferred Inflows of Resources	<u>21,108</u>	<u>17,006</u>	<u>4,695</u>
Net Position			
Invested in capital assets, net of related debt	99,236	97,368	92,855
Expendable restricted	1,462	1,183	794
Unrestricted capital projects	49,636	47,803	46,346
Unrestricted operating current	<u>23,289</u>	<u>19,067</u>	<u>21,273</u>
Total unrestricted prior to GASB 68	72,925	66,870	67,619
Unrestricted GASB 68 impact	<u>(93,538)</u>	<u>(91,701)</u>	<u>(88,037)</u>
Total net position	<u>\$ 80,085</u>	<u>\$ 73,720</u>	<u>\$ 73,231</u>

During fiscal year 2019, Ramapo's total assets decreased by \$5.4 million. Current assets increased by \$1.8 million primarily due to increases in cash and cash equivalents and student receivables offset by decreases in deposits held with trustees and other receivables. Both current and noncurrent assets were impacted by deposits held with trustees decreased due to the utilization of funds from the prior year debt placement. Capital assets decreased by \$1.5 million primarily as a result of depreciation, partially offset by some smaller capital projects.

Total liabilities decreased by \$19.4 million. Noncurrent net pension liability decreased \$5.9 million to \$89.1 million as of the year ending June 30, 2019, long-term debt decreased by \$8.2 million and unearned revenue decreased by \$6.2 million as revenue related to current projects was realized.

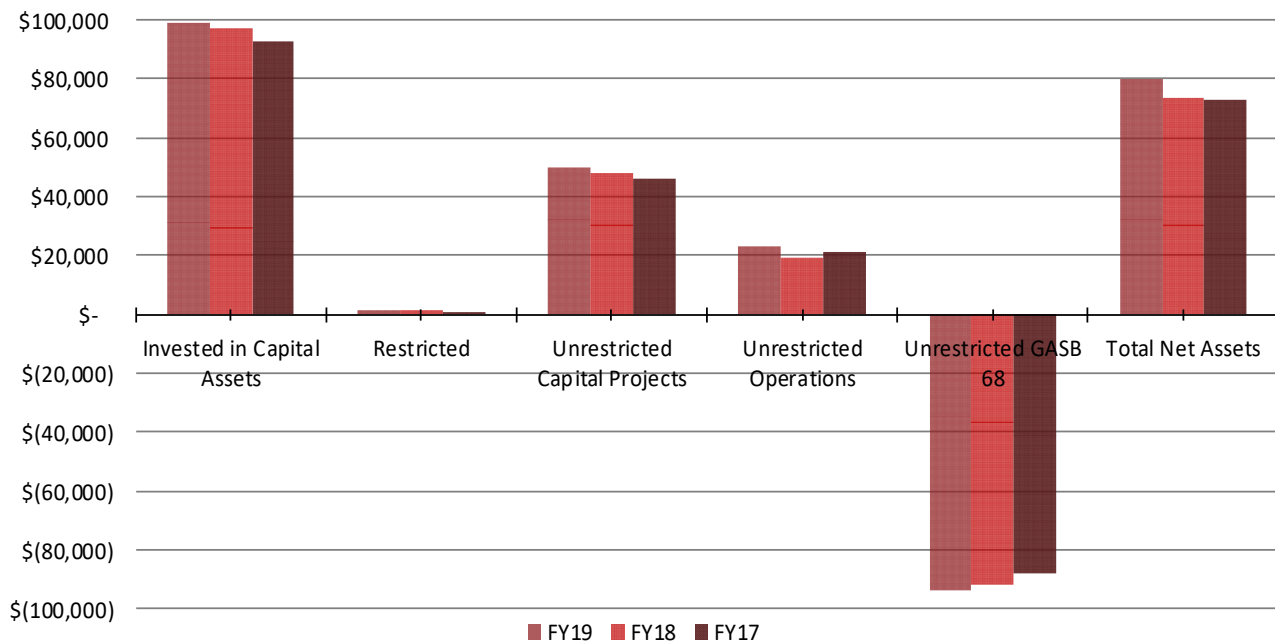
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There was also an increase of \$1.4 million in current liabilities, mostly in accounts payable, the current portion of long-term debt, accrued expenses and deposits, due to timing.

During fiscal year 2019, total net position increased \$6.4 million, which included GASB 68 pension expense of \$1.8 million. GASB 75 expense of \$6.7 million was offset by allocated State appropriations and therefore had no effect on net position. Excluding GASB 68, the College had a \$6 million increase in its net position during fiscal 2019.

Graphically displayed is the comparative net position change by category for the fiscal years ended June 30, 2019, 2018 and 2017 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.

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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.

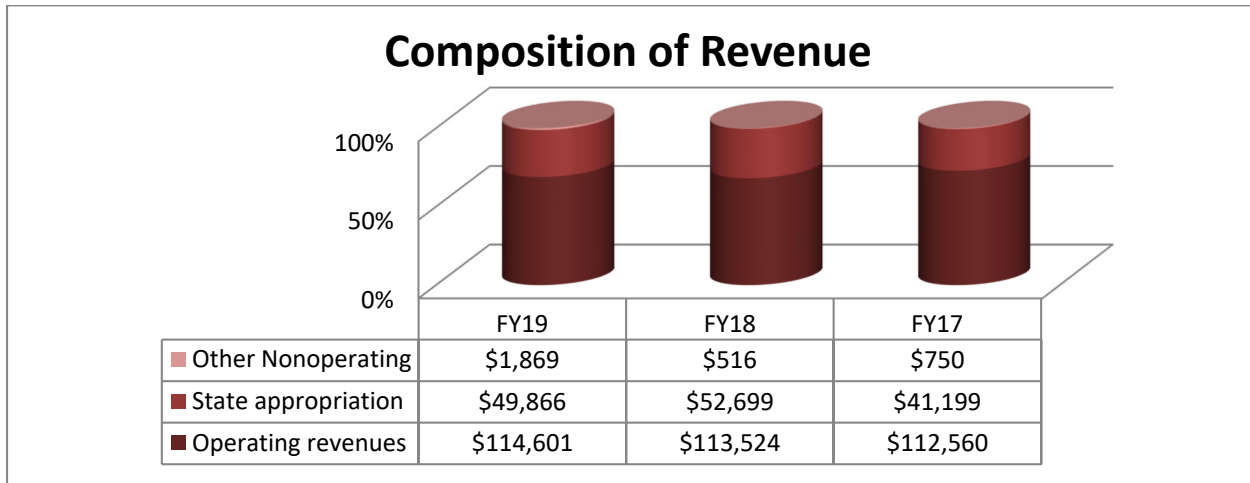
A condensed statement of revenues for the fiscal years ended June 30, 2019, 2018 and 2017 follows (dollars in thousands).

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues			
Student revenues, net	\$ 97,224	\$ 96,855	\$ 97,140
Grants and contracts	16,207	15,361	14,570
Other	<u>1,170</u>	<u>1,308</u>	<u>850</u>
Total operating revenues	<u>114,601</u>	<u>113,524</u>	<u>112,560</u>
Non-operating revenue			
State appropriation	49,866	52,699	41,199
Transactions with affiliates	3,659	2,780	3,413
Investment and other	<u>1,869</u>	<u>516</u>	<u>750</u>
Total non-operating revenue	<u>55,394</u>	<u>55,995</u>	<u>45,362</u>
Capital grants and gifts	<u>6,365</u>	<u>1,876</u>	<u>1,082</u>
Total revenues	<u>\$ 176,360</u>	<u>\$ 171,395</u>	<u>\$ 159,004</u>

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A graphical breakdown of each category's percentage of total revenues for the fiscal years ended June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):



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 by \$0.4 million from fiscal year 2018 to 2019, as a result of leveled enrollment, coupled with a significantly low tuition increase. Ramapo applied \$24.9 million, \$25.1 million and \$23.4 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal years 2019, 2018 and 2017, respectively. The main source of these allowances comes from the College, but also includes federal and state grants. The fiscal year 2019 allowances include \$8.7 million from the College, \$8.6 million federal, and \$7.6 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 2019 grant revenue from all sources was \$16.2 million, \$0.8 million more than fiscal year 2018, included in this change were federal grants which were up \$0.1 million, state grants which were up \$0.7 million.

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Non-operating Revenues

New Jersey State Appropriation

Total State appropriation, which includes fringe benefits and OPEB benefits, decreased \$2.8 million in fiscal year 2019, as compared to 2018. The main decrease relates to the inclusion of the OPEB revenue of \$2.9 million allocated to the College to offset the allocated OPEB expense. The composite fringe benefit rate is based on gross salary and the composite fringe benefit rate decreased to 49.05% in 2019. The direct State operational appropriations to College remained steady at \$15.0 million in both fiscal 2019 and 2018. 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 2019, there was an increase of \$0.9 million in support payments as compared to the prior year.

Investment and Other

In 2019, there were earnings of \$1.9 million, as compared to \$0.5 million in 2018, an increase of \$1.4 million driven primarily by market conditions.

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Expenses

A condensed statement of expenses for the fiscal years ended June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating expenses			
Instruction	\$ 59,008	\$ 61,070	\$ 54,366
Research and Public Service	301	291	117
Academic support	8,001	8,513	7,530
Student services	15,485	16,031	14,995
Institutional support	22,929	21,493	19,629
Student financial aid	517	574	435
Operations and maintenance of plant	18,605	19,275	18,356
Depreciation	15,230	14,744	14,149
Auxiliary	20,742	21,892	19,741
Total operating expenses	<u>160,818</u>	<u>163,883</u>	<u>149,318</u>
Non-operating expenses	<u>9,177</u>	<u>7,023</u>	<u>10,375</u>
Total expenses	<u>\$ 169,995</u>	<u>\$ 170,906</u>	<u>\$ 159,693</u>

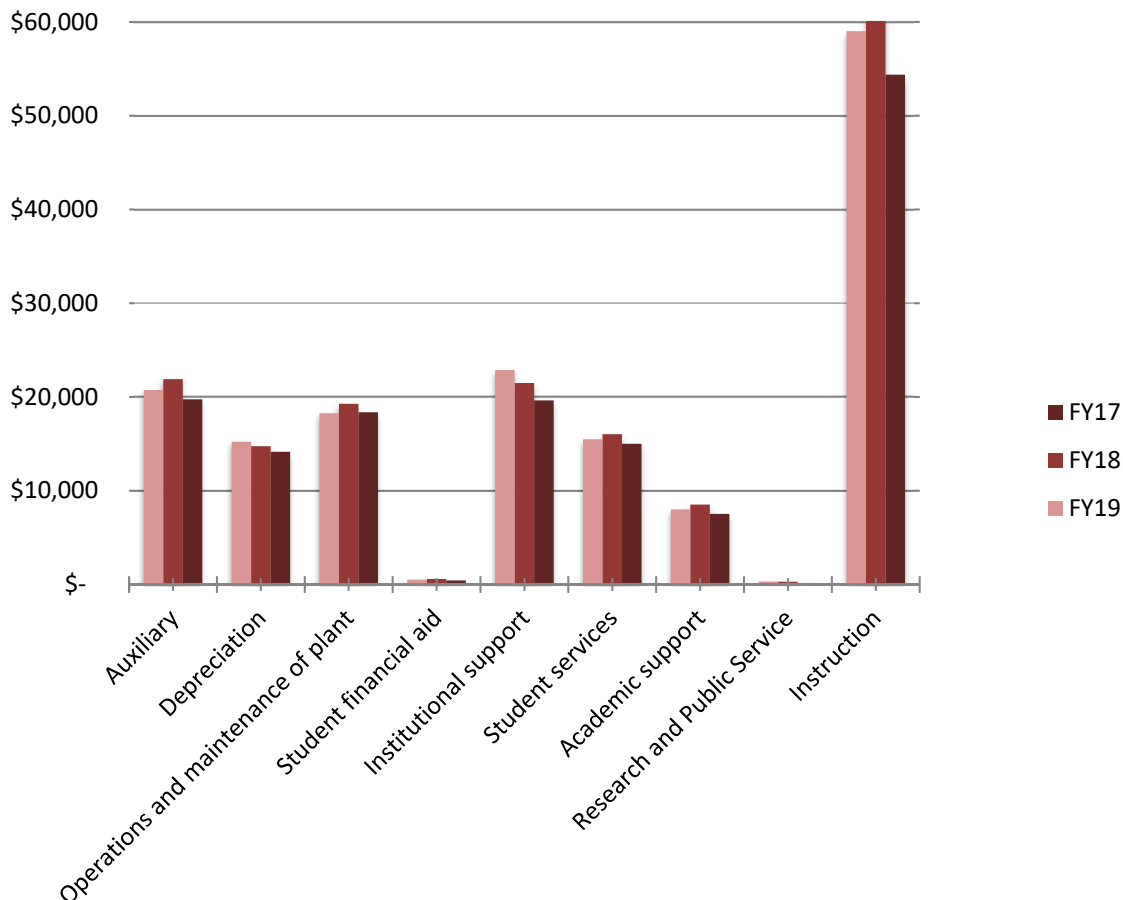
Salaries and benefits comprised approximately 64% and 68% of the College's total operating expenses for fiscal year 2019 and 2018, respectively. Total operating expenses decreased in fiscal 2019 by \$3.1 million from fiscal 2018, mainly as a result of the decrease in pension and OPEB expense both of which are allocated to the functional categories.

During 2019, interest on debt service, included in non-operating expenses increased \$2.2 million to \$9.2 million. This reflects the impact of debt restructurings as well as capitalized interest.

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A comparative graph of functional operating expense for the fiscal years ended June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):



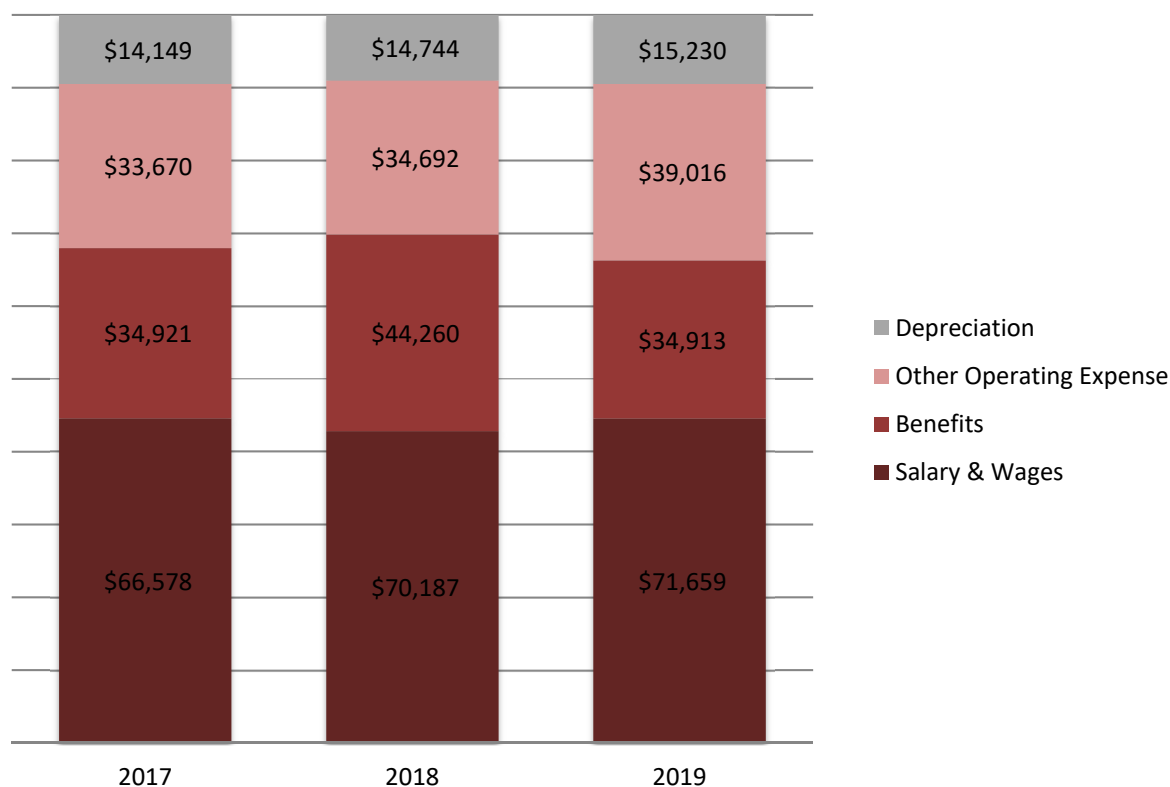
Natural Classification Expenses:

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 trends in spending, when several years are shown. As the following graph illustrates, natural expenses from fiscal 2019 as compared to fiscal 2018 shows salaries and wages increasing from \$70.2 million to \$71.7 million. Benefits decreased from \$44.2 million in fiscal 2018 to \$34.9 million in fiscal 2019, depreciation increased from \$14.8 million in fiscal 2018 to \$15.2 million in fiscal 2019 as a result of the completion of projects and other operating expenses increased from \$34.7 million in fiscal 2018 to \$39.0 million in fiscal 2019. Salary and benefits are mostly negotiated by the State therefore the College only controls the number of employees related to the expense. The significant increase in benefits in fiscal 2019 and 2018 is due to the recognition of the OPEB expense, which was offset by additional State funding in the same amount. Benefit rates are also set by the State, so the increased costs for benefits are somewhat uncontrollable to the College.

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Operating expenses by natural classification for the fiscal years ended June 30, 2019, 2018 and 2017 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.

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

June 30, 2019 and 2018

A condensed statement of cash flow for the fiscal years ended June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net cash from operating activities	\$ 7,481	\$ 6,105	\$ 11,473
Noncapital financing activities	18,612	17,733	18,366
Capital financing activities	(24,469)	(22,506)	(24,894)
Investment income, net	<u>1,869</u>	<u>516</u>	<u>750</u>
Net increase in cash	3,493	1,848	5,695
Cash – beginning of year	<u>74,202</u>	<u>72,354</u>	<u>66,659</u>
Cash – end of year	<u>\$ 77,695</u>	<u>\$ 74,202</u>	<u>\$ 72,354</u>

Cash from operating activities was \$7.5 million in fiscal 2019 versus \$6.1 million in fiscal 2018, an increase of \$1.4 million. The College has experienced only modest increases in its net position 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 Facilities 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 Facilities Master Plan in conjunction with its Strategic Plan (2018-2021) to further identify and prioritize capital needs for the future. At June 30, 2019, the College had \$325.8 million invested in capital assets, net of accumulated depreciation of \$190.7 million. Depreciation expense was \$15.2 million in fiscal year 2019 and \$14.7 million in fiscal 2018.

Ramapo College of New Jersey
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Management's Discussion and Analysis

June 30, 2019 and 2018

A condensed statement of net capital asset as of June 30, 2019, 2018 and 2017 is as follows (dollars in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements, net	2,752	2,997	2,738
Infrastructure, net	9,913	10,054	9,694
Buildings and improvements, net	298,050	300,366	303,484
Equipment, net	3,681	3,558	3,132
Library collection, net	852	540	700
Construction in progress	<u>7,294</u>	<u>6,523</u>	<u>8,573</u>
Total	<u>\$ 325,773</u>	<u>\$ 327,269</u>	<u>\$ 331,552</u>

As a result of the start of some significant projects in 2019, construction in progress increased by \$.8 million as of June 30, 2019 from \$6.5 million as of June 30, 2018. The most significant construction project started in fiscal 2019 include the renovations of the Learning Commons.

Debt

At June 30, 2019, the College had \$238.6 million in debt outstanding as compared to \$246.8 million at June 30, 2018. During the year ended June 30, 2017, there were three new debt placements which occurred to obtain additional funding for projects outlined in the Campus Facilities 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 Facilities 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 2016B revenue and refunding bonds, issued on behalf of the College. In May 2019, S&P also affirmed the 'A' long-term rating on the other outstanding debt issued for the College. This rating reflects S&P's view that the College has maintained fiscally prudent financial operations, and has stable enrollment, impressive retention and consistent student quality.

In July 2019, Moody's Investor Service (Moody's) upgraded the College's rating to an 'A2 stable' rating to the College's series 2018A revenue bonds. This change, according to Moody's, was mainly driven by "an ongoing buildup of flexible reserves and consistently positive operating cash flow margins, with expectations for improved operational support following a period of stagnant funding from the State of New Jersey."

Ramapo College of New Jersey
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Management's Discussion and Analysis

June 30, 2019 and 2018

Economic Factors that Could Affect the Future

The major components of Ramapo's revenue have changed over time due to declining State support over the last several years. 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 a cumulative tuition and fee growth of 7.4% total in the last five years (FY14-FY19 tuition rates), as compared to the other five public non-research New Jersey institutions, which averaged approximately 11.7% tuition increases for that same time period.

The College is expecting total 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 2017, 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 2018, the new Masters of Science in Accounting was offered for the first time. 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 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, 2019
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 77,695	\$ 589	\$ 78,284
Short term investments	-	1,367	1,367
Receivables			-
Students, less allowance of \$799	1,432	-	1,432
Loans, less allowance of \$53	78	-	78
Gifts and grants	1,005	566	1,571
Contributions, net	-	1,672	1,672
Due from Ramapo College Foundation (Due to College)	282	(282)	-
Other	1,292	78	1,370
Total Receivables	4,089	2,034	6,123
Prepaid expenses	156	6	162
Restricted deposits held by Trustees	19,171	-	19,171
Total Current Assets	101,111	3,996	105,107
Noncurrent Assets			
Restricted deposits held by Trustees	12,373	-	12,373
Investments, at fair value	-	20,763	20,763
Student loan receivables, less allowance of \$558	476	-	476
Prepaid expenses	50	-	50
Contributions receivable, net	-	2,253	2,253
Capital assets, net	325,773	-	325,773
Total Noncurrent Assets	338,672	23,016	361,688
Total Assets	439,783	27,012	466,795
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	16,653	-	16,653
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	12,552	132	12,684
Long-term debt - current portion	8,945	-	8,945
Unearned revenue-current portion	5,542	80	5,622
Compensated absences - current portion	2,218	-	2,218
Deposits	1,705	34	1,739
Total Current Liabilities	30,962	246	31,208
Noncurrent Liabilities			
Long-term debt - noncurrent portion	229,669	-	229,669
Other liabilities	100	208	308
Unearned revenue-noncurrent portion	3,427	-	3,427
Compensated absences - noncurrent portion	1,311	-	1,311
Assets held on behalf of Federal government loan programs	691	-	691
Net pension liability	89,083	-	89,083
Total Noncurrent Liabilities	324,281	208	324,489
Total Liabilities	355,243	454	355,697
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	21,108	-	21,108
NET POSITION			
Net investment in capital assets	99,236	-	99,236
Restricted			
Nonexpendable	-	13,579	13,579
Expendable			
Grants	-	11,437	11,437
Renewal and replacement	1,462	-	1,462
Unrestricted			
Capital projects	49,636	-	49,636
Current	(70,249)	1,542	(68,707)
Total Net Position	\$ 80,085	\$ 26,558	\$ 106,643

See accompanying notes to financial statements

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Net Position
June 30, 2018
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 74,202	\$ 720	\$ 74,922
Short term investments	-	1,977	1,977
Receivables			-
Students, less allowance of \$761	1,170	-	1,170
Loans, less allowance of \$46	98	-	98
Gifts and grants	679	332	1,011
Contributions, net	-	1,332	1,332
Due from Ramapo College Foundation (Due to College)	350	(350)	-
Other	2,681	88	2,769
Total Receivables	4,978	1,402	6,380
Prepaid expenses	35	23	58
Restricted deposits held by Trustees	20,048	-	20,048
Total Current Assets	99,263	4,122	103,385
Noncurrent Assets			
Restricted deposits held by Trustees	18,113	-	18,113
Investments, at fair value	-	19,564	19,564
Student loan receivables, less allowance of \$575	511	-	511
Prepaid expenses	4	-	4
Contributions receivable, net	-	4,148	4,148
Capital assets, net	327,269	-	327,269
Total Noncurrent Assets	345,897	23,712	369,609
Total Assets	445,160	27,834	472,994
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	20,242	-	20,242
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	12,303	92	12,395
Long-term debt - current portion	8,421	-	8,421
Unearned revenue-current portion	5,357	161	5,518
Compensated absences - current portion	2,126	-	2,126
Deposits	1,328	27	1,355
Total Current Liabilities	29,535	280	29,815
Noncurrent Liabilities			
Long-term debt - noncurrent portion	238,378	-	238,378
Other liabilities	100	217	317
Unearned revenue-noncurrent portion	9,783	-	9,783
Compensated absences - noncurrent portion	1,290	-	1,290
Assets held on behalf of Federal government loan programs	653	-	653
Net pension liability	94,937	-	94,937
Total Noncurrent Liabilities	345,141	217	345,358
Total Liabilities	374,676	497	375,173
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	17,006	-	17,006
NET POSITION			
Net investment in capital assets	97,368	-	97,368
Restricted			
Nonexpendable	-	12,792	12,792
Expendable			
Grants	-	12,892	12,892
Renewal and replacement	1,183	-	1,183
Unrestricted			
Capital projects	47,803	-	47,803
Current	(72,634)	1,653	(70,981)
Total Net Position	\$ 73,720	\$ 27,337	\$ 101,057

See accompanying notes to financial 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, 2019
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	\$ 82,383	\$ -	\$ 82,383
Less: tuition scholarship allowances	(21,685)	-	(21,685)
Net Student Tuition and Fees	60,698	-	60,698
Auxiliary enterprises	39,735	-	39,735
Less: auxiliary allowances	(3,209)	-	(3,209)
Net Auxiliary Enterprises	36,526	-	36,526
Federal grants and contracts	8,584	-	8,584
State and local grants and contracts	7,623	1,559	9,182
Contributions	-	1,015	1,015
Other operating revenues	1,170	731	1,901
Total Operating Revenues	114,601	3,305	117,906
EXPENSES			
Operating Expenses			
Instruction	59,008	-	59,008
Research & Public Service	301	-	301
Academic support	8,001	-	8,001
Student services	15,485	-	15,485
Institutional support	22,929	1,741	24,670
Student financial aid and scholarships	517	-	517
Operations and maintenance of plant	18,605	-	18,605
Depreciation	15,230	-	15,230
Auxiliary	20,742	-	20,742
Total Operating Expenses	160,818	1,741	162,559
Operating (Loss) Income	(46,217)	1,564	(44,653)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	14,953	-	14,953
State of New Jersey paid fringe benefits	28,228	-	28,228
State of New Jersey paid other post employment benefits	6,685	-	6,685
Investment income, net	1,869	1,316	3,185
Interest expense	(9,177)	-	(9,177)
Transactions with affiliates	3,659	(3,659)	-
Net Nonoperating Revenue (Expenses)	46,217	(2,343)	43,874
Capital gifts and grants	6,365	-	6,365
(Decrease) Increase in Net Position	6,365	(779)	5,586
NET POSITION			
Beginning of year	73,720	27,337	101,057
End of year	\$ 80,085	\$ 26,558	\$ 106,643

See accompanying notes to financial 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, 2018
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	\$ 81,323	\$ -	\$ 81,323
Less: tuition scholarship allowances	(21,240)	-	(21,240)
Net Student Tuition and Fees	60,083	-	60,083
Auxiliary enterprises	40,593	-	40,593
Less: auxiliary allowances	(3,821)	-	(3,821)
Net Auxiliary Enterprises	36,772	-	36,772
Federal grants and contracts	8,409	-	8,409
State and local grants and contracts	6,952	1,411	8,363
Contributions	-	4,327	4,327
Other operating revenues	1,308	769	2,077
Total Operating Revenues	113,524	6,507	120,031
EXPENSES			
Operating Expenses			
Instruction	61,070	-	61,070
Research & Public Service	291	-	291
Academic support	8,513	-	8,513
Student services	16,031	-	16,031
Institutional support	21,493	1,456	22,949
Student financial aid and scholarships	574	-	574
Operations and maintenance of plant	19,275	-	19,275
Depreciation	14,744	-	14,744
Auxiliary	21,892	-	21,892
Total Operating Expenses	163,883	1,456	165,339
Operating (Loss) Income	(50,359)	5,051	(45,308)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	14,953	-	14,953
State of New Jersey paid fringe benefits	28,126	-	28,126
State of New Jersey paid other post employment benefits	9,620	-	9,620
Investment income, net	516	1,644	2,160
Interest expense	(7,023)	-	(7,023)
Transactions with affiliates	2,780	(2,780)	-
Net Nonoperating Revenue (Expenses)	48,972	(1,136)	47,836
Capital gifts and grants	1,876	-	1,876
Increase in Net Position	489	3,915	4,404
NET POSITION			
Beginning of year	73,231	23,422	96,653
End of year	\$ 73,720	\$ 27,337	\$ 101,057

See accompanying notes to financial 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)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 60,998	\$ 59,976
Grants and contracts	15,881	15,826
Payments to suppliers	(32,236)	(34,257)
Payments to employees	(71,547)	(70,056)
Payments for employee benefits	(2,887)	(2,850)
Auxiliary enterprise charges	36,526	36,772
Other	746	694
Net Cash from Operating Activities	<u>7,481</u>	<u>6,105</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	14,953	14,953
Gifts and grants	3,659	2,780
Net Cash from Noncapital Financing Activities	<u>18,612</u>	<u>17,733</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	10	1,291
Purchases of capital assets	(14,309)	(9,661)
Principal paid on capital debt and leases	(8,185)	(7,793)
Interest paid on capital debt and leases	(8,602)	(10,004)
Decrease in deposits held by trustees	6,617	3,661
Net Cash from Capital Financing Activities	<u>(24,469)</u>	<u>(22,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income, net	1,869	516
Net Increase in Cash and Cash Equivalents	<u>3,493</u>	<u>1,848</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	74,202	72,354
End of year	<u>\$ 77,695</u>	<u>\$ 74,202</u>
RECONCILIATION OF OPERATING LOSS TO		
NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$(46,217)	\$ (50,359)
Adjustments to reconcile net loss to net cash		
from operating activities		
Depreciation expense	15,230	14,744
State of New Jersey fringe benefits	28,228	28,126
State of New Jersey other post employment benefits	6,685	9,620
Changes in assets and liabilities		
Receivables, net	924	770
Prepaid expenses and other assets	(167)	68
Deferred outflows/inflows of resources	7,691	14,213
Net pension liability	(5,854)	(10,549)
Accounts payable and accrued expenses	248	(1,009)
Unearned tuition, fees, and deposits	185	397
Deposits	377	57
Compensated absences	113	131
Government grants refundable	38	(104)
Net Cash from Operating Activities	<u>\$ 7,481</u>	<u>\$ 6,105</u>

See accompanying notes to financial statements

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

Notes to Financial Statements

June 30, 2019 and 2018

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.

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

Notes to Financial Statements

June 30, 2019 and 2018

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, 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.

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

Notes to Financial Statements

June 30, 2019 and 2018

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.

	<u>Useful Lives</u>
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.

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

Notes to Financial Statements

June 30, 2019 and 2018

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, 2016.

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

Notes to Financial Statements

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards

In April 2018, the GASB issued Statement No. 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88). The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The College adopted GASB 88 for its fiscal year 2019 financial statements.

In June 2015, the GASB issued Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), which replaces the requirements of GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governments. GASB 75 requires state and local government employers to recognize a liability for OPEB. The State Health Benefit State Retired Employees Plan meets the definition of a special funding situation as defined in GASB 75, as a result, the OPEB liability is not allocated to the College; however, the OPEB expense is recognized by the College and offset by revenue related to the support allocated by the State of New Jersey. The College adopted GASB 75 for its fiscal year 2018 financial statements. See Note 11 for more information.

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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,	
	2019	2018
Cash and money market accounts	\$ 76,518	\$ 73,051
State of New Jersey Cash Management Fund	1,177	1,151
Total Cash and Cash Equivalents	<u>\$ 77,695</u>	<u>\$ 74,202</u>

In accordance with GASB 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 in the amount of \$74.0 million with TD Bank N.A. with 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, 2019 and 2018, cash and money market accounts balances held by depositories amounted to \$77.3 million and \$73.5 million, of which \$.9 million in each year were FDIC (Federal Deposit Insurance Corporation) insured. Bank balances in excess of insured amounts of \$76.4 million, and \$72.7 million as of June 30, 2019 and 2018, respectively were collateralized according to the irrevocable standby letter of credit agreement.

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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, 2019 and 2018 was \$1.2 million for both years. 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 have been valued using Level 1 inputs as follows (dollars in thousands) as of:

	June 30,	
	2019	2018
Construction fund	\$ 18,331	\$ 25,013
Debt service fund for principal and interest	12,326	11,965
Renewal and replacement fund	887	1,183
	<u>31,544</u>	<u>38,161</u>
Less: current portion	<u>19,171</u>	<u>20,048</u>
Noncurrent Deposits Held by Trustees	<u>\$ 12,373</u>	<u>\$ 18,113</u>

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

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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:

Investment Type	Fair Value	2019		
		Investment maturities		
		(in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 31,544	\$ 31,544	\$ -	\$ -
	<u>\$ 31,544</u>	<u>\$ 31,544</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Type	Fair Value	2018		
		Investment maturities		
		(in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 36,067	\$ 36,067	\$ -	\$ -
U.S. Treasury notes and government securities	100	100	-	-
Fixed Income	1,994	1,994	-	-
	<u>\$ 38,161</u>	<u>\$ 38,161</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2019 and 2018, 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.

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4. Restricted Deposits Held by Trustees (Continued)

Fair Value Measurement

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

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

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

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

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

- U.S. treasuries and agencies are valued at quoted price reported on the active market
- Fixed income are valued using prices based on bid evaluations or quoted prices in an inactive market
- Money market funds are recorded at the quoted price which approximates fair value

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5. Capital Assets

Capital assets activity for the year ended June 30, 2019 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	6,522	9,733	(8,961)	7,294
	<u>9,753</u>	<u>9,733</u>	<u>(8,961)</u>	<u>10,525</u>
Depreciable Capital Assets				
Land improvements	7,630	67		7,697
Buildings and improvements	447,070	11,047		458,117
Equipment	15,439	1,065	(329)	16,175
Library collection	6,665	498	(1,044)	6,119
Infrastructure	17,531	294		17,825
	<u>494,335</u>	<u>12,971</u>	<u>(1,373)</u>	<u>505,933</u>
Total Capital Assets	<u>504,088</u>	<u>22,704</u>	<u>(10,334)</u>	<u>516,458</u>
Accumulated Depreciation				
Land improvements	4,634	311		4,945
Buildings and improvements	146,700	13,367		160,067
Equipment	11,882	932	(320)	12,494
Library collection	6,126	185	(1,044)	5,267
Infrastructure	7,477	435		7,912
Total Accumulated Depreciation	<u>176,819</u>	<u>15,230</u>	<u>(1,364)</u>	<u>190,685</u>
Capital Assets, Net	<u>\$ 327,269</u>	<u>\$ 7,474</u>	<u>\$ (8,970)</u>	<u>\$ 325,773</u>

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June 30, 2019 and 2018

5. Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2018 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	8,573	9,507	(11,557)	6,523
	<u>11,804</u>	<u>9,507</u>	<u>(11,557)</u>	<u>9,754</u>
Depreciable Capital Assets				
Land improvements	7,077	553	-	7,630
Buildings and improvements	437,234	9,835	-	447,069
Equipment	14,316	1,342	(218)	15,440
Library collection	8,152	12	(1,498)	6,666
Infrastructure	16,741	790	-	17,531
	<u>483,520</u>	<u>12,532</u>	<u>(1,716)</u>	<u>494,336</u>
Total Capital Assets	<u>495,324</u>	<u>22,039</u>	<u>(13,273)</u>	<u>504,090</u>
Accumulated Depreciation				
Land improvements	4,339	294	-	4,633
Buildings and improvements	133,750	12,953	-	146,703
Equipment	11,184	895	(197)	11,882
Library collection	7,452	172	(1,498)	6,126
Infrastructure	7,047	430	-	7,477
Total Accumulated Depreciation	<u>163,772</u>	<u>14,744</u>	<u>(1,695)</u>	<u>176,821</u>
Capital Assets, Net	<u>\$ 331,552</u>	<u>\$ 7,295</u>	<u>\$ (11,578)</u>	<u>\$ 327,269</u>

As of June 30, 2019 and 2018, estimated costs to complete the projects classified as construction in progress are approximately \$30.6 million and \$35.3 million, respectively, and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues. During fiscal 2019 and 2018, the College capitalized interest expense of \$0.5 million and \$0.8 million, respectively.

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June 30, 2019 and 2018

6. Accounts Payable and Accrued Expenses

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

	June 30, 2019	2018
Vendors	\$ 3,626	\$ 2,776
Capital projects	1,791	2,648
Accrued salaries and benefits	2,298	1,902
Interest payable	4,837	4,977
	<u>\$ 12,552</u>	<u>\$ 12,303</u>

7. Noncurrent Liabilities

Activity in noncurrent liabilities for the year ending June 30, 2019 was as follows (dollars in thousands):

	June 30, 2018	Additions	Reductions	June 30, 2019	Current Portion
Other Liabilities	\$ 100	\$ -	\$ -	\$ 100	\$ -
Compensated absences	3,416	276	(163)	3,529	2,218
U.S. Government grants refundable (Perkins)	653	47	(9)	691	-
Long-term debt	246,799	295	(8,480)	238,614	8,945
	<u>\$ 250,968</u>	<u>\$ 618</u>	<u>\$ (8,652)</u>	<u>\$ 242,934</u>	<u>\$ 11,163</u>

Activity in noncurrent liabilities for the year ending June 30, 2018 was as follows (dollars in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018	Current Portion
Other Liabilities	\$ 100	\$ -	\$ -	\$ 100	\$ -
Compensated absences	3,285	435	(304)	3,416	2,126
U.S. Government grants refundable (Perkins)	757	82	(186)	653	-
Long-term debt	256,773	-	(9,974)	246,799	8,421
	<u>\$ 260,915</u>	<u>\$ 517</u>	<u>\$ (10,464)</u>	<u>\$ 250,968</u>	<u>\$ 10,547</u>

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June 30, 2019 and 2018

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.

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

			June 30,	
			2019	2018
			Interest Rate	
<u>NJ Educational Facilities Authority Revenue Bonds:</u>				
Series 2011A	due serially to 2021	3.00% to 5.00%	\$ 3,890	\$ 5,505
Series 2012B	due serially to 2042	2.00% to 5.00%	74,105	75,045
Series 2015B	due serially to 2040	3.00% to 5.00%	41,835	43,240
Series 2017A	due serially to 2042	3.00% to 5.00%	96,310	99,450
Total NJEFA Revenue Bonds			216,140	223,240
<u>Public College's Share of Other NJEFA-Financed Programs:</u>				
Capital Improvement Fund				
Series 2002A	due serially to 2023	3.00% to 5.25%	15	15
Series 2014A	due serially to 2034	3.00% to 4.00%	239	250
Series 2016A	due serially to 2023	2.05% to 3.00%	1,311	1,615
Series 2016B	due serially to 2037	3.00% to 5.50%	4,628	4,785
Equipment Leasing Fund				
Series 2014A 042-01	due serially to 2023	1.75% to 3.50%	83	101
Series 2014A 042-05	due serially to 2022	3.00% to 3.50%	50	65
Total NJEFA-Financed Programs			6,326	6,831
Capital Leases			236	41
Plus: Bond premiums			15,912	16,687
			238,614	246,799
Less: current portion			8,945	8,421
Total long-term debt, long-term portion			<u>\$ 229,669</u>	<u>\$ 238,378</u>

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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, 2019 (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 8,945	\$ 9,620
2021	9,225	9,316
2022	9,488	8,961
2023	9,851	8,562
2024	9,852	8,149
2025-2029	57,482	34,205
2030-2034	69,553	21,807
2035-2039	47,936	7,089
2040-2043	16,282	1,314
	<u>\$ 238,614</u>	<u>\$ 109,023</u>

The College has \$4 million revolving line of credit with TD Bank that expires on April 30, 2020. Borrowings under the line of credit bear interest at 5.5% and 5.0% for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, there were no borrowings under this line of credit.

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, 2019 and 2018, such benefits amounted to approximately \$28.2 million and \$28.1 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.

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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.

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/annrpts.shtml.

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10. Retirement Plans (Continued)

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

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.

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10. Retirement Plans (Continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 7.50% and 7.34% of their annual covered salary for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, the College reported a liability in the amount of \$89.1 million and \$94.9 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 0.376% and 0.370% for the fiscal year ended June 30, 2019 and 2018.

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10. Retirement Plans (Continued)

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions for the June 30, 2018 and 2017 measurement date:

	2019	2018
Inflation Rate	2.25%	2.25%
Salary increases:		
Through 2026	1.65-4.15% based on age	1.65-4.15% based on age
Thereafter	2.65 - 5.15% based on age	2.65 - 5.15% based on age
Investment rate of return	7.00%	7.00%

For the June 30, 2018 and 2017 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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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, 2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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10. Retirement Plans (Continued)

As of June 30, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both years and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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. The state employers contributed 50% and 40% of the actuarially determined contributions during the year ended June 30, 2018 and 2017, respectively. 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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June 30, 2019 and 2018

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, 2018, 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 (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
College's proportionate share of the net pension liability	\$ 103,022	\$ 89,083	\$ 77,407

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

For the years ended June 30, 2019 and 2018, the College recognized pension expense in the amount of \$1.8 million and \$3.7 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, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 8,704	\$ 17,930
Difference between expected and actual experience	1,551	743
Net differences between projected and actual earnings on pension plan investments	252	-
Changes in proportion and differences between College contributions and proportionate share of contributions	3,170	2,435
College contributions subsequent to the measurement date	2,976	-
	<u>\$ 16,653</u>	<u>\$ 21,108</u>

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

Notes to Financial Statements

June 30, 2019 and 2018

10. Retirement Plans (Continued)

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 12,418	\$ 13,441
Difference between expected and actual experience	2,175	
Net differences between projected and actual earnings on pension plan investments	603	-
Changes in proportion and differences between College contributions and proportionate share of contributions	2,705	3,565
College contributions subsequent to the measurement date	<u>2,341</u>	<u>-</u>
	<u>\$ 20,242</u>	<u>\$ 17,006</u>

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, 2019. 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/(Inflows)
2020	\$ (1,609)
2021	(1,609)
2022	(1,609)
2023	(1,609)
2024	(995)
Total deferrals recognized as pension expense	<u>\$ (7,431)</u>
Deferred outflows recognized as a reduction to net pension liability	<u>2,976</u>
Net deferred outflows	<u>\$ (4,455)</u>

Ramapo College of New Jersey
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Notes to Financial Statements

June 30, 2019 and 2018

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:

	2019	2018
Employer contribution	\$ 3,720	\$ 3,328
Employee contribution	\$ 4,684	\$ 4,493
Basis for contributions		
Participating employee salaries	\$ 46,498	\$ 41,596

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.

Ramapo College of New Jersey
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Notes to Financial Statements

June 30, 2019 and 2018

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 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 each member's eligible wages. Prudential received employee contribution that approximated the following from College during the years ended June 30 (dollars in thousands):

	2019	2018
Employer contribution	\$ 21	\$ 16
Employee contribution	\$ 36	\$ 30
Basis for contributions		
Participating employee salaries	\$ 706	\$ 543

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

11. Post-Employment Benefits Other Than Pensions

The College's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan).

Plan description, including benefits provided

The Plan is a single-employer defined benefit other postemployment benefit plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: PERS, ABP or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the College's employees retain any and all rights to the health benefits in the Plan, even though the College is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the College; therefore, the Plan meets the definition of a special funding situation as defined in GASB 75.

Ramapo College of New Jersey
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Notes to Financial Statements

June 30, 2019 and 2018

11. Post-Employment Benefits Other Than Pensions (Continued)

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB 75.

Total OPEB Liability and OPEB expense

As of June 30, 2019 and 2018, the State recorded a liability of \$145.8 million and \$163.5 million which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the College (the College's share). The College's share was based on the ratio of its members to the total members of the Plan. At June 30, 2019 and June 30, 2018, the College's share was 2.0% of the special funding situation and 0.62% and 0.58% of the Plan, respectively.

For the year ended June 30, 2019 and 2018, the College recognized OPEB expense of \$6.7 million and \$9.6 million. As the State is legally obligated for benefit payments on behalf of the College, the College recognized revenue related to the support allocated by the State of \$6.7 million and \$9.6 million.

Actuarial assumptions and other inputs

The State's liability associated with the College at June 30, 2019 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
Discount rate	3.87%
Salary increases	
Through 2026	1.65 - 4.15%
Thereafter	2.65 - 5.15%

The discount rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on age or years of service.

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

Notes to Financial Statements

June 30, 2019 and 2018

11. Post-Employment Benefits Other Than Pensions (Continued)

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans, including PERS (July 1, 2011 through June 30, 2014) ABP (using the experience of the Teacher's Pension and Annuity Fund – July 1, 2012 through June 30, 2015), and PFRS (July 1, 2010 through June 30, 2013).

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Ramapo College of New Jersey
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Notes to Financial Statements

June 30, 2019 and 2018

12. 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)

		Changes in		Changes in	
	Net position at	net position	Net position at	net position	Net position at
	June 30, 2017	in 2018	June 30, 2018	in 2019	June 30, 2019
Net investment in capital assets	\$ 92,855	\$ 4,513	\$ 97,368	\$ 1,868	\$ 99,236
Restricted	794	389	1,183	279	\$ 1,462
Unrestricted					
Capital projects	46,346	1,457	47,803	1,833	49,636
Current					
Operating	21,273	(2,206)	19,067	4,222	23,289
GASB 68 impact	(88,037)	(3,664)	(91,701)	(1,837)	(93,538)
Total Current	(66,764)	(5,870)	(72,634)	2,385	(70,249)
Total Net Position	\$ 73,231	\$ 489	\$ 73,720	\$ 6,365	\$ 80,085

The implementation of GASB 75 had no impact on the College's net position. The annual expense allocated to the College from the State is presented on the Statement of Revenues, Expenses and Changes in Net Position, along with the allocated revenue.

13. 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, 2019 and 2018 amounted to approximately \$2.3 million and \$2.2 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 at June 30, 2019 and 2018 was \$1.3 million and \$1.2 million. The College has made payments of approximately \$48,000 and \$125,000 for unused sick time in fiscal year 2019 and 2018, respectively.

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

Notes to Financial Statements

June 30, 2019 and 2018

14. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2019 and 2018 are not included in the financial statements. The College has approved contracts in fiscal 2019 and 2018 of approximately \$5.3 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.

15. 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 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 completed the installation of solar carports and rooftop and ground-mounted panels and began utilizing the solar panels in August of 2019.

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.

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, 2019 and 2018.

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

Notes to Financial Statements

June 30, 2019 and 2018

15. Contingencies (Continued)

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.

16. 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. The College expended \$0.5 million for government and public relations during both years ended June 30, 2019 and 2018 and \$0.1 million and \$0.2 million in legal fees during the years ended June 30, 2019 and 2018, respectively.

17. 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, 2019 and 2018, the Foundation distributed \$3.6 million and \$2.8 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.

* * * * *

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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's proportion of the net pension liability	0.38%	0.37%	0.36%	0.37%	0.39%
College's proportionate share of the net pension liability	\$ 89,083	\$ 94,937	\$ 105,486	\$ 88,667	\$ 78,354
College's covered-employee payroll (As of the measurement date)	\$ 17,142	\$ 16,543	\$ 16,015	\$ 15,439	\$ 15,439
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	519.68%	573.88%	658.67%	574.31%	507.51%
Plan fiduciary net position as a percentage of the total pension liability	40.45%	36.78%	31.20%	24.96%	30.06%

*Information provided for Required Supplementary Information will be provided for ten (10) years as the information becomes available in subsequent years.

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)

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,976	\$ 2,341	\$ 1,681	\$ 1,136	\$ 668
Contributions in relation to the contractually required contribution	<u>2,976</u>	<u>2,341</u>	<u>1,681</u>	<u>1,136</u>	<u>668</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll (As of fiscal year end)	\$ 17,442	\$ 17,142	\$ 16,543	\$ 16,015	\$15,439
Contributions as a percentage of covered-employee payroll	17.06%	13.66%	10.16%	7.09%	4.33%

*Information provided for Required Supplementary Information will be provided for ten (10) years as the information becomes available in subsequent years.

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

Schedule of Proportionate Share of the Total OPEB Liability
Last 10 Years *
(dollars in thousands)

	<u>2019</u>	<u>2018</u>
College's proportion of the total OPEB liability	0.00%	0.00%
College's proportionate share of the total OPEB liability	\$ -	\$ -
State of New Jersey's proportionate share, relating to Ramapo College of New Jersey, of the total OPEB liability	<u>145,811</u>	<u>163,520</u>
Total OPEB Liability	\$ 145,811	\$ 163,520
College's covered employee payroll	\$ 55,848	\$ 46,521
College's proportionate share of the collective total OPEB liability as a percentage of covered- employee payroll	0.00%	0.00%

*Information provided for Required Supplementary Information will be provided for ten (10) years as the information becomes available in subsequent years.

OTHER SUPPLEMENTARY INFORMATION

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
Student Financial Assistance Cluster:				
Direct Programs:				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ -	\$ 171,372
Federal Direct Student Loans (Note 3)	84.268		-	29,121,025
Federal Work-Study Program	84.033		-	245,015
Federal Perkins Loan Program (current year) (Note 2)	84.038		-	-
Federal Perkins Loan Program (beginning loan balance)	84.038		-	882,916
Federal Pell Grant Program	84.063		-	7,116,589
Total Student Financial Assistance Cluster			-	37,536,917
Research and Development Cluster:				
Direct Programs:				
National Science Foundation				
Education and Human Resources				
Education and Human Resources	47.076		-	189,500
			-	189,500
Indirect Programs:				
Passed Through Rutgers The State University				
Small Business Administration				
Small Business Development Centers	59.037	SBAHQ-17-B-0039	-	136,423
Total Research and Development Cluster			-	325,923
Trio Cluster:				
Direct Programs:				
U.S. Department of Education				
Student Support Services Program	84.042A		-	288,412
Upward Bound	84.047M		-	297,100
Total Trio Cluster			-	585,512
Other Federal Awards:				
Direct Programs:				
Department of Education				
Undergraduate International Studies and Foreign Language Programs	84.016		-	44,037
National Science Foundation				
Mathematical and Physical Sciences	47.049		-	3,024
Biological Sciences	47.074		-	15,830
National Historical Publications and Records Administration				
National Historical Publications and Records Grants	89.003		-	207,363
			-	270,254
Indirect Programs:				
Passed Through the State of New Jersey Department of Public Safety				
United States Department of Justice				
Crime Victim Assistance	16.575	VSAI-2-16	-	18,497
Total Other Federal Awards			-	288,751
Total Expenditures of Federal Awards			\$ -	\$ 38,737,103

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of State of New Jersey Awards
Year Ended June 30, 2019

State of New Jersey Grantor/ Pass-Through Grantor/Program or Cluster Title	Grant/Account or Other I.D. Number	Grant Period	Fiscal Year Grant Expenditures	Total Grant Expenditures To Date
Direct Programs:				
N.J. Department of Treasury – Office of Student Assistance				
Student Financial Assistance Cluster:				
Tuition Aid Grant	10-100-082-2150-007	July 1, 2018 to June 30, 2019	\$ 6,463,375	\$ 6,463,375
N.J. Department of State				
Student Financial Assistance Cluster:				
Educational Opportunity Fund - Article III - Financial Aid FY 2019	10-100-084-2601-001	July 1, 2018 to June 30, 2019	439,950	439,950
Educational Opportunity Fund - Article III - Summer Program 2019	2601-100-074-2601-004	June 1, 2018 to August 31, 2018	341,706	341,706
Educational Opportunity Fund - Article III - Summer Program 2020	2601-100-074-2601-004	June 1, 2019 to August 31, 2019	21,374	21,374
Total Student Financial Assistance Cluster			<u>7,266,405</u>	<u>7,266,405</u>
N.J. Department of Treasury				
State of New Jersey Fringe Benefits on State Positions	100-094-9410-003	July 1, 2018 to June 30, 2019	23,662,528	23,662,528
FICA-State Colleges and Universities Reimbursement Program	100-082-2155-2062	July 1, 2018 to June 30, 2019	4,565,950	4,565,950
State of New Jersey Appropriations	10-100-074-2475	July 1, 2018 to June 30, 2019	14,953,000	14,953,000
Total N.J. Department of Treasury			<u>43,181,478</u>	<u>43,181,478</u>
State of New Jersey				
New Jersey Educational Facilities Authority				
Higher Education Facilities Trust Fund - "G" Wing Renovations	042-01	September 1, 2014 to June 30, 2019	-	16,971,801
Higher Education Capital Improvement Fund - Copy Center/ Public Safety Relocations	042-06	March 1, 2014 to June 30, 2019	-	124,038
Higher Education Technology Infrastructure Fund	042-05	January 1, 2014 to June 30, 2019	7,981	514,089
Higher Education Equipment Leasing Fund Program - Technology	042-05	January 1, 2014 to June 30, 2019	-	416,891
Higher Education Equipment Leasing Fund Program - "G" Wing Renovations and Scientific Equipment	042-01	January 1, 2014 to June 30, 2019	-	629,373
Higher Education Capital Improvement Fund - Copy Center	142-01	December 1, 2016 to June 30, 2019	6,028,898	8,062,143
Total New Jersey Educational Facilities Authority			<u>6,036,879</u>	<u>26,718,335</u>
New Jersey Commission on Higher Education				
Educational Opportunity Fund - Article IV - Academic Year 2019	10-100-074-2601-003	July 1, 2018 to June 30, 2019	238,310	238,310
New Jersey Higher Education Student Assistance Authority				
Urban Scholarships	-	July 1, 2018 to June 30, 2019	8,500	8,500
New Jersey Stars	-	July 1, 2018 to June 30, 2019	38,235	38,235
Total New Jersey Higher Education Student Assistance Authority			<u>46,735</u>	<u>46,735</u>
N.J. Department of Education				
MSP Competitive Grant	17E00045	July 1, 2016 to August 31, 2018	23,678	552,787
Total Direct Programs			<u>56,793,485</u>	<u>78,004,050</u>
Indirect Programs:				
N.J. Department of State				
Passed through Rutgers, The State University New Jersey Small Business Development Centers	17BAC000SBDC	July 1, 2018 to June 30, 2019	57,344	57,344
Total Expenditures of State of New Jersey Awards			<u>\$ 56,850,829</u>	<u>\$ 78,061,394</u>

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

Notes to Schedule of Expenditures of Federal and State of New Jersey Awards

June 30, 2019

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal and State of New Jersey Awards (the "Schedules") have been prepared in the format required under Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The purpose of these Schedules is to present a summary of those activities of the College for the year ended June 30, 2019 which have been financed by the Federal government and State of New Jersey. For purposes of these Schedules, Federal and State of New Jersey Awards include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other non-cash assistance. Because these Schedules present only a selected portion of the activities of the College, they are not intended to, and do not, present the financial position, changes in fund balances or the current funds revenues, expenditures, and other changes of the College in conformity with generally accepted accounting principles.

The accounting practice followed by the College in preparing the accompanying Schedules is as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. The College Administers the Following Federal Loan Programs

	<u>CFDA Number</u>	<u>Loans extended for the year ended June 30, 2019</u>	<u>Outstanding principal balance at June 30, 2019</u>
Perkins Loan Program	84.038	\$ -	\$ 800,926

During the fiscal year ended June 30, 2019, the College processed the following amount of new loans under the Stafford Student Loans program (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	<u>CFDA Number</u>	<u>Value of Loans</u>
Federal Direct Loans	84.268	
Subsidized		\$ 8,965,648
Unsubsidized		<u>12,407,940</u>
		<u>\$ 21,373,588</u>
Parent Loans for Undergraduate Students (PLUS)		<u>\$ 7,747,437</u>

3. Indirect Cost Rate

The College has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Ramapo College of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Ramapo College of New Jersey's basic financial statements, and have issued our report thereon dated December 20, 2019. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ramapo College of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ramapo College of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Ramapo College of New Jersey's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
December 20, 2019

**Report on Compliance For Each Major Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance for Federal Awards and New Jersey OMB
Circular Letter 15-08**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited Ramapo College of New Jersey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Ramapo College of New Jersey's major federal and state programs for the year ended June 30, 2019. Ramapo College of New Jersey's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Ramapo College of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the
financial statements audited were prepared in
accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ Yes ✓ No
_____ Yes ✓ None reported

Noncompliance material to financial statements noted?

_____ Yes ✓ No

Federal and State of New Jersey Awards

Internal control over major federal and state programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ Yes ✓ No
_____ Yes ✓ None reported

Type of auditors' report issued on compliance
for major federal and state programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)
or New Jersey OMB Circular Letter 15-08?

_____ Yes ✓ No
_____ Yes ✓ No

Identification of major federal and state programs:

CFDA Number/
State Account Number

Name of Federal and State Program or Cluster

Federal:

84.007 / 84.268 / 84.033 / 84.038 / 84.063

Student Financial Assistance Cluster

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section 1 - Summary of Auditors' Results (continued)

CFDA Number/
State Account Number

Name of Federal and State Program or Cluster

State:

10-100-074-2475

State of New Jersey Appropriations

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 750,000 (Federal Awards)
\$1,705,525 (State of New Jersey Awards)

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Section 2 - Financial Statement Findings

During our audit, we noted no findings for the year ended June 30, 2019.

Section 3 - Federal and State of New Jersey Awards Findings and Questioned Costs

During our audit, we noted no instances of non-compliance for the year ended June 30, 2019.

Section 4 – Prior Year Findings

There were no findings in the prior year.