

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, 2020 and 2019
(With Independent Auditors' Reports Thereon)

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

Financial Statements
June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 19, 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 that collectively comprise the College's basic financial statements. 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 March 24, 2021 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

Woodcliff Lake, New Jersey
March 24, 2021

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

Management's Discussion and Analysis
June 30, 2020 and 2019

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, 2020 and 2019 and comparative amounts for the year ended June 30, 2018. 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 509 course offerings and 43 academic programs. Ramapo also offers 10 joint bachelor of science programs in the medical profession. Ramapo boasts an average student/faculty ratio of 16:1 and average class size of 22, 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. College Choice ranked Ramapo as the “#1 Public College in the State of New Jersey” and is ranked #3 overall, with Princeton University and Stevens Institute of Technology, in the top two spots.

Kiplinger's Personal Finance Magazine ranked Ramapo as among the 100 Best Values in Public Colleges for the 13th consecutive year.

The College also is ranked annually by U.S. News & World Report as one of the Best Regional Public Universities North category and is a Top College for the value by Money magazine listing Ramapo fifth in the state in its 2019-2020 “Best College for Your Money” rankings list.

Ramapo College residence halls are again ranked #1 among all higher education institutions in the state of New Jersey in the 2020 Niche Rankings for Best Dorms in New Jersey.

CondeNastTraveler recently named Ramapo as one of the 50 Most Beautiful College Campuses in America.

Ramapo is also recognized as a “Military Friendly School” by Victory Media, in the 2020 Guide to Military Friendly Schools and Ramapo is featured on CollegesofDistinction.com, a website dedicated to honoring schools nationwide for their excellence in student-focused higher education, nursing and business. Ramapo College is also recognized by Colleges of Distinction in the area of Career Development, Equity and Inclusion and Military support.

Ramapo also is recognized as a Top 10 ranked college for highest return on investment by Affordable Colleges Online

The National Historic Publications and Records Commission (NHPRC), a department of the National Archives, has awarded additional funds in 2020 for the Jane Addams Papers Project 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.

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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 Susan A. Vallario.

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.

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.

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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, 2020, 2019 and 2018, a reconciliation is show below (dollars in thousands):

Net Position	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 98,702	\$ 99,236	\$ 97,368
Expendable restricted	1,110	1,462	1,183
Unrestricted capital projects	65,172	49,636	47,803
Unrestricted operating current	<u>15,866</u>	<u>23,289</u>	<u>19,067</u>
Total unrestricted prior to GASB 68	81,038	72,925	66,870
Unrestricted GASB 68 impact	<u>(94,656)</u>	<u>(93,538)</u>	<u>(91,701)</u>
Total unrestricted, including GASB 68	<u>(13,618)</u>	<u>(20,613)</u>	<u>(24,831)</u>
 Total net position	 <u>\$ 86,194</u>	 <u>\$ 80,085</u>	 <u>\$ 73,720</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, 2020, 2019 and 2018 is as follows (dollars in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets	\$ 119,747	\$ 101,111	\$ 99,263
Capital assets, net	327,255	325,773	327,269
Other assets	149	12,899	18,628
Total assets	<u>447,151</u>	<u>439,783</u>	<u>445,160</u>
Deferred Outflows of Resources	<u>13,167</u>	<u>16,653</u>	<u>20,242</u>
Liabilities			
Current liabilities	43,369	30,962	29,535
Noncurrent net pension liability	88,197	89,083	94,937
Other noncurrent liabilities	222,933	235,198	250,204
Total liabilities	<u>354,499</u>	<u>355,243</u>	<u>374,676</u>
Deferred Inflows of Resources	<u>19,625</u>	<u>21,108</u>	<u>17,006</u>
Net Position			
Net investment in capital assets	98,702	99,236	97,368
Expendable restricted	1,110	1,462	1,183
Unrestricted capital projects	65,172	49,636	47,803
Unrestricted operating current	15,866	23,289	19,067
Total unrestricted prior to GASB 68	81,038	72,925	66,870
Unrestricted GASB 68 impact	<u>(94,656)</u>	<u>(93,538)</u>	<u>(91,701)</u>
Total net position	<u>\$ 86,194</u>	<u>\$ 80,085</u>	<u>\$ 73,720</u>

During fiscal year 2020, Ramapo's total assets increased by \$7.4 million. Current assets increased by \$18.6 million primarily due to increases in cash and cash equivalents and student receivables and the current portion of deposits held with trustees. Noncurrent assets were impacted by a decrease in deposits held with trustees due to the utilization of funds from the prior years' debt placements. Capital assets increased by \$1.5 million primarily as a result of the increased activity on the Learning Commons project as well as by some smaller capital projects, partially offset by depreciation.

Total liabilities decreased by \$0.7 million. Noncurrent net pension liability decreased \$0.9 million to \$88.2 million as of the year ending June 30, 2020, long-term debt decreased by \$9.1 million and unearned revenue decreased by \$2.9 million as revenue related to current projects was realized.

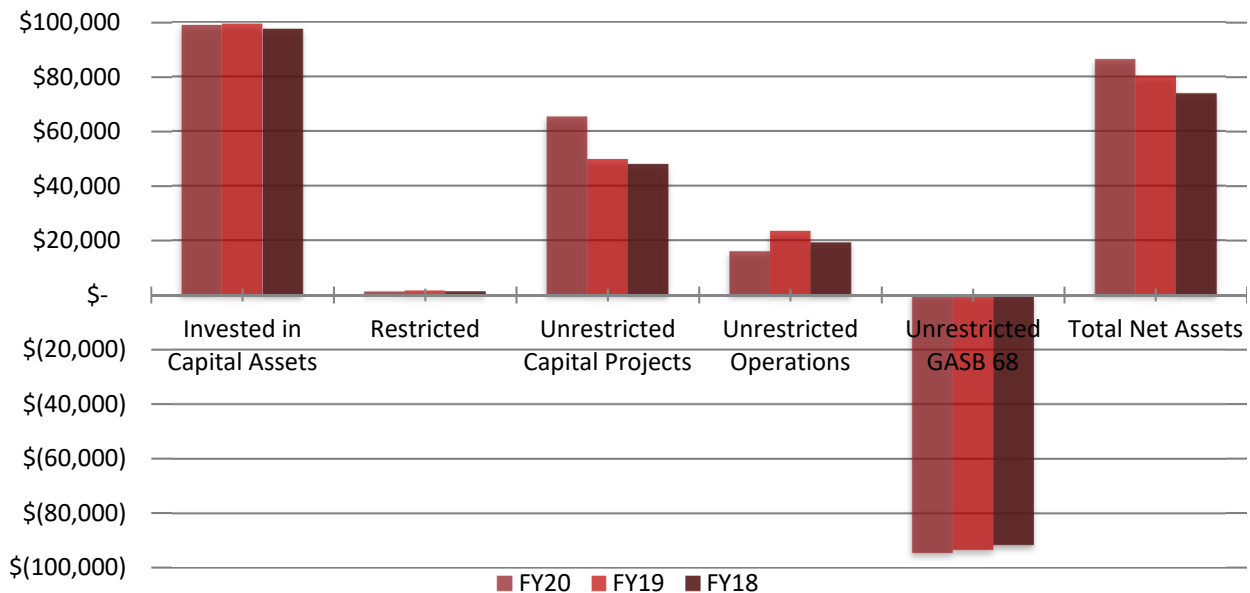
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There was also an increase of \$12.4 million in current liabilities, mostly in accounts payable, the current portion of long-term debt, accrued expenses and deposits, due to timing.

During fiscal year 2020, total net position increased by \$6.1 million, which included GASB 68 pension expense of \$1.1 million. GASB 75 expense of \$0.7 million was offset by allocated State appropriations and therefore had no effect on net position. Excluding GASB 68, the College had an \$8.1 million increase in its net position during fiscal 2020.

Graphically displayed is the comparative net position change by category for the fiscal years ended June 30, 2020, 2019 and 2018 as 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.

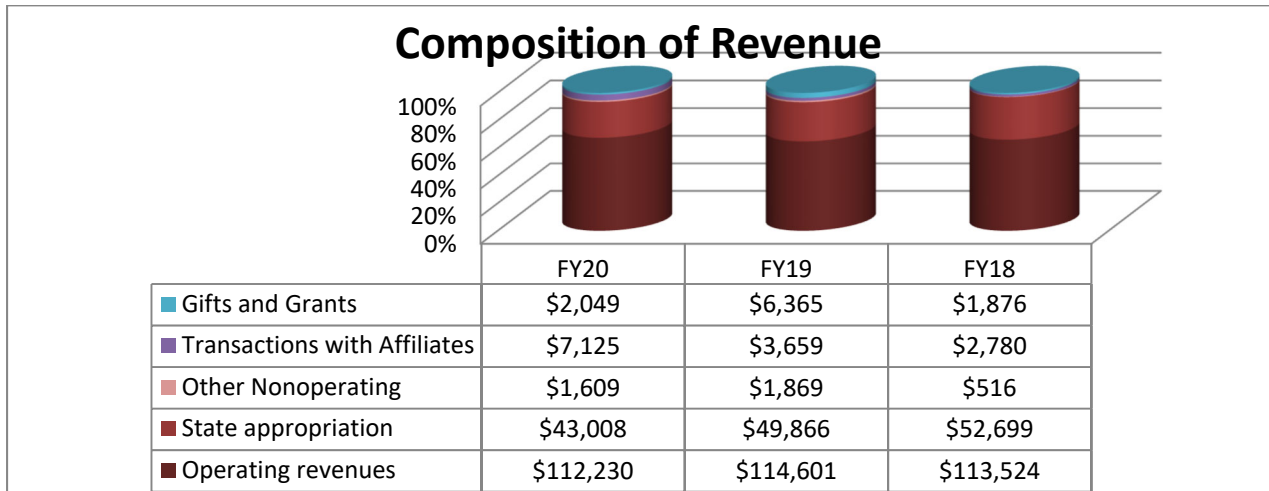
A condensed statement of revenues for the fiscal years ended June 30, 2020, 2019 and 2018 follows (dollars in thousands).

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues			
Student revenues, net	\$ 94,281	\$ 97,224	\$ 96,855
Grants and contracts	17,032	16,207	15,361
Other	<u>917</u>	<u>1,170</u>	<u>1,308</u>
Total operating revenues	<u>112,230</u>	<u>114,601</u>	<u>113,524</u>
Non-operating revenue			
State appropriation	43,008	49,866	52,699
Transactions with affiliates	7,125	3,659	2,780
Investment and other	<u>1,609</u>	<u>1,869</u>	<u>516</u>
Total non-operating revenue	<u>51,742</u>	<u>55,394</u>	<u>55,995</u>
Capital grants and gifts	<u>2,049</u>	<u>6,365</u>	<u>1,876</u>
Total revenues	<u>\$ 166,021</u>	<u>\$ 176,360</u>	<u>\$ 171,395</u>

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A graphical breakdown of each category's percentage of total revenues for the fiscal years ended June 30, 2020, 2019 and 2018 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 decreased by \$2.9 million from fiscal year 2019 to 2020, as a result of leveled enrollment, coupled with a significantly low tuition increase and refunds of \$5.2 million as a result of the COVID-19 pandemic. Ramapo applied \$24.5 million, \$24.9 million and \$25.1 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal years 2020, 2019 and 2018, respectively. The main source of these allowances comes from the College, but also includes federal and state grants. The fiscal year 2020 allowances include \$7.5 million from the College, \$8.8 million federal, and \$8.2 million from the State and others.

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Federal, State & Local Grants and Contracts

Federal, state and local grant and contract revenue includes student financial aid. For fiscal year 2020 grant revenue from all sources was \$17.0 million, \$0.8 million more than fiscal year 2019, included in this change were federal grants which were up \$0.2 million, state grants which were up \$0.6 million.

Non-operating Revenues

New Jersey State Appropriation

Total State appropriation, which includes fringe benefits and OPEB benefits, decreased \$6.9 million in fiscal year 2020, as compared to 2019. The main decrease relates to the reduction of support as a result of the COVID-19 pandemic. In addition, OPEB revenue of \$0.7 million and \$6.7 million were included in the revenue balances in 2020 and 2019, respectively. The composite fringe benefit rate is based on gross salary and the composite fringe benefit rate decreased to 46.2% in 2020. In recent years, the direct State operational appropriations to College remained steady at \$15.0 million through 2019. In 2020, direct State operational appropriations to the College decreased to \$13.1 million due to the State's financial situation in response to Coronavirus pandemic. 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 2020, there was an increase of \$3.5 million in support payments as compared to the prior year.

Investment and Other

In 2020, there were earnings of \$1.6 million, as compared to \$1.9 million in 2019, a decrease of \$0.3 million driven primarily by market conditions.

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Expenses

A condensed statement of expenses for the fiscal years ended June 30, 2020, 2019 and 2018 is as follows (dollars in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating expenses			
Instruction	\$ 57,103	\$ 59,008	\$ 61,070
Research and Public Service	227	301	291
Academic support	6,338	8,001	8,513
Student services	14,527	15,485	16,031
Institutional support	24,168	22,929	21,493
Student financial aid	453	517	574
Operations and maintenance of plant	14,975	18,605	19,275
Depreciation	15,592	15,230	14,744
Auxiliary	17,060	20,742	21,892
Total operating expenses	<u>150,443</u>	<u>160,818</u>	<u>163,883</u>
Non-operating expenses	<u>9,469</u>	<u>9,177</u>	<u>7,023</u>
 Total expenses	 <u>\$ 159,912</u>	 <u>\$ 169,995</u>	 <u>\$ 170,906</u>

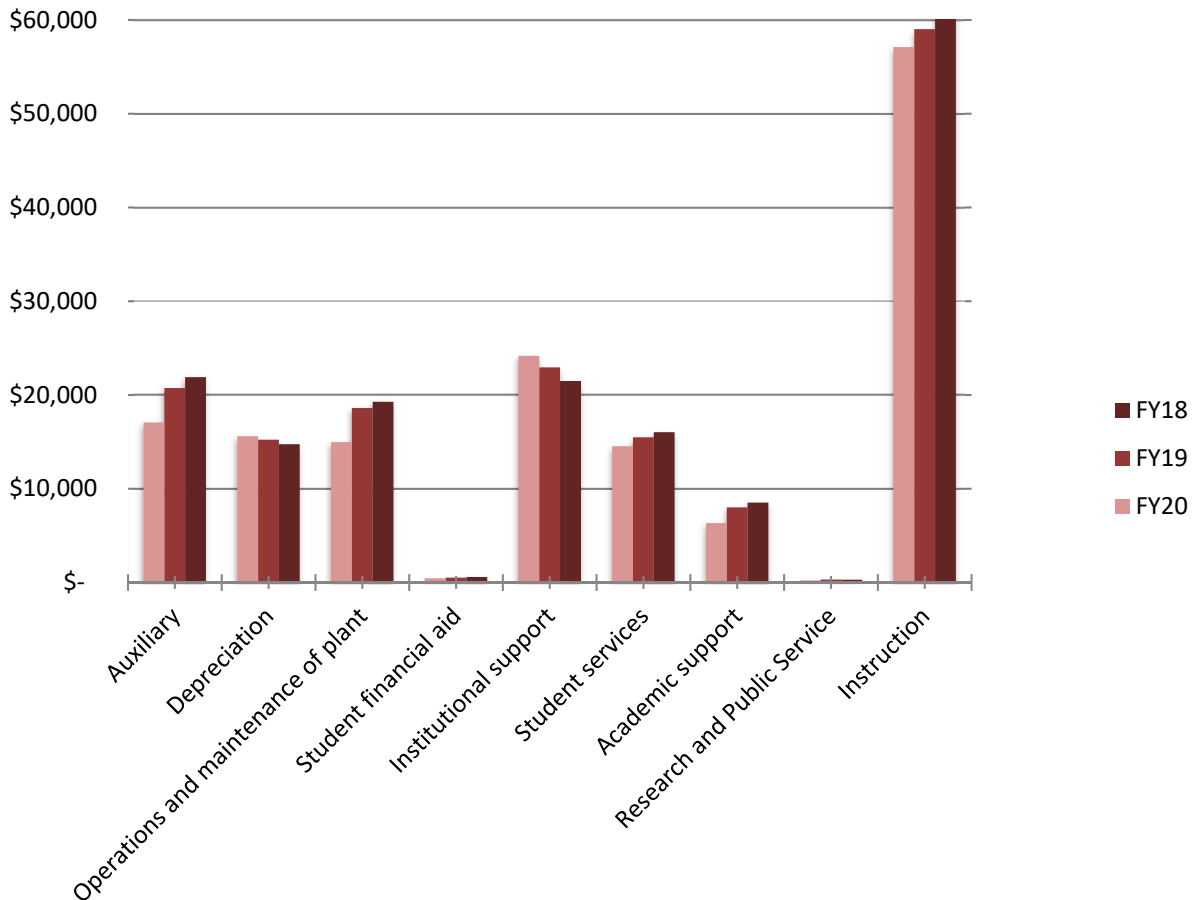
Salaries and benefits comprised approximately 71% and 72% of the College's total operating expenses for fiscal year 2020 and 2019, respectively. Total operating expenses decreased in fiscal 2020 by \$10.0 million from fiscal 2019, mainly as a result of the decrease in pension and OPEB expense both of which are allocated to the functional categories.

During 2020, interest on debt service, included in non-operating expenses increased \$0.3 million to \$9.5 million. This reflects the impact of capitalized interest in 2019. In June 2018, the GASB issued Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period. The primary objectives of this statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The College adopted GASB 89 for its fiscal year 2020 financial statements.

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A comparative graph of functional operating expense for the fiscal years ended June 30, 2020, 2019 and 2018 is as follows (dollars in thousands):



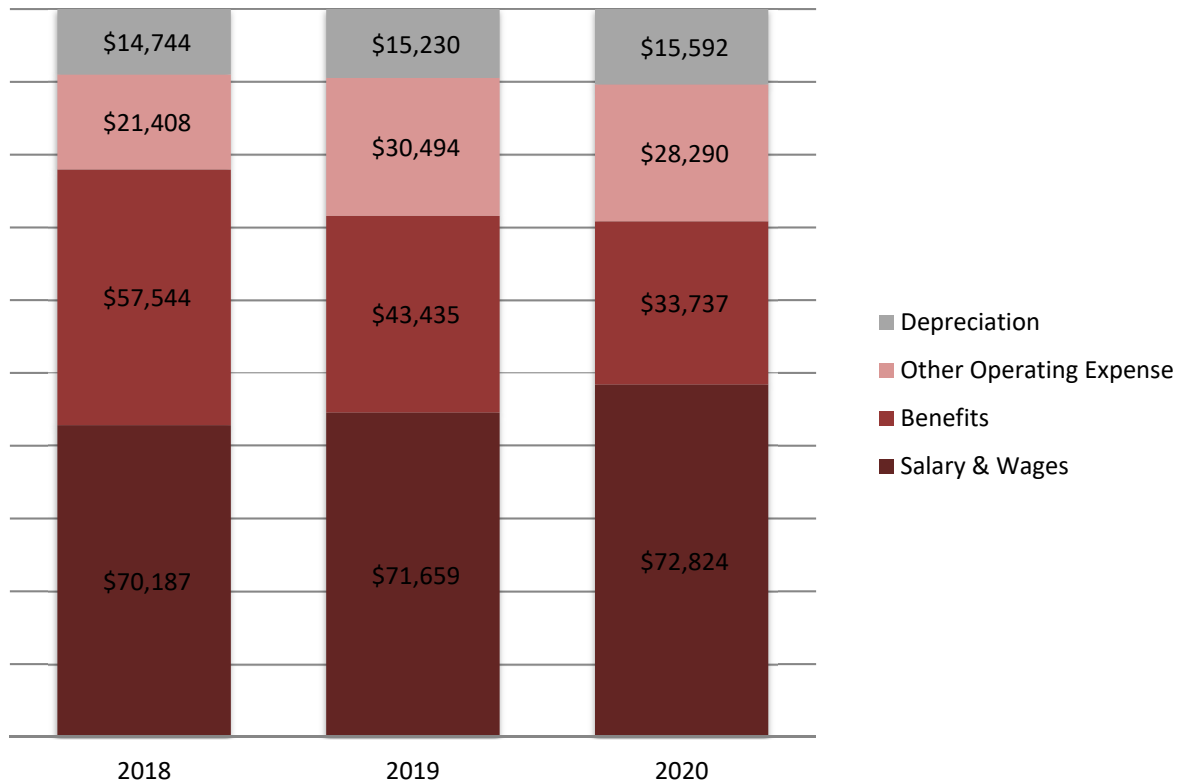
Natural Classification Expenses:

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 2020 as compared to fiscal 2019 shows salaries and wages increasing from \$71.7 million to \$72.8 million. Benefits decreased from \$43.4 million in fiscal 2019 to \$33.7 million in fiscal 2020, depreciation increased from \$15.2 million in fiscal 2019 to \$15.6 million in fiscal 2020 as a result of the completion of projects and other operating expenses decreased from \$30.5 million in fiscal 2019 to \$28.3 million in fiscal 2020. Salary and benefits are mostly negotiated by the State; therefore, the College only controls the number of employees related to the expense. The significant decrease in benefits in fiscal 2020 from 2019 is due to the decrease in the OPEB expense of \$6.0 million. This expense is 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.

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

Management's Discussion and Analysis
June 30, 2020 and 2019

Operating expenses by natural classification for the fiscal years ended June 30, 2020, 2019 and 2018 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 may 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, 2020 and 2019

A condensed statement of cash flow for the fiscal years ended June 30, 2020, 2019 and 2018 is as follows (dollars in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net cash from:			
Operating activities	\$ 17,297	\$ 7,481	\$ 6,105
Noncapital financing activities	20,218	18,612	17,733
Capital financing activities	(31,679)	(24,469)	(22,506)
Investment income	<u>1,609</u>	<u>1,869</u>	<u>516</u>
Net increase in cash	7,445	3,493	1,848
Cash – beginning of year	<u>77,695</u>	<u>74,202</u>	<u>72,354</u>
Cash – end of year	<u>\$ 85,140</u>	<u>\$ 77,695</u>	<u>\$ 74,202</u>

Cash from operating activities was \$17.3 million in fiscal 2020 versus \$7.5 million in fiscal 2019, an increase of \$9.8 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 is working on updating its Campus Facilities Master Plan to further identify and prioritize capital needs for the future. At June 30, 2020, the College had \$327.3 million invested in capital assets, net of accumulated depreciation of \$206.3 million. Depreciation expense was \$15.6 million in fiscal year 2020 and \$15.2 million in fiscal 2019.

Ramapo College of New Jersey
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A condensed statement of net capital asset as of June 30, 2020, 2019 and 2018 is as follows (dollars in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements, net	2,950	2,752	2,997
Infrastructure, net	9,978	9,913	10,054
Buildings and improvements, net	286,884	298,050	300,366
Equipment, net	4,114	3,681	3,558
Library collection, net	712	852	540
Construction in progress	<u>19,386</u>	<u>7,294</u>	<u>6,523</u>
Total	<u>\$ 327,255</u>	<u>\$ 325,773</u>	<u>\$ 327,269</u>

As a result of the start of some significant projects in 2020, construction in progress increased by \$12.1 million as of June 30, 2020 from \$7.3 million as of June 30, 2019. The most significant construction project started in fiscal 2020 include the renovations of the Learning Commons.

Debt

At June 30, 2020, the College had \$229.5 million in debt outstanding as compared to \$238.6 million at June 30, 2019. 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 May 2020, 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 2019A 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
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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 portion of the College's expenses and the State controls salary and benefit negotiations for a majority of College employees. New Jersey continues to face challenging economic times. Most notably in 2020, the impact of COVID-19, forced the State of New Jersey to freeze almost \$1 billion in appropriations in fiscal 2020 and extend its fiscal year to September 30, 2020. All aspects of the College have been impacted. Although the full economic impacts of COVID-19 remain to be seen, the College has modified its operations in fiscal 2021 to address many of the implications. Enrollment is expected to be slightly lower, and revenue is expected to also be lower as a result of a decrease in room and board. These economic factors may affect future appropriations to the College as well as increasing operational costs. The College is expecting to maintain State appropriation levels, however an increase in operational costs may place an increased burden on tuition and fees to fund operating costs in the future.

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.

The College is expecting total enrollment to continue to hold steady 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 2018, the College successfully offered additional enrollment opportunities with its Family Nurse Practitioner and the Nursing Administrator tracks in the Masters of Science in Nursing program. Fall 2019 brought the College's new Masters of Science in Accounting, and in Fall 2020, the College welcomed students to its first doctoral program, the Doctor of Nursing Practice (DNP) and launched both a Bachelor of Science and a Master of Science in Data Science. Ramapo is among only two higher education institutions in New Jersey to offer an undergraduate program in Data Science, and is also only one of two institutions in the State to offer both an undergraduate and graduate program. In September 2020, Ramapo announced its newest graduate program, a Master of Fine Arts degree in Creative Music Technology in Fall 2021. 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. In addition, the College will review its outstanding debt obligations to determine if future savings or increased cash flows can be achieved through a debt refinance to increase its financial strength, as interested rates remain low. Ramapo remains committed to its mission of serving the educational needs of New Jersey.

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

Management's Discussion and Analysis
June 30, 2020 and 2019

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, 2020
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 85,140	\$ 437	\$ 85,577
Short term investments	-	4,291	4,291
Receivables			
Students, less allowance of \$1,250	1,608	-	1,608
Loans, less allowance of \$754	324	-	324
Gifts and grants	3,639	409	4,048
Contributions, net	-	725	725
Due from Ramapo College Foundation (Due to College)	198	(198)	-
Other	1,470	55	1,525
Total Receivables	<u>7,239</u>	<u>991</u>	<u>8,230</u>
Prepaid expenses	636	5	641
Restricted deposits held by Trustees	26,732	-	26,732
Total Current Assets	<u>119,747</u>	<u>5,724</u>	<u>125,471</u>
Noncurrent Assets			
Investments, at fair value	-	17,837	17,837
Prepaid expenses	149	-	149
Contributions receivable, net	-	1,548	1,548
Capital assets, net	327,255	-	327,255
Total Noncurrent Assets	<u>327,404</u>	<u>19,385</u>	<u>346,789</u>
Total Assets	<u>447,151</u>	<u>25,109</u>	<u>472,260</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	13,167	-	13,167
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	18,802	68	18,870
Long-term debt - current portion	9,172	-	9,172
Unearned revenue-current portion	11,284	68	11,352
Compensated absences - current portion	2,579	-	2,579
Deposits	1,532	47	1,579
Total Current Liabilities	<u>43,369</u>	<u>183</u>	<u>43,552</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	220,311	-	220,311
Other liabilities	100	185	285
Unearned revenue-noncurrent portion	560	-	560
Compensated absences - noncurrent portion	1,515	-	1,515
Assets held on behalf of Federal government loan programs	447	-	447
Net pension liability	88,197	-	88,197
Total Noncurrent Liabilities	<u>311,130</u>	<u>185</u>	<u>311,315</u>
Total Liabilities	<u>354,499</u>	<u>368</u>	<u>354,867</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	19,625	-	19,625
NET POSITION			
Net investment in capital assets	98,702	-	98,702
Restricted			
Nonexpendable	-	13,988	13,988
Expendable			
Grants	-	9,259	9,259
Renewal and replacement	1,110	-	1,110
Unrestricted			
Capital projects	65,172	-	65,172
Current	(78,790)	1,494	(77,296)
Total Net Position	<u>\$ 86,194</u>	<u>\$ 24,741</u>	<u>\$ 110,935</u>

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, 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	<u>4,089</u>	<u>2,034</u>	<u>6,123</u>
Prepaid expenses	156	6	162
Restricted deposits held by Trustees	19,171	-	19,171
Total Current Assets	<u>101,111</u>	<u>3,996</u>	<u>105,107</u>
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	<u>338,672</u>	<u>23,016</u>	<u>361,688</u>
Total Assets	<u>439,783</u>	<u>27,012</u>	<u>466,795</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of pension resources	<u>16,653</u>	-	<u>16,653</u>
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	<u>30,962</u>	<u>246</u>	<u>31,208</u>
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	<u>324,281</u>	<u>208</u>	<u>324,489</u>
Total Liabilities	<u>355,243</u>	<u>454</u>	<u>355,697</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pension resources	<u>21,108</u>	-	<u>21,108</u>
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	<u>\$ 80,085</u>	<u>\$ 26,558</u>	<u>\$ 106,643</u>

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, 2020
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	\$ 84,456	\$ -	\$ 84,456
Less: tuition scholarship allowances	(21,494)	-	(21,494)
Net Student Tuition and Fees	62,962	-	62,962
Auxiliary enterprises	34,327	-	34,327
Less: auxiliary allowances	(3,008)	-	(3,008)
Net Auxiliary Enterprises	31,319	-	31,319
Federal grants and contracts	8,834	-	8,834
State and local grants and contracts	8,198	1,163	9,361
Contributions	-	4,486	4,486
Other operating revenues	917	878	1,795
Total Operating Revenues	112,230	6,527	118,757
EXPENSES			
Operating Expenses			
Instruction	57,103	-	57,103
Research & Public Service	227	-	227
Academic support	6,338	-	6,338
Student services	14,527	-	14,527
Institutional support	24,168	1,344	25,512
Student financial aid and scholarships	453	-	453
Operations and maintenance of plant	14,975	-	14,975
Depreciation	15,592	-	15,592
Auxiliary	17,060	-	17,060
Total Operating Expenses	150,443	1,344	151,787
Operating (Loss) Income	(38,213)	5,183	(33,030)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	13,093	-	13,093
State of New Jersey paid fringe benefits	29,258	-	29,258
State of New Jersey paid other post employment benefits	657	-	657
Investment income, net	1,609	125	1,734
Interest expense	(9,469)	-	(9,469)
Transactions with affiliates	7,125	(7,125)	-
Net Nonoperating Revenue (Expenses)	42,273	(7,000)	35,273
Capital gifts and grants	2,049	-	2,049
Increase (Decrease) in Net Position	6,109	(1,817)	4,292
NET POSITION			
Beginning of year	80,085	26,558	106,643
End of year	\$ 86,194	\$ 24,741	\$ 110,935

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	<u>114,601</u>	<u>3,305</u>	<u>117,906</u>
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	<u>160,818</u>	<u>1,741</u>	<u>162,559</u>
Operating (Loss) Income	<u>(46,217)</u>	<u>1,564</u>	<u>(44,653)</u>
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)	<u>46,217</u>	<u>(2,343)</u>	<u>43,874</u>
Capital gifts and grants	<u>6,365</u>	<u>-</u>	<u>6,365</u>
Increase (Decrease) in Net Position	6,365	(779)	5,586
NET POSITION			
Beginning of year	<u>73,720</u>	<u>27,337</u>	<u>101,057</u>
End of year	<u>\$ 80,085</u>	<u>\$ 26,558</u>	<u>\$ 106,643</u>

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)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 68,355	\$ 60,998
Grants and contracts	14,398	15,881
Payments to suppliers	(23,228)	(32,236)
Payments to employees	(72,260)	(71,547)
Payments for employee benefits	(1,588)	(2,887)
Auxiliary enterprise charges	31,319	36,526
Other	301	746
Net Cash from Operating Activities	17,297	7,481
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	13,093	14,953
Gifts and grants	7,125	3,659
Net Cash from Noncapital Financing Activities	20,218	18,612
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	(817)	10
Purchases of capital assets	(17,074)	(14,309)
Principal paid on capital debt and leases	(9,131)	(8,185)
Interest paid on capital debt and leases	(9,469)	(8,602)
Decrease (Increase) in deposits held by trustees	4,812	6,617
Net Cash from Capital Financing Activities	(31,679)	(24,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income, net	1,609	1,869
Net Increase in Cash and Cash Equivalents	7,445	3,493
CASH AND CASH EQUIVALENTS		
Beginning of year	77,695	74,202
End of year	\$ 85,140	\$ 77,695
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (38,213)	\$ (46,217)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation expense	15,592	15,230
State of New Jersey fringe benefits	29,258	28,228
State of New Jersey other post employment benefits	657	6,685
Changes in assets and liabilities		
Receivables, net	(2,823)	924
Prepaid expenses and other assets	(430)	(167)
Deferred outflows/inflows of resources	2,004	7,691
Net pension liability	(886)	(5,854)
Accounts payable and accrued expenses	6,248	248
Unearned tuition, fees, and deposits	5,742	185
Deposits	(173)	377
Compensated absences	565	113
Government grants refundable	(244)	38
Net Cash from Operating Activities	\$ 17,297	\$ 7,481

See accompanying notes to financial statements

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

Management's Discussion and Analysis
June 30, 2020 and 2019

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 ten graduate programs, which includes one doctoral program in nursing practice, 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.

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

Management's Discussion and Analysis
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *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.
- *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 is 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.

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

Management's Discussion and Analysis
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

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.

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.

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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 revenue 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, 2017.

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2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

In June 2018, the GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The primary objectives of this statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The College adopted GASB 89 for its fiscal year 2020 financial statements.

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.

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,	
	2020	2019
Cash and money market accounts	\$ 83,945	\$ 76,518
State of New Jersey Cash Management Fund	1,195	1,177
Total Cash and Cash Equivalents	\$ 85,140	\$ 77,695

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 \$75.0 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.

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3. Cash and Cash Equivalents (continued)

As of June 30, 2020 and 2019, cash and money market accounts balances held by depositories amounted to \$85.6 million and \$77.3 million, of which \$.9 million in each year were FDIC (Federal Deposit Insurance Corporation) insured. Bank balances in excess of insured amounts of \$84.7 million and \$76.4 million as of June 30, 2020 and 2019, respectively, were collateralized according to the irrevocable standby letter of credit agreement.

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, 2020 and 2019 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,	
	2020	2019
Construction fund	\$ 13,054	\$ 18,331
Debt service fund for principal and interest	12,454	12,326
Rental pledge fund	42	-
Renewal and replacement fund	1,182	887
	26,732	31,544
Less: current portion	26,732	19,171
Noncurrent Deposits Held by Trustees	\$ -	\$ 12,373

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4. Restricted Deposits Held by Trustees (continued)

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

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	2020		
		Investment maturities (in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 26,732	\$ 26,732	\$ -	\$ -
	<u>\$ 26,732</u>	<u>\$ 26,732</u>	<u>\$ -</u>	<u>\$ -</u>
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>

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, 2020 and 2019, restricted deposits held by trustees were invested in money market funds.

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, 2020 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	7,294	13,721	(1,629)	19,386
	<u>10,525</u>	<u>13,721</u>	<u>(1,629)</u>	<u>22,617</u>
Depreciable Capital Assets				
Land improvements	7,697	531	-	8,228
Buildings and improvements	458,117	2,471	-	460,588
Equipment	16,175	1,422	-	17,597
Library collection	6,119	32	-	6,151
Infrastructure	17,825	526	-	18,351
	<u>505,933</u>	<u>4,982</u>	<u>-</u>	<u>510,915</u>
Total Capital Assets	<u>516,458</u>	<u>18,703</u>	<u>(1,629)</u>	<u>533,532</u>
Accumulated Depreciation				
Land improvements	4,945	333	-	5,278
Buildings and improvements	160,067	13,637	-	173,704
Equipment	12,494	989	-	13,483
Library collection	5,267	172	-	5,439
Infrastructure	7,912	461	-	8,373
Total Accumulated Depreciation	<u>190,685</u>	<u>15,592</u>	<u>-</u>	<u>206,277</u>
Capital Assets, Net	<u>\$ 325,773</u>	<u>\$ 3,111</u>	<u>\$ (1,629)</u>	<u>\$ 327,255</u>

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5. Capital Assets (continued)

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>

As of June 30, 2020 and 2019, estimated costs to complete the projects classified as construction in progress are approximately \$95.8 million and \$30.6 million, respectively, and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues. During 2019, the College capitalized interest expense of \$0.5 million. No interest was capitalized during 2020 as a result of the adoption of GASB 89.

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6. Accounts Payable and Accrued Expenses

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

	June 30,	
	2020	2019
Vendors	\$ 6,260	\$ 3,626
Capital projects	5,403	1,791
Accrued salaries and benefits	2,441	2,298
Interest payable	4,698	4,837
	\$ 18,802	\$ 12,552

7. Noncurrent Liabilities

Activity in noncurrent liabilities for the year ending June 30, 2020 was as follows (dollars in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Current Portion
Other Liabilities	\$ 100	\$ -	\$ -	\$ 100	\$ -
Compensated absences	3,529	856	(291)	4,094	2,579
U.S. Government grants refundable (Perkins)	691	49	(293)	447	-
Long-term debt	238,614	-	(9,131)	229,483	9,172
	\$ 242,934	\$ 905	\$ (9,715)	\$ 234,124	\$ 11,751

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
	\$ 250,968	\$ 618	\$ (8,652)	\$ 242,934	\$ 11,163

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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:

		Interest Rate	June 30,	
			2020	2019
<u>NJ Educational Facilities Authority Revenue Bonds:</u>				
Series 2011A	due serially to 2021	3.00% to 5.00%	\$ 2,220	\$ 3,890
Series 2012B	due serially to 2042	2.00% to 5.00%	73,120	74,105
Series 2015B	due serially to 2040	3.00% to 5.00%	40,360	41,835
Series 2017A	due serially to 2042	3.00% to 5.00%	<u>92,845</u>	<u>96,310</u>
Total NJEFA Revenue Bonds			208,545	216,140
<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%	228	239
Series 2016A	due serially to 2023	2.05% to 3.00%	998	1,311
Series 2016B	due serially to 2037	3.00% to 5.50%	4,463	4,628
Equipment Leasing Fund				
Series 2014A 042-01	due serially to 2023	1.75% to 3.50%	64	83
Series 2014A 042-05	due serially to 2022	3.00% to 3.50%	<u>34</u>	<u>50</u>
Total NJEFA-Financed Programs			5,802	6,326
Capital Leases		5.10% to 6.50%	-	236
Plus: Bond premiums			<u>15,136</u>	<u>15,912</u>
			229,483	238,614
Less: current portion			<u>9,172</u>	<u>8,945</u>
Total long-term debt, long-term portion			<u>\$ 220,311</u>	<u>\$ 229,669</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, 2020 (dollars in thousands):

Fiscal Year	Principal	Interest
2021	\$ 9,172	\$ 9,307
2022	9,431	8,954
2023	9,791	8,559
2024	9,836	8,149
2025	10,616	7,740
2026-2030	59,703	31,944
2031-2035	72,422	18,794
2036-2040	36,824	5,221
2041-2043	11,688	716
	\$ 229,483	\$ 99,384

The College has \$4 million revolving line of credit with TD Bank that expires on April 30, 2021. Borrowings under the line of credit bear interest at 3.25% and 5.5% for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, 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, 2020 and 2019, such benefits amounted to approximately \$29.2 million and \$28.2 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.

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% of their annual covered salary for the years ended June 30, 2020 and 2019, respectively. 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.

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10. Retirement Plans (continued)

Net Pension Liability

At June 30, 2020 and 2019, the College reported a liability in the amount of \$88.2 million and \$89.1 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 0.383% and 0.376% for the fiscal year ended June 30, 2020 and 2019.

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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. This actuarial valuation used the following actuarial assumptions for the June 30, 2019 and 2018 measurement date:

	2020	2019
Inflation Rate:		
Price	2.75%	2.25%
Wage	3.25%	N/A
Salary increases:		
Through 2026	2.00 - 6.00%	1.65 - 4.15%
	based on years of service	based on age
Therafter	3.00 - 7.00%	2.65 - 5.15%
	based on years of service	based on age
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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10. Retirement Plans (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

As of June 30, 2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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10. Retirement Plans (continued)

Long-Term Expected Rate of Return (continued)

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%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, 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 3.50% and 3.87% as of June 30, 2019 and 2018, 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 70% and 50% of the actuarially determined contributions during the year ended June 30, 2019 and 2018, 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, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Ramapo College of New Jersey
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Management's Discussion and Analysis
June 30, 2020 and 2019

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, 2019, 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 (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
College's proportionate share of the net pension liability	\$ 101,471	\$ 88,197	\$ 77,044

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

For the years ended June 30, 2020 and 2019, the College recognized pension expense in the amount of \$1.1 million and \$1.8 million, respectively. Pension expense is recognized within the functional classifications in the statement of revenues, expenses and changes in net position.

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

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 4,897	\$ 17,688
Difference between expected and actual experience	911	632
Net differences between projected and actual earnings on pension plan investments	85	-
Changes in proportion and differences between College contributions and proportionate share of contributions	3,780	1,305
College contributions subsequent to the measurement date	3,494	-
	\$ 13,167	\$ 19,625

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10. Retirement Plans (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	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	-
	\$ 16,653	\$ 21,108

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, 2020. 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)
2021	\$ (2,367)
2022	(2,367)
2023	(2,367)
2024	(2,367)
2025	(484)
Total deferrals recognized as pension expense	\$ (9,952)
Deferred outflows recognized as a reduction to net pension liability	3,494
Net deferred outflows	\$ (6,458)

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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:

	2020	2019
Employer contribution	\$ 2,753	\$ 3,720
Employee contribution	\$ 3,462	\$ 4,684
Basis for contributions		
Participating employee salaries	\$ 34,408	\$ 46,498

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.

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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):

	2020	2019
Employer contribution	\$ 12	\$ 21
Employee contribution	\$ 21	\$ 36
 Basis for contributions		
Participating employee salaries	\$ 384	\$ 706

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.

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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, 2020 and 2019, the State recorded a liability of \$110.1 million and \$145.8 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, 2020 and June 30, 2019, the College's share was 2.0% of the special funding situation and 0.60% and 0.62% of the Plan, respectively.

For the year ended June 30, 2020 and 2019, the College recognized OPEB expense of \$0.7 million and \$6.7 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 \$0.7 million and \$6.7 million.

Actuarial assumptions and other inputs

The State's liability associated with the College at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Discount rate	3.50%
Salary increases	
Through 2026	2.00 - 6.00%
Thereafter	3.00 - 7.00%

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11. Post-Employment Benefits Other Than Pensions (*continued*)

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.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS/JRS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "Safety" (PERS/SPRS), "Teachers" (TPAF/ABP), and "General" (PERS/JRS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans, including PERS (July 1, 2014 through June 30, 2018), ABP (using the experience of the Teacher's Pension and Annuity Fund – July 1, 2015 through June 30, 2018), and PFRS (July 1, 2013 through June 30, 2018).

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreased to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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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):

	Net Position at June 30, 2018	Changes in Net Position in 2019	Net Position at June 30, 2019	Changes in Net Position in 2020	Net Position at June 30, 2020
Net investment in capital assets	\$ 97,368	\$ 1,868	\$ 99,236	\$ (534)	\$ 98,702
Restricted	1,183	279	1,462	(352)	1,110
Unrestricted					
Capital projects	47,803	1,833	49,636	15,536	65,172
Current					
Operating	19,067	4,222	23,289	(7,423)	15,866
GASB 68 impact	(91,701)	(1,837)	(93,538)	(1,118)	(94,656)
Total Current	(72,634)	2,385	(70,249)	(8,541)	(78,790)
Total Net Position	<u>\$ 73,720</u>	<u>\$ 6,365</u>	<u>\$ 80,085</u>	<u>\$ 6,109</u>	<u>\$ 86,194</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 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, 2020 and 2019 amounted to approximately \$2.7 million and \$2.3 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, 2020 and 2019 was \$1.4 million and \$1.3 million. The College has made payments of approximately \$144,000 and \$48,000 for unused sick time in fiscal year 2020 and 2019, respectively.

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14. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2020 and 2019 are not included in the financial statements. The College has approved contracts in fiscal 2020 and 2019 of approximately \$25.3 million and \$5.3 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 (the "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 addition, at the end of the initial term or the renewal term, which are August 2034 or 2039, respectively, the College has the right to purchase the System at fair market value.

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.

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Management's Discussion and Analysis
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15. Commitments and Contingencies (continued)

The College receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. The College estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the College's financial statements for the years ending June 30, 2020 and 2019.

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 \$0.2 million and \$0.5 million for government and public relations during the years ended June 30, 2020 and 2019, respectively and \$.8 million and \$0.1 million in legal fees during the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Foundation distributed \$7.1 million and \$3.6 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 ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. These standards provide for certain revenue recognition and presentation features which may be different from GASB criteria. No modifications have been made to the Foundation's financial information as discretely presented in these statements.

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18. CARES Act Financial Assistance

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the United States Congress and signed by the President of the United States on March 27, 2020. Part of the funding package, known as the Higher Education Emergency Relief Fund (HEERF), was designated for direct aid to colleges and universities to provide direct financial assistance to students who were impacted by the Coronavirus pandemic and the disruption of campus operations, as well as to support additional costs incurred by the institution resulting from COVID-19.

The College was awarded a total of \$4.6 million from the HEERF which was split equally for the benefit of student aid and institutional aid. The student aid funding provided to institutions allowed for emergency financial assistance to students whose lives had been impacted financially by COVID-19. The institutional aid portion provided funding to institutions to cover costs associated with the impacts of COVID-19, including lost revenue.

As of June 30, 2020, the College had drawn down all of the HEERF funding allocated, including the student aid portion of \$2.3 million and the institutional portion \$2.3 million. As none of the student aid was disbursed as of June 30, 2020, the College did not recognize the aid in its statement; as such, the \$4.6 million is reflected as unearned revenue on the Statement of Net Position as of June 30, 2020.

Subsequent to June 30, 2020, additional monies under the CARES Act were awarded to states, which were made available to higher educational institutions subject to state program requirements. For the College, these have included the Governor's Emergency Education Relief Fund (GEERF) and the Coronavirus Relief Fund (CRF) and the Higher Education Emergency Relief Fund II (HEERF II). The College will reflect the impacts of these and any future financial assistance in the period in which they are earned.

* * * * *

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)

	2020	2019	2018	2017	2016
College's proportion of the net pension liability	0.38%	0.38%	0.37%	0.36%	0.37%
College's proportionate share of the net pension liability	\$ 88,197	\$ 89,083	\$ 94,937	\$ 105,486	\$ 88,667
College's covered-employee payroll (As of the measurement date)	\$ 17,442	\$ 17,142	\$ 16,543	\$ 16,015	\$ 15,439
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	505.66%	519.68%	573.88%	658.67%	574.31%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	40.45%	36.78%	38.21%	42.74%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,494	\$ 2,976	\$ 2,341	\$ 1,681	\$ 1,136
Contributions in relation to the contractually required contribution	<u>3,494</u>	<u>2,976</u>	<u>2,341</u>	<u>1,681</u>	<u>1,136</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll (As of fiscal year end)	\$ 17,430	\$ 17,442	\$ 17,142	\$ 16,543	\$ 16,015
Contributions as a percentage of covered-employee payroll	20.05%	17.06%	13.66%	10.16%	7.09%

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

	2020	2019	2018
College's proportion of the total OPEB liability	0.00%	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	110,077	145,811	163,520
Total OPEB Liability	\$ 110,077	\$ 145,811	\$ 163,520
College's covered employee payroll	\$ 58,010	\$ 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%	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
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Sub recipients	Federal Expenditures
Student Financial Assistance Cluster:				
Direct Programs:				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ -	\$ 169,488
Federal Direct Student Loans (Note 2)	84.268		-	28,548,706
Federal Work-Study Program	84.033		-	197,086
Federal Perkins Loan Program (beginning loan balance) (Note 2)	84.038		-	800,926
Federal Pell Grant Program	84.063		-	7,366,977
Total Student Financial Assistance Cluster			-	37,083,183
Research and Development Cluster:				
Direct Program:				
National Science Foundation				
Education and Human Resources				
Education and Human Resources	47.076		-	283,748
Indirect Program:				
U.S. Small Business Administration				
Passed Through Rutgers The State University				
Small Business Development Centers	59.037	SBAHQ-19-B0034	-	192,074
Total Research and Development Cluster			-	475,822
Trio Cluster:				
Direct Programs:				
U.S. Department of Education				
TRIO_Student Support Services	84.042A		-	308,282
TRIO_Upward Bound	84.047M		-	350,593
Total Trio Cluster			-	658,875
Other Federal Awards:				
Direct Programs:				
U.S. Department of Education				
Undergraduate International Studies and Foreign Language Programs	84.016		-	43,592
Biological Sciences	47.074		-	2,687
National Historical Publications and Records Administration				
National Historical Publications and Records Grants	89.003		-	263,483
U.S. Department of State				
Academic Exchange Programs - Undergraduate Programs	19.009		-	31,531
Indirect Program:				
U.S. Department of Justice				
Passed Through the State of New Jersey Department of Public Safety				
Crime Victim Assistance	16.575	VSAI-2-17	-	74,610
Total Other Federal Awards			-	415,903
Total Expenditures of Federal Awards			\$ -	\$ 38,633,783

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Schedule of Expenditures of State of New Jersey Awards
Year Ended June 30, 2020

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:				
Student Financial Assistance Cluster:				
New Jersey Department of Treasury – Office of Student Assistance Tuition Aid Grant	100-074-2405-007	July 1, 2019 to June 30, 2020	\$ 6,467,225	\$ 6,467,225
New Jersey Department of State Educational Opportunity Fund - Article III - Financial Aid FY 2020	100-084-2601-001	July 1, 2019 to June 30, 2020	443,725	443,725
Educational Opportunity Fund - Article III - Summer Program 2020	100-074-2601-001	June 1, 2019 to August 31, 2019	397,151	397,151
Educational Opportunity Fund - Article III - Summer Program 2021	100-074-2601-001	June 1, 2020 to August 31, 2020	405	405
Educational Opportunity Fund - Article III - Winter Program 2020	100-074-2601-001	June 1, 2019 to June 30, 2020	16,232	16,232
Total New Jersey Department of State			<u>857,513</u>	<u>857,513</u>
New Jersey Higher Education Student Assistance Authority Urban Scholarships	100-074-2405-278	July 1, 2019 to June 30, 2020	6,000	6,000
New Jersey STARS	100-074-2405-313	July 1, 2019 to June 30, 2020	36,250	36,250
Total New Jersey Higher Education Student Assistance Authority			<u>42,250</u>	<u>42,250</u>
Total Student Financial Assistance Cluster			<u>7,366,988</u>	<u>7,366,988</u>
New Jersey Department of Treasury State of New Jersey Fringe Benefits on State Positions	100-094-9410-003	July 1, 2019 to June 30, 2020	24,615,300	24,615,300
FICA-State Colleges and Universities Reimbursement Program	100-094-9410-137	July 1, 2019 to June 30, 2020	4,642,986	4,642,986
State of New Jersey Appropriations	100-074-2475	July 1, 2019 to June 30, 2020	13,092,700	13,092,700
Total New Jersey Department of Treasury			<u>42,350,986</u>	<u>42,350,986</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, 2020	-	16,971,801
Higher Education Capital Improvement Fund - Copy Center/ Public Safety Relocations	042-06	March 1, 2014 to June 30, 2020	-	124,038
Higher Education Technology Infrastructure Fund	042-05	January 1, 2014 to June 30, 2020	-	514,089
Higher Education Equipment Leasing Fund Program - Technology	042-05	January 1, 2014 to June 30, 2020	-	416,891
Higher Education Equipment Leasing Fund Program - "G" Wing Renovations and Scientific Equipment	042-01	January 1, 2014 to June 30, 2020	-	629,373
Higher Education Capital Improvement Fund - Copy Center	142-01	December 1, 2016 to June 30, 2020	2,049,734	10,111,877
Total New Jersey Educational Facilities Authority			<u>2,049,734</u>	<u>28,768,069</u>
New Jersey Commission on Higher Education Educational Opportunity Fund - Article IV - Academic Year 2020	100-074-2601-003	July 1, 2019 to June 30, 2020	260,904	260,904
N.J. Department of Education MSP Competitive Grant	17E00045	July 1, 2016 to August 31, 2019	-	552,787
Department of Health				
Division of Mental Health and Addiction Services Supporting Students in Recovery: Recovery Housing and Supports to Prevent and Reduce Substance Abuse on College Campuses in New Jersey	20-386-ADA-0	October 1, 2019 to December 31, 2020	361,046	361,046
Total Direct Programs			<u>52,389,658</u>	<u>79,660,780</u>
Indirect Program:				
New Jersey Department of State Passed through Rutgers, The State University New Jersey Small Business Development Centers	17BAC000SBDC	July 1, 2018 to June 30, 2020	17,750	17,750
Total Expenditures of State of New Jersey Awards			<u>\$ 52,407,408</u>	<u>\$ 79,678,530</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, 2020

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, 2020 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 net position 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, 2020</u>	<u>Outstanding principal balance at June 30, 2020</u>
Perkins Loan Program	84.038	\$ -	\$ 701,683

During the fiscal year ended June 30, 2020, the College processed the following amount of new loans under the Federal Direct Student Loans program (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	<u>CFDA Number</u>	<u>Value of Loans</u>
Federal Direct Student Loans	84.268	
Subsidized		\$ 8,408,180
Unsubsidized		<u>12,438,103</u>
		<u>\$ 20,846,283</u>
Parents' Loans for Undergraduate Students (PLUS)		<u>\$ 7,702,423</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, 2020, 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 March 24, 2021. 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
March 24, 2021

Report on Compliance For Each Major Federal and State 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, 2020. 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* ("New Jersey OMB Circular Letter 15-08"). 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, 2020.

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, 2020

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 Grant Number

Name of Federal and State Program or Cluster

Federal:

Student Financial Assistance Cluster:

84.007
84.268
84.033
84.038
84.063

Federal Supplemental Educational Opportunity Grant Program
Federal Direct Student Loans
Federal Work-Study Program
Federal Perkins Loan Program
Federal Pell Grant Program

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

Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2020

There were no findings in the prior year.