

ST. MARY'S COLLEGE OF MARYLAND

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2019 and 2018



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2019 AND 2018

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Trustees
St. Mary's College of Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of St. Mary's College of Maryland (the College), a component unit of the State of Maryland, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the discretely presented component unit financial statements of St. Mary's College of Maryland Foundation, Inc. (the Foundation) as of and for the years ended June 30, 2019 and 2018. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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Opinion

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the College and Foundation as of June 30, 2019 and 2018, and the respective changes in their financial position and, where applicable, the cash flows thereof for the years then ended in accordance 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, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Contributions- Pension and Schedule of Contributions – Other Postemployment Benefits (OPEB) as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Owings Mills, Maryland
December 12, 2019

SB & Company, LLC

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Overview of the Financial Statements and Financial Analysis

St. Mary's College of Maryland (the College) is pleased to present its financial statements for fiscal years 2019 and 2018, and 2017 prior-year data for comparative purposes. There are three financial statements presented for each fiscal year: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows.

The discussion and analysis of the College's financial statements provide an overview of its financial activities for the year. This discussion has been prepared by management. The discussion and analysis is designed to focus on current activities and current known facts.

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of the College as of the end of each fiscal year. The purpose of the Statements of Net Position is to present to the readers of the financial statements a financial snapshot of the College. The Statements of Net Position present end-of-year data concerning assets and deferred outflows (current and noncurrent), liabilities and deferred inflows (current and noncurrent), and net position (fund balances). From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors (accounts payable), investors (bonds payable) and banks (notes payable). Finally, the Statements of Net Position provide a picture of the net position and the availability for expenditure by the College.

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Net Position (continued)

Condensed Statements of Net Position (in thousands of dollars)

	As of		
	June 30, 2019	June 30, 2018	June 30, 2017
Assets:			
Current assets	\$ 25,877	\$ 27,156	\$ 27,752
Noncurrent assets, net	181,091	171,789	170,072
Total Assets	206,968	198,945	197,824
Deferred outflow of resources:			
Deferred financing outflows related to pensions	5,080	3,475	4,222
Deferred charge on refunding	1,722	1,508	1,603
Total Assets and Deferred Outflows	213,770	203,928	203,649
Liabilities:			
Current liabilities	8,946	9,908	8,982
Noncurrent liabilities	41,453	41,142	44,494
Total Liabilities	50,399	51,050	53,476
Deferred inflow of resources			
Deferred financing inflows related to pensions	1,773	1,943	1,252
Net Position:			
Net investment in capital assets	155,777	146,041	141,147
Restricted - nonexpendable	1,000	1,000	1,000
Restricted - expendable	60	355	400
Unrestricted	4,761	3,539	6,374
Total Net Position	\$ 161,598	\$ 150,935	\$ 148,921

The total assets and deferred outflows of the College increased by \$9.8 million in 2019 from 2018. This increase was primarily due to a decrease of \$1.3 million in current assets and an increase of \$9.3 million in non-current assets and an increase of \$1.8 million in deferred outflows of resources, primarily related to pensions. The total liabilities and deferred inflows for the year decreased by \$0.8 million. This combination of an increase in total assets of \$9.8 million and a decrease in total liabilities of \$0.8 million resulted in an increase in total net position of \$10.6 million.

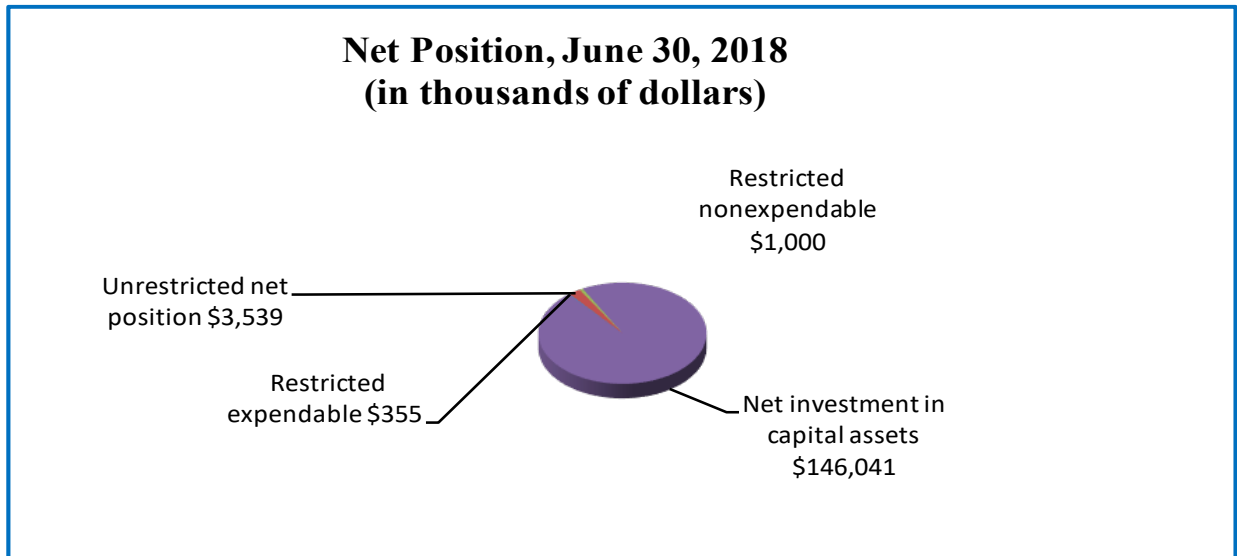
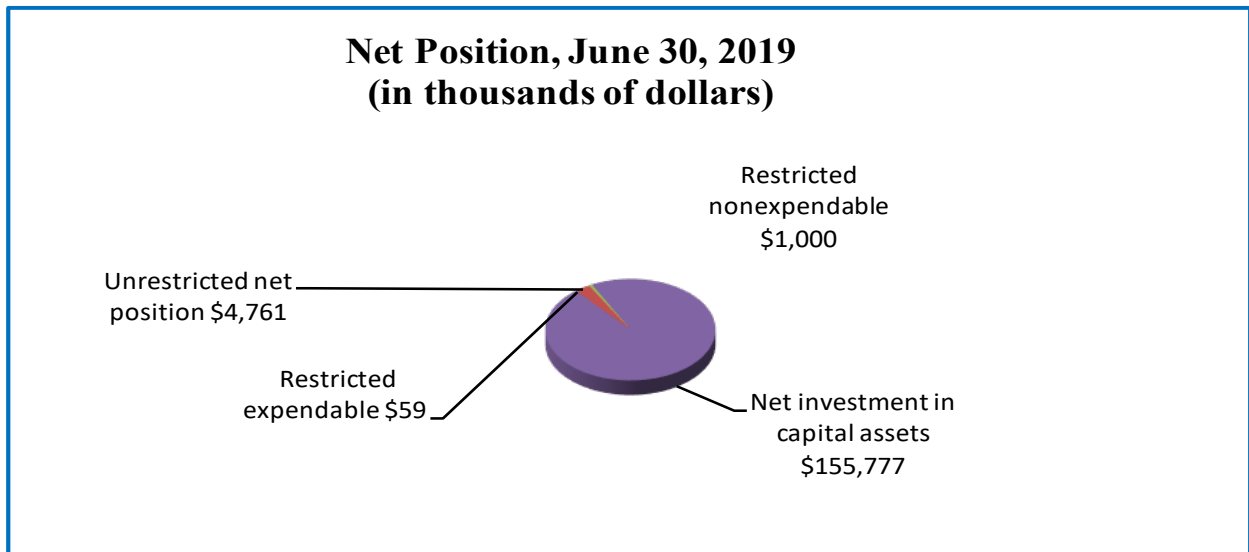
The total assets and deferred outflows of the College increased by \$0.3 million in 2018 from 2017. This increase was primarily due to a decrease of \$0.6 million in current assets and an increase of \$1.7 million in non-current assets and a decrease of \$0.8 million in deferred outflow of resources, primarily related to pensions. The total liabilities and deferred inflows for the year decreased by \$1.7 million. This combination of an increase in total assets of \$0.3 million and a decrease in total liabilities of \$1.7 million resulted in an increase in total net position of \$2 million.

ST. MARY'S COLLEGE OF MARYLAND

**Management's Discussion and Analysis
June 30, 2019 and 2018**

Statements of Net Position (continued)

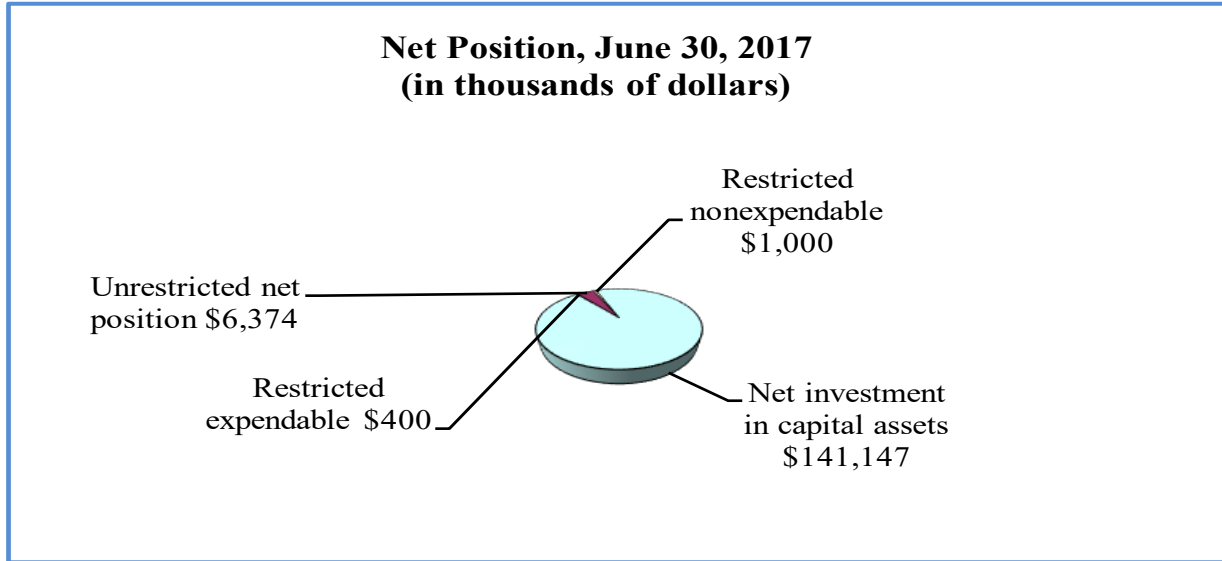
Net position is divided into three major categories. The first category, net investment in capital assets, includes the College's equity in property, plant and equipment owned by the College. The next category is restricted, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for use by the College, but must be spent only for purposes specified by donors. The final category is unrestricted net position, which is available to be expended for any lawful purpose of the College. The following graphs detail net position by category held by the College as of June 30, 2019, 2018 and 2017, respectively.



ST. MARY'S COLLEGE OF MARYLAND

**Management's Discussion and Analysis
June 30, 2019 and 2018**

Statements of Net Position (continued)



The breakdown of unrestricted net position with comparisons to last year is shown below:

Breakdown of Unrestricted Net Position (in thousands of dollars)

	As of		
	June 30, 2019	June 30, 2018	June 30, 2017
Encumbrances and carryovers for general operating purposes	\$ 2,983	\$ 5,460	\$ 5,439
Encumbrances for capital projects	2,444	3,276	310
Funds designated for current plant projects	1,300	(2,538)	2,630
Funds designated for future plant projects	1,396	1,067	(1,257)
Funds functioning as endowments	3,140	2,898	2,814
Unrestricted funds for general operating purposes	8,862	6,237	10,432
Net pension liability and related deferred outflows/inflows	(15,364)	(12,861)	(13,994)
Total Unrestricted Net Position	\$ 4,761	\$ 3,539	\$ 6,374

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statements is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or incurred by the College.

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Revenues, Expenses and Changes in Net Position (continued)

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Non-operating revenues are generated by incidental activities, gifts and subsidies. The financial reporting model classifies State appropriations and gifts to the College as non-operating revenues. Public higher education's dependency on State aid results in an operating deficit. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation. Depreciation indicates that the College is "using up" long-term assets, such as buildings, over time.

Condensed Statements of Revenue, Expenses, and Changes in Net Position (in thousands of dollars):

	For the Years Ended		
	June 30, 2019	June 30, 2018	June 30, 2017
Operating Revenues			
Tuition and fees, less scholarships and waivers	\$ 17,843	\$ 17,356	\$ 19,005
Grants and contracts	7,369	4,332	4,384
Sales and services of educational departments	1,115	1,335	1,138
Auxiliary enterprises	17,248	17,115	17,426
Other operating revenues	89	93	108
Total Operating Revenues	43,663	40,231	42,061
Operating Expenses	70,738	66,054	66,511
Operating loss	(27,075)	(25,823)	(24,450)
Non-operating revenues			
State appropriations	25,807	24,827	25,160
Other nonoperating deficit	331	(999)	(721)
Net non-operating revenues	26,138	23,828	24,439
Operating (deficit) surplus	(937)	(1,995)	(11)
Capital appropriations	11,599	4,009	6,207
Increase in Net Position	10,662	2,014	6,196
Net position at beginning of year	150,935	148,921	142,725
Net Position at End of Year	\$ 161,597	\$ 150,935	\$ 148,921

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

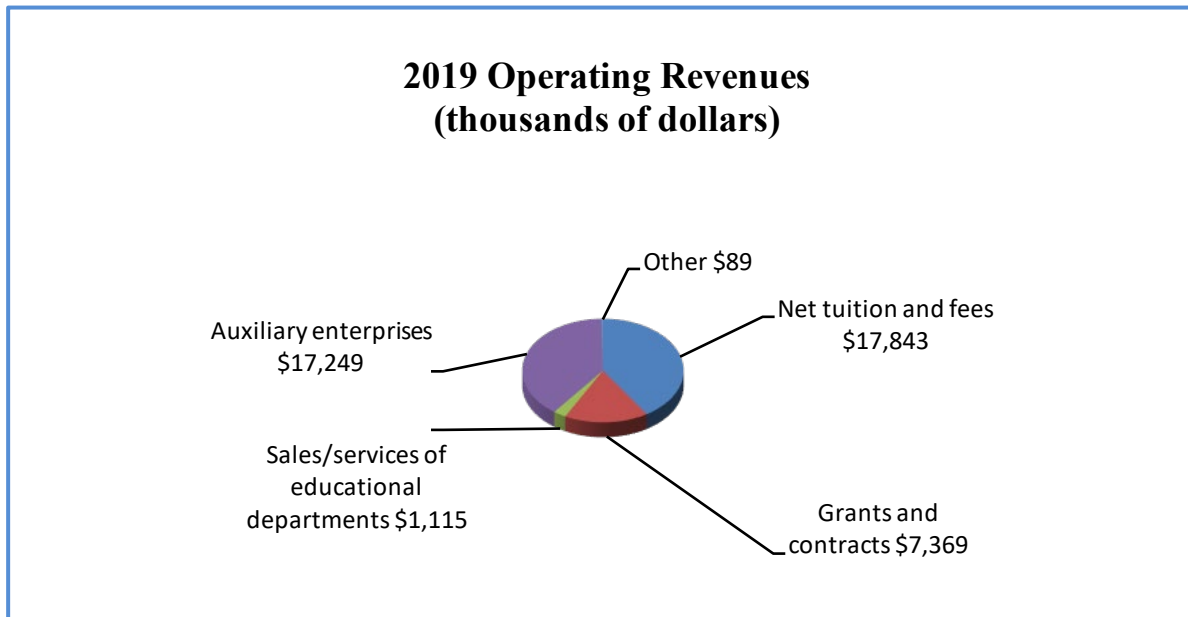
Summary of Statements of Revenues, Expenses, and Changes in Net Position (continued)

Net position increased by \$10.7 million, or 7%, for 2019. The increase resulted primarily from increased capital appropriations. Operating expenses increased by \$4.7 million. Additionally, \$5.3 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments has been included in operating revenue in 2019.

Net position increased by \$2 million, or 1%, for 2018. The increase resulted primarily from increased state operating and capital appropriations. Operating expenses decreased by \$0.5 million. Additionally, \$1.9 million in direct assistance provided by the St. Mary's College of Maryland Foundation to College departments have been included in operating expenses in 2018, in accordance with accounting principles generally accepted in the United States.

Operating Revenues

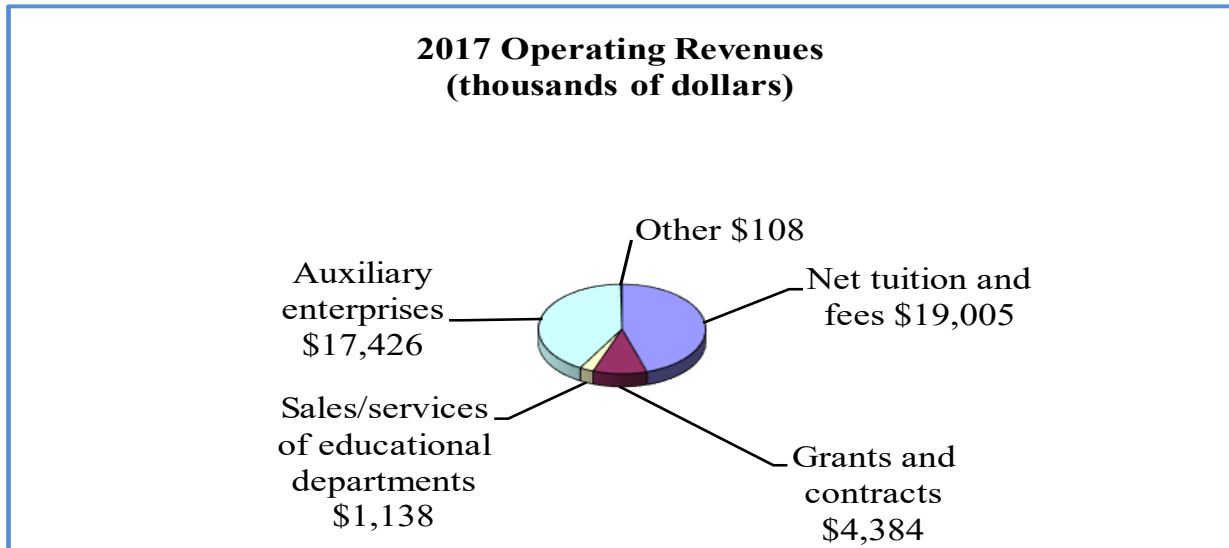
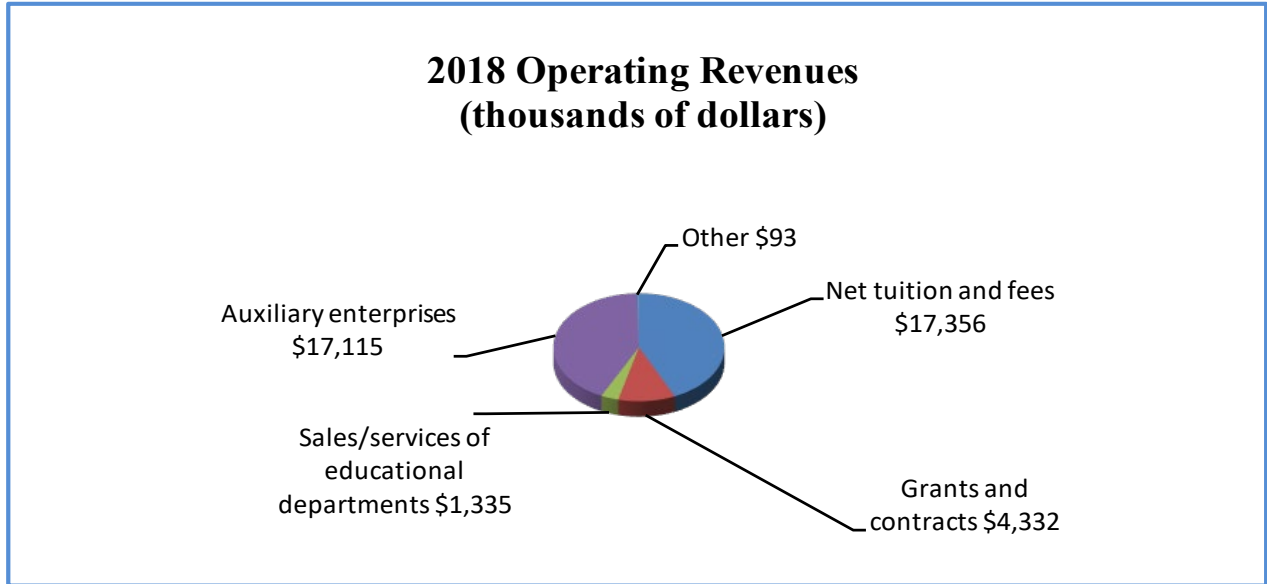
Total operating revenues for fiscal year 2019, were \$43.7 million. The graphs below show comparisons of operating revenues for fiscal years 2019, 2018 and 2017:



ST. MARY'S COLLEGE OF MARYLAND

**Management's Discussion and Analysis
June 30, 2019 and 2018**

Operating Revenues (continued)



ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Tuition and Fees

Tuition and fees, less scholarships and waivers, of \$17.8 million, accounted for 41% of total operating revenue and increased 3% from 2018 to 2019, primarily due to an increase in the number of students and increased scholarship discount. Scholarships provided to students with College funds are often referred to as a tuition discount, or simply as discounting.

Tuition and fees, less scholarships and waivers, of \$17.4 million, accounted for 43% of total operating revenue and decreased 9% from the 2017 to 2018, primarily due to a reduction in the number of students and increased scholarship discounts. Scholarships provided to students with College funds are often referred to as a tuition discount, or simply as discounting.

Grants and Contracts

This category includes all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent that a claim to resources has been established.

Auxiliary Enterprises

Auxiliary enterprises consist of various entities that exist primarily to furnish goods or services to students, faculty, staff, or the general public and charge a fee directly related to the cost of those goods or services. They are intended to be self-supporting. The College's largest auxiliary enterprises include residence halls, dining services, and the campus store. The operating expenses for auxiliary enterprises include depreciation and utilities.

Sales and Services of Educational Activities

Other operating revenues consist of sales and services of educational activities totaling \$1.1 million and \$1.3 million in 2019 and 2018, respectively. Examples of educational activity include conferences and study abroad fees.

Operating Expenses

Operating expenses for 2019, totaled \$70.7 million, of which \$20.4 million or 29% was for instruction. Operating expenses include salaries and benefits of \$37.4 million, scholarships and grants of \$2.9 million, non-auxiliary utilities of \$1.6 million, supplies and other services of \$9.2 million, and depreciation of \$6.7 million. Depreciation of capital goods is carried as an accounting item; however, it does not require any cash outlay on behalf of the College. Depreciation does indicate how much of the College's physical plant is being "consumed" each year. The 2018 Series A Bonds were issued on July 28, 2018 to refinance 2005A, 2006A, 2014A and partial refunding of 2012A bonds. The refunding resulted in a decrease of \$0.6 million of interest expense in fiscal year 2019.

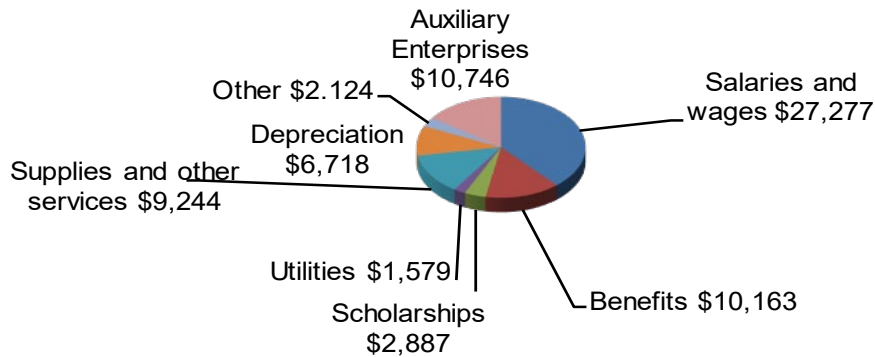
ST. MARY'S COLLEGE OF MARYLAND

**Management's Discussion and Analysis
June 30, 2019 and 2018**

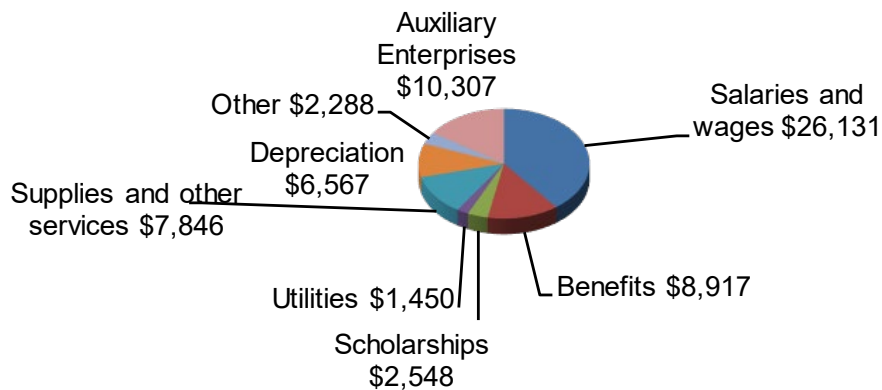
Operating Expenses (continued)

Operating expenses for 2018, totaled \$66.1 million, of which \$19.7 million or 30% was for instruction. Operating expenses include salaries and benefits of \$35 million, scholarships and grants of \$2.5 million, non-auxiliary utilities of \$1.5 million, supplies and other services of \$7.8 million, and depreciation of \$6.6 million. Depreciation of capital goods is carried as an accounting item; however, it does not require any cash outlay on behalf of the College. Depreciation does indicate how much of the College's physical plant is being "consumed" each year.

**2019 Operating Expenses by Natural Classification
(thousands of dollars)**



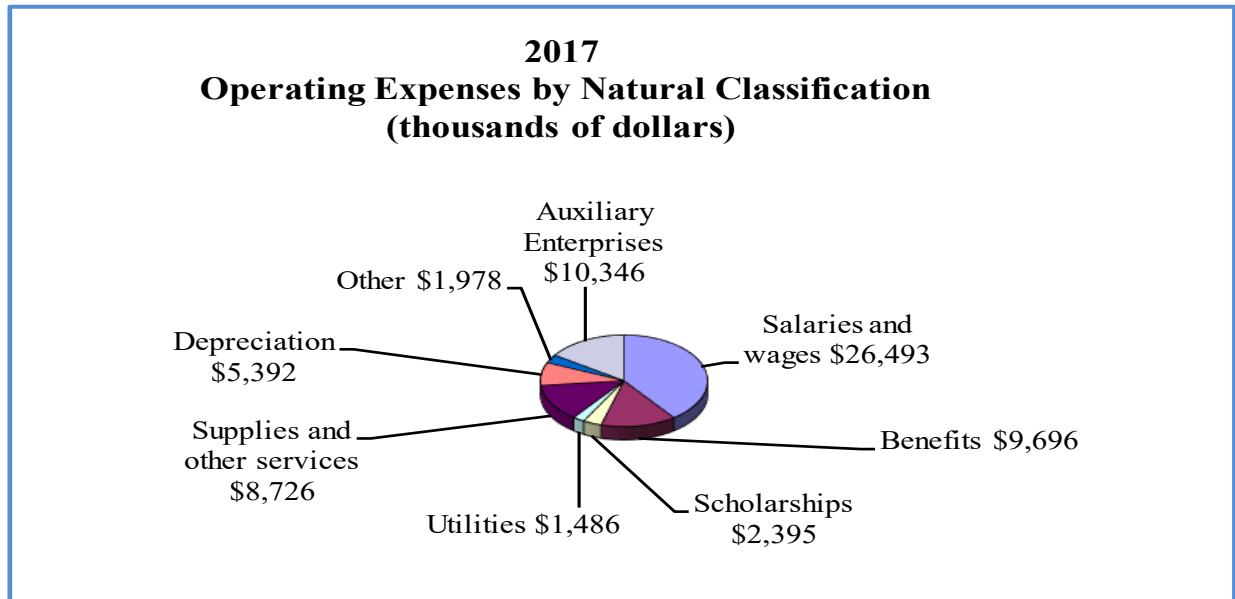
**2018 Operating Expenses by Natural Classification
(thousands of dollars)**



ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Operating Expenses (continued)



State Appropriation

The largest inflow in the non-capital financing activities group is the State appropriation of \$25.8 million and \$24.8 million in 2019 and 2018, respectively. The legislation governing the provision of State support to St. Mary's College of Maryland, Annotated Code of Maryland 14-405 (b)(2)(ii), requires the Governor of Maryland to submit an appropriation request to the legislature equal to the prior year's budgeted amount plus an amount equal to the implicit price deflator for state and local government. In recent years, the implicit price deflator has provided an increase to the College's appropriation that has ranged between one and two point five percent. Additionally, adjustments for health insurance cost changes for State supported positions as well as 50% of COLA related wage changes are provided. The State appropriation provides approximately 37% of the operating budget for the College. The College has received additional state funding from time to time. Such funding was provided in 2017 and 2016 for two strategic IT investment projects to enhance wireless networking on campus and to replace an obsolete Enterprise Resource System.

Investment Income, Net

Included in investment gains/losses and interest income (investment income, net) are the earnings from pooled cash held at the State, funds functioning as endowment investments, other investments, and the unrealized gains and losses on those investments. These funds will be used to support future needs as determined by the Board of Trustees.

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Statements of Cash Flows

The final statements presented by St. Mary's College of Maryland include the Statements of Cash Flows. One important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they mature. The College's cash and cash equivalents provide the day-to-day resources to pay for a variety of expenses.

The Statements of Cash Flows present detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital financing activities. This section includes the cash activity resulting from state appropriations, grant activity, and other non-operating cash flows. The third section deals with the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital assets and related items. The fourth section reflects the cash flows from investing activities including the interest received from investing activities. The final section reconciles the net cash used in operations to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position. Below is a condensed version of the first four sections of the Statements of Cash Flow.

Condensed Statements of Cash Flows-Direct Method (in thousands of dollars)

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash and Cash Equivalents From:			
Operating Activities	\$ (19,952)	\$ (18,004)	\$ (17,916)
Non-capital Financing Activities	25,819	24,843	31,383
Capital and Related Financing Activities	(7,857)	(6,604)	(10,901)
Investing Activities	750	(473)	451
Net Change in Cash and Cash Equivalents	<u>(1,240)</u>	<u>(238)</u>	<u>3,017</u>
Cash and Cash Equivalents, Beginning of Year	<u>26,156</u>	<u>26,735</u>	<u>23,718</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,916</u>	<u>\$ 26,497</u>	<u>\$ 26,735</u>

Campus Enrollment

Declining demographics with fewer graduating high school students over the past decade and market preferences continue to challenge College enrollment levels over the past few years. The number of graduating high school seniors is expected to increase through 2025. The College is engaged in a variety of proactive initiatives to increase enrollment that include changes in personnel, changes in marketing and recruitment activities, and revising our educational programs to become more attractive to the market.

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

Capital Assets and Debt Administration

Capital additions totaled \$15.8 million in fiscal year 2019. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Current year capital additions were funded primarily with State capital appropriations of \$11.6 million, student paid facility fee revenues, and unrestricted net position which are designated for capital purposes. The principal balance of revenue bond and notes payable decreased by \$2.3 million, for the year ended June 30, 2019, from regularly scheduled payments.

Capital additions totaled \$7.3 million in fiscal year 2018. Capital additions were primarily comprised of the purchase of equipment and construction in progress. Capital additions were funded primarily with State capital appropriations of \$4 million, student paid facility fee revenues, and unrestricted net position which are designated for capital purposes. The principal balance of revenue bond and notes payable declined by \$2.4 million, for the year ended June 30, 2018.

For additional information concerning capital assets and debt administration, see notes 9 through 11 in the notes to the financial statements.

Factors and Events Impacting Future Periods

The level of state support, employee and retiree benefits, student tuition and fee increases, enrollment trends and unstable energy costs impact the College's ability to expand programs, undertake new initiatives, and meet its ongoing operational needs. Enrollment and recruiting new students is increasingly competitive in our market segment. The number of students admitted for Fall 2019 is lower than Fall 2018.

A crucial element to the College's future will continue to be our relationship with the State of Maryland, as we work to manage tuition to make it competitive while providing an outstanding honors college education for our students.

There is also a direct relationship between the growth of State support and the College's ability to control tuition growth, as declines in State appropriations generally result in increased tuition levels. The Maryland State appropriation contributed \$25.8 million in 2019 in non-operating revenues. The level of support is therefore one of the key factors influencing the College's financial condition. During the 2018 Legislative session, the College was able to reset its funding formula to include funds for health insurance costs and 50% of cost of living adjustments (COLA) for state supported employees through the passage of House Bill 556. House Bill 556 also expresses legislative intent to provide funds to the College to moderate undergraduate resident tuition increases if the State provides such funds to other public four-year institutions.

ST. MARY'S COLLEGE OF MARYLAND

Management's Discussion and Analysis June 30, 2019 and 2018

During fiscal year 2016, we received a onetime deficiency appropriation in the amount of \$1.6 million as part of a \$3.8 million technology initiative to address critical needs in the areas of WI-FI access and the replacement of a fourteen-year old Enterprise Resource System. The State provided an additional \$1.1 million in 2017 to match \$1.1 million of College funds. The WIFI piece of this initiative is complete, the ERP vendor selection was approved by the Board of Public Works (BPW) on October 31, 2018. Campus Management is the vendor and implementation of the project is expected to take approximately 2 years starting in January of 2019.

Priority needs and requirements for support of academic programs, faculty and staff compensation, facility infrastructure renewal, and new technology remain significant challenges facing the College in the years to come.

This financial report is designed to provide a general overview of St. Mary's College finances for all those with an interest in the Colleges finances. Questions concerning any additional information should be addressed to the Assistant Vice President for Finance, St. Mary's College of Maryland, 18952 E. Fisher Road, St. Mary's City, MD 20686-3001; or cjtrue@smcm.edu.

ST. MARY'S COLLEGE OF MARYLAND

Statements of Net Position As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS		
Current assets:		
Cash and cash equivalents	\$ 24,915,836	\$ 26,155,848
Accounts receivable, net	578,626	676,405
Inventories	323,637	305,254
Prepaid expenses and other assets	58,881	18,367
Total Current Assets	<u>25,876,980</u>	<u>27,155,874</u>
Noncurrent assets:		
Endowment investments	3,757,265	3,513,398
Other restricted investments	105,609	120,782
Notes receivable, net	138,677	161,782
Capital assets, net	177,089,041	167,992,934
Total Noncurrent Assets	<u>181,090,592</u>	<u>171,788,896</u>
Total Assets	<u>206,967,572</u>	<u>198,944,770</u>
Deferred outflow of resources:		
Deferred charge on refunding	1,721,651	1,507,818
Deferred financing outflows related to pensions	5,080,165	3,475,206
Total Assets and Deferred Outflow of Resources	<u>213,769,388</u>	<u>203,927,794</u>
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities:		
Accounts payable and accrued liabilities	5,279,416	5,500,727
Accrued vacation, current portion	989,155	930,745
Accrued workers' compensation, current portion	97,950	63,750
Bonds and notes payable, current	1,712,844	2,344,916
Capital lease, current	64,299	42,700
Unearned revenue	802,692	1,025,319
Total Current Liabilities	<u>8,946,356</u>	<u>9,908,157</u>
Noncurrent liabilities:		
Bonds and notes payable	25,311,657	27,633,318
Accrued workers' compensation	555,050	361,250
Capital lease	179,247	243,546
Federal Perkins funds	42,758	42,758
Net pension liability	15,363,945	12,860,838
Total Noncurrent Liabilities	<u>41,452,657</u>	<u>41,141,710</u>
Total Liabilities	<u>50,399,013</u>	<u>51,049,867</u>
Deferred Financing Inflows Related to Pensions	<u>1,772,598</u>	<u>1,942,723</u>
Total Liabilities and Deferred Inflows	<u>52,171,611</u>	<u>52,992,590</u>
NET POSITION		
Net investment in capital assets	155,776,972	146,040,942
Restricted nonexpendable:		
Scholarships and fellowships	1,000,117	1,000,117
Restricted expendable:		
Research	(49,271)	249,462
Loans	88,860	85,782
Scholarships and fellowships	19,894	19,894
Unrestricted	4,761,204	3,539,007
Total Net Position	<u>\$ 161,597,776</u>	<u>\$ 150,935,204</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY'S COLLEGE OF MARYLAND

**Statements of Financial Position – St. Mary's Foundation – Component Unit
As of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 1,329,159	\$ 3,688,925
Investments	37,800,393	37,067,165
Investments - gift annuity	1,016,596	999,684
Receivables	11,223	4,754
Other assets	179,058	141,768
Promises to give, net	1,210,896	1,444,901
Property and equipment, net	1,201	1,201
Total Assets	<u>\$ 41,548,526</u>	<u>\$ 43,348,398</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 37,758	\$ 231,992
Deferred revenue	7,500	-
Gift annuity	696,548	698,153
Total Liabilities	<u>741,806</u>	<u>930,145</u>
Net Assets		
Without Donor Restriction	1,754,304	1,390,695
With Donor Restriction	39,052,416	41,027,558
Total Net Assets	<u>40,806,720</u>	<u>42,418,253</u>
Total Liabilities and Net Assets	<u>\$ 41,548,526</u>	<u>\$ 43,348,398</u>

The accompanying notes are an integral part of this financial statement.

ST. MARY'S COLLEGE OF MARYLAND

**Statement of Activities – St. Mary's Foundation – Component Unit
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
REVENUES		
Operating Revenues		
Student tuition and fees (less scholarships and waivers of (\$7,141,690 and \$6,748,460)	\$ 17,842,544	\$ 17,355,693
Grants and Contracts:		
Federal	1,989,701	2,299,269
State	155,291	95,244
Other	5,224,058	1,937,177
Sales and services of educational departments	1,114,603	1,335,336
Auxiliary enterprises:		
Residence facilities, net of waivers of \$116,980 and \$85,851	10,301,603	10,211,848
Dining services, net of waivers of \$42,245 and \$37,912	5,736,477	5,573,061
Bookstore	1,193,799	1,308,722
Other auxiliary enterprises revenues	17,056	21,163
Other operating revenues	88,620	93,282
Total Operating Revenues	<u>43,663,752</u>	<u>40,230,795</u>
EXPENSES		
Operating Expenses		
Instruction	20,378,924	19,735,001
Research	376,476	306,294
Public Service	100,112	110,938
Academic support	2,258,020	2,198,685
Student services	8,038,447	7,155,270
Institutional support	14,739,279	13,177,676
Operations of plant	9,206,833	8,488,933
Scholarships and fellowships	2,713,811	2,353,937
Auxiliary enterprises	12,926,240	12,526,972
Total Operating Expenses	<u>70,738,142</u>	<u>66,053,706</u>
Operating Loss	<u>(27,074,390)</u>	<u>(25,822,911)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	25,806,957	24,826,954
Gifts and grants	11,755	16,352
Refund of state appropriations		(341,310)
Investment gains and losses	356,218	68,375
Interest income	599,187	473,081
Interest on indebtedness	(636,369)	(1,215,340)
Net Non-Operating Revenues	<u>26,137,748</u>	<u>23,828,112</u>
Loss before other revenues, expenses, gains, or loss	(936,642)	(1,994,799)
Other revenues, expenses, gains and losses:		
Capital state appropriation	11,599,214	4,009,022
Net increase in net position	<u>10,662,572</u>	<u>2,014,223</u>
NET POSITION		
Net position, beginning of year	150,935,204	148,920,981
Net Position, End of Year	<u>\$ 161,597,776</u>	<u>\$ 150,935,204</u>

The accompanying notes are an integral part of this financial statement.

ST. MARY'S COLLEGE OF MARYLAND

**Statement of Activities – St. Mary's Foundation – Component Unit
For the Year Ended June 30, 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 282,331	\$ 1,866,235	\$ 2,148,566
Donated services	1,412,341	-	1,412,341
Event revenue	167,383	-	167,383
Investment income (loss),net	244,617	1,511,771	1,756,388
Other revenue	-	38,949	38,949
Net assets released from restrictions	5,392,097	(5,392,097)	-
Total Support and Revenue	7,498,769	(1,975,142)	5,523,627
Expenses			
Program services:			
Support to St. Mary's College of Maryland			
Scholarships	831,031	-	831,031
Academic chair	234,704	-	234,704
Alumni Activities	125,353	-	125,353
College department/division support	3,882,918	-	3,882,918
Center for study of democracy	23,065	-	23,065
Total program services	5,097,071	-	5,097,071
Supporting services:			
Management and general	1,101,251	-	1,101,251
Fundraising	936,838	-	936,838
Total supporting services	2,038,089	-	2,038,089
Total Expenses	7,135,160	-	7,135,160
Change in net assets	363,609	(1,975,142)	(1,611,533)
Net assets, beginning of year	1,390,695	41,027,558	42,418,253
Net assets, End of Year	\$ 1,754,304	\$ 39,052,416	\$ 40,806,720

The accompanying notes are an integral part of this financial statement.

ST. MARY'S COLLEGE OF MARYLAND

**Statement of Activities – St. Mary's Foundation – Component Unit
For the Year Ended June 30, 2018**

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 107,760	\$ 1,362,220	\$ 1,469,980
Donated services	1,435,462	-	1,435,462
Event revenue	194,184	-	194,184
Investment income (loss),net	62,257	2,103,264	2,165,521
Other revenue		12,855	12,855
Net assets released from restrictions	2,102,833	(2,102,833)	-
Total Support and Revenue	3,902,496	1,375,506	5,278,002
Expenses			
Program services:			
Support to St. Mary's College of Maryland			
Scholarships	794,573	-	794,573
Academic chair	142,518	-	142,518
Alumni Activities	110,895	-	110,895
College department/division support	656,713	-	656,713
Gift annuities	6,175	-	6,175
Center for study of democracy	186,383	-	186,383
Total program services	1,897,257	-	1,897,257
Supporting services:			
Management and general	1,168,434	-	1,168,434
Fundraising	805,431	-	805,431
Total supporting services	1,973,865	-	1,973,865
Total Expenses	3,871,122	-	3,871,122
Change in net assets	31,374	1,375,506	1,406,880
Net assets, beginning of year	1,359,321	39,652,052	41,011,373
Net assets, End of Year	\$ 1,390,695	\$ 41,027,558	\$ 42,418,253

The accompanying notes are an integral part of this financial statement.

ST. MARY'S COLLEGE OF MARYLAND

**Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees (net of all scholarships and grants)	\$ 15,053,275	\$ 14,756,478
Grants and contracts	7,369,050	4,331,690
Salaries and benefits	(36,331,448)	(35,172,134)
Payments to suppliers	(13,549,836)	(10,408,278)
Loans issued to students	-	(50,678)
Collection of student loans	23,552	31,199
Sales-auxiliary enterprises	17,248,935	17,114,793
Expenses-auxiliary enterprises	(10,745,732)	(10,307,470)
Other receipts	980,596	1,700,340
Net Cash from Operating Activities	<u>(19,951,608)</u>	<u>(18,004,060)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	25,806,957	24,826,954
Noncapital gifts and grants	11,755	16,352
Net Cash from Non-capital Financing Activities	<u>25,818,712</u>	<u>24,843,306</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital state appropriation	11,599,214	4,009,022
Purchases of capital assets	(15,864,043)	(7,020,948)
Proceeds from debt issuance	19,489,320	-
Principal paid on long term debt	(22,444,750)	(2,377,210)
Interest paid on long term debt	(636,369)	(1,215,340)
Net Cash from Capital and Related Financing Activities	<u>(7,856,628)</u>	<u>(6,604,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	606,987	452,575
Proceeds (Purchases) from sales of investments	142,525	(925,542)
Net Cash from Investing Activities	<u>749,512</u>	<u>(472,967)</u>
Net change in cash and cash equivalents	(1,240,012)	(579,507)
Cash and cash equivalents, beginning of year	26,155,848	26,735,355
Cash and Cash Equivalents, End of Year	<u>\$ 24,915,836</u>	<u>\$ 26,155,848</u>
Supplementary Disclosure		
Interest expense paid during the year	<u>\$ 636,369</u>	<u>\$ 1,215,340</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY'S COLLEGE OF MARYLAND**Statements of Cash Flows (continued)
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(27,074,390)	(25,822,911)
Adjustments to reconcile operating loss to net cash from operating activities		
Non-cash expenses:		
Depreciation	6,718,300	6,566,610
Effect of changes of non-cash operating assets and liabilities:		
Receivables, net	97,779	20,757
Notes receivable, net	23,105	(19,306)
Inventories	(18,383)	(9,708)
Prepaid expenses and other assets	(40,514)	5,910
Accounts payable and accrued expenses	(221,311)	728,807
Accrued vacation	58,410	(50,553)
Unearned revenue	(222,627)	271,721
Net pension liability	728,023	304,613
Net Cash from Operating Activities	<u>\$ (19,951,608)</u>	<u>\$ (18,004,060)</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY'S COLLEGE OF MARYLAND

**Statements of Cash Flows – St. Mary's Foundation - Component Unit
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,611,533)	\$ 1,406,880
Adjustments to reconcile change in net assets to net cash from operating activities		
Contributions received for endowment	(755,059)	(574,962)
Realized and unrealized (gains) losses on investments	(1,223,316)	(1,626,638)
Discounts and allowance on promises to give	(3,972)	(10,173)
Uncollectible promise to give		-
Donated securities		(12,712)
Bad debt expense	15,862	
Effect of changes in non-cash operations, assets, and liabilities		
Receivables, net	(6,469)	(1,057)
Promises to give	222,115	874,425
Other assets	(37,290)	3,896
Accounts payable and accrued expenses	(194,234)	142,415
Deferred revenue	7,500	
Gift annuity	(1,605)	(65,135)
Net Cash from Operating Activities	<u>(3,588,001)</u>	<u>136,939</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(9,834,046)	(14,768,409)
Proceeds from sale of investments	10,321,706	14,850,728
Net Cash from Investing Activities	<u>487,660</u>	<u>82,319</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for endowment	740,575	530,301
Net change in cash and cash equivalents	(2,359,766)	749,559
Cash and cash equivalents, beginning of year	3,688,925	2,939,366
Cash and Cash Equivalents, End of Year	<u>\$ 1,329,159</u>	<u>\$ 3,688,925</u>
Supplementary Disclosure of Noncash Investing Activity		
Donated Securities	<u>\$ 18,800</u>	<u>\$ 12,712</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements

June 30, 2019 and 2018

1. ORGANIZATION AND PURPOSE

St. Mary's College of Maryland (the College) is a component unit of the State of Maryland (the State). The College, which is governed by its Board of Trustees (Board), is an undergraduate liberal arts institution located in St. Mary's City in southern Maryland. In 1964, the College was authorized by the State Legislature as a four-year liberal arts college. The campus has been an educational site since 1840.

In fiscal year 1992, the State Legislature enacted, and the Governor signed, a law that changed the nature of the College's relationship with the State, primarily by granting to the College authority, which was previously vested in State controlled agencies. The significant effects of this law were the stabilization of the College's general fund support and the empowerment of the College's Board with regard to budget establishment and management, human resources functions, procurement of goods and services, and investment management of the College's endowment fund. Under the new governance structure, the College and its Board are held accountable to the citizens and officials of the State, primarily through oversight provided by the Maryland Higher Education Commission.

In October 1971, St. Mary's College of Maryland Foundation, Inc. (the Foundation) was organized exclusively for charitable, religious, educational and scientific purposes. The Foundation's purposes further include, but are not restricted to, receiving and administering funds to enhance, improve, develop and promote St. Mary's College of Maryland and to benefit the College, its students and faculty. The Foundation meets the criteria as a component unit of the College; therefore, the activities of the Foundation are shown on these financial statements as a discretely presented component unit. The Foundation is a private, nonprofit organization that reports under the standards of the Financial Accounting Standards Board (FASB). No modifications have been made to the Foundation's financial information in the College's financial reporting for any differences between GASB and FASB standards.

During the years ended June 30, 2019 and 2018, the Foundation distributed \$5,301,135 and \$1,868,661, respectively, to the College for both restricted and unrestricted purposes.

The College performs various accounting, personnel, and public safety functions for Historic St. Mary's City (the City). The College is paid a fee for these services. The College does not exercise control over the City; therefore, the activities of the City are not reflected or consolidated in these financial statements.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government agency engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. 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.

Basis of Presentation - Foundation

The financial statement presentation for the Foundation follows generally accepted accounting principles. Complete financial statements of the Foundation may be requested from Jackie Wright, Development Office – Calvert Hall Room 102, St. Mary's College of Maryland, 18952 E. Fisher Road, St. Mary's City, MD. 20686.

Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Shares of mutual funds are valued at quoted market prices, which represent the net values of shares held by the College at year end. The fair value of other types of investments is based on quoted market prices at year end.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for auxiliary enterprises services provided to students, faculty and staff, the majority of each residing in the State of Maryland. Accounts receivable also include amounts due from Federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at cost and are accounted for under the first-in, first-out method, which is not in excess of net realizable value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000, or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements with a cost of \$50,000, or more, and that significantly increase the value or extend the useful life of the structure, are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over estimated useful lives of the assets, generally 40 years for buildings, 20 years for building improvements, 16-25 years for infrastructure, 7 years for library books, and 3-12 years for capital equipment.

Works of art and historical collections have not been capitalized or depreciated. Under College policy, works of art and historical collections are held for public exhibition, education or research in furtherance of public service rather than financial gain. They are protected, cared for and preserved, and the proceeds from sales of the collection are used to acquire other items for the collection.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of compensation expense in the statement of revenues, expenses, and changes in net position. The current portion of accrued vacation payable is estimated by assuming that the proportion of the accrued vacation that will be used during the next year will be the same as the proportion that was used this year.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

Certain employees of the College are members of the Maryland State Retirement and Pension System. Employees are members of either the Teachers' Pension System of the State of Maryland (TPS) or the Employees Retirement System of the State of Maryland (ERS). TPS and ERS are part of the State of Maryland Retirement and Pension System, which is considered a single multiple employer cost sharing plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TPS and ERS and additions to/deductions from TPS and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position - College

The College's net position is classified as follows:

Net investment in capital assets: This represents the College's net investment in capital assets related to those capital assets. It is measured by the fund balance in the investment in plant subgroup, after the debt related to finished construction has been transferred into the subgroup.

Restricted net position – expendable: Restricted expendable net position represents resources which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position – College (continued)

Restricted net position – nonexpendable: Nonexpendable restricted net position represent endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the direction of the governing board to meet current expenses for any purpose. Auxiliary enterprises are substantially self-supported activities that provide services for students, faculty, staff, or the local community.

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

Net Assets – Foundation

The Foundation's net assets are classified as follows:

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions.

Classification of Revenues and Expenses

The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues: Operating revenues and expenses are generated by the typical activities of a College, such as teaching and research, and include: (1) student tuition and fees, (2) sales and services of auxiliary enterprises, and (3) grants that support research and instruction.

Nonoperating revenues: Nonoperating revenues and expenses are generated by incidental activities, gifts and subsidies, and include investment income, gifts, state appropriations and interest income.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the published charge for goods and services provided by the College, and the amount that is actually paid by students or third parties making payments on the students' behalf. To the extent that the College's unrestricted funds are used to award scholarships, grants and waivers, the College reports a scholarship discount and allowance.

Unconditional Promises to Give – Foundation

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Implementation of Accounting Pronouncements

The Governmental Accounting Standard Board (GASB) issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and Statement No. 83, *Certain Asset Retirement Obligations*, which the College has implemented in the current fiscal year. These pronouncements did not materially impact the financial statements.

Recent Pronouncements

The GASB has also issued Statement No. 84, *Fiduciary Activities*; Statement No. 87, *Leases*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; and Statement No. 91, *Conduit Debt Obligations*, which will require adoption in the future, if applicable. These statements may or may not have a material effect on the College's financial statements once implemented. The College will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

3. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents on hand with State Treasurer

As of June 30, 2019 and 2018, the College had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$24,285,554 and \$24,529,917, respectively. The State Treasurer has statutory responsibility for the State's cash management activities. The amount due from the Treasurer is part of the State's internal investment pool and is not separately identified as to specific types of securities for individual agencies within the State. The Treasurer maintains these and other State agency funds on a pooled basis in accordance with State statutes. As of June 30, 2019 and 2018, the College's amount due from the Treasurer was less than 1 percent of total deposits with the Treasurer. For additional information on cash risks, see the State of Maryland Comprehensive Annual Financial Report for the year ended June 30, 2019.

Other Cash and Cash Equivalents

As of June 30, 2019 and 2018, the College has cash on deposit with other local banks in the amount of \$626,331 and \$1,960,852, respectively. The College has statutory responsibility for the management of these funds which are fully insured by Federal depository insurance.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

4. INVESTMENTS

The fair value of endowment and other investments held by the College as of June 30, 2019 and 2018, were as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash and Cash Equivalents	\$ 445,618	\$ 938,053
Debt Securities		
U.S. Treasury	677,922	766,816
U.S. Agencies	176,277	187,034
Mortgage Backed Securities	152,121	166,926
Corporate Bonds	1,405,951	1,294,011
Total debt Securities	<u>2,411,911</u>	<u>2,414,787</u>
Equity Securities		
Other	1,005,345	281,340
Total Investments by fair value level	<u>\$ 3,862,874</u>	<u>\$ 3,634,180</u>
Endowment Investments	\$ 3,757,265	\$ 3,513,398
Restricted Investments	105,609	120,782
	<u>\$ 3,862,874</u>	<u>\$ 3,634,180</u>

Endowment fund investments are made in accordance with the investment policy of the College, adopted by consent of the Board of Trustees of the College, which authorizes the College to invest in domestic equities, international equities, fixed income or cash equivalents, and real estate investment trusts, within the proportions defined by the policy. Mutual funds, convertible preferred stocks, and convertible bonds may be used. Bond funds are invested in short-term S&P AAA rated, Wells Fargo Advantage Government Money Market Fund, Fannie Mae Guaranteed Securities, Notes and Federal Home Loan Bank Notes.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

4. INVESTMENTS (continued)

As of June 30, 2019 and 2018, the College's endowment fund had the following fixed income investments, ratings, maturities and hierarchy levels:

As of June 30, 2019

Investment Type	Ratings (S & P)	Level	Fair Value	Investment Maturities (in years)				
				<1	1-5	6-10	11-15	>15
U.S. Government securities	AAA	(Level 1)	\$ 677,922	\$ 70,657	\$ 393,356	\$ 68,048	\$ -	\$ 145,861
Cash		(Level 1)	340,009	340,009	-	-	-	-
U.S. Agency & other asset-backed securities	AAA	(Level 1)	152,121	-	23,525	1,275	33,099	94,222
U.S. Agency & other asset-backed securities	AA+	(Level 1)	176,277	-	107,985	54,334		13,958
U.S. Agency & other asset-backed securities								
Corporate Bonds	AAA	(Level 2)	98,890	-	-	58,755	-	40,135
Corporate Bonds	AA-	(Level 2)	110,077	70,194	39,883	-	-	-
Corporate Bonds	AA+	(Level 2)	-	-	-	-	-	-
Corporate Bonds	A+	(Level 2)	56,905	-	25,774	31,131	-	-
Corporate Bonds	A	(Level 2)	247,755	-	129,356	68,427	21,832	28,140
Corporate Bonds	A-	(Level 2)	374,875	59,959	265,391	33,307	16,218	-
Corporate Bonds	BBB+	(Level 2)	240,286	-	-	100,196	33,797	106,293
Corporate Bonds	BBB	(Level 2)	276,803	-	177,345	60,458	12,921	26,079
Corporate Equity		(Level 2)	1,004,367	1,004,367	-	-	-	-
Corporate Equity		(Level 2)	978	-	-	-	-	978
Total			3,757,265	1,545,186	1,162,615	475,931	117,867	455,666
Wells Fargo Investments								
Cash and Cash Equivalents	AAA	(Level 1)	105,609	105,609	-	-	-	-
Total Investments			\$ 3,862,874	\$ 1,650,795	\$ 1,162,615	\$ 475,931	\$ 117,867	\$ 455,666

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

4. INVESTMENTS (continued)

As of June 30, 2018

Investment Type	Ratings (S & P)	Level	Fair Value	Investment Maturities (in years)				
				<1	1-5	6-10	11-15	>15
U.S. Government securities	AAA	(Level 1)	\$ 766,816	\$ 10,067	\$ 487,034	\$ 135,162	\$ -	\$ 134,553
Cash		(Level 1)	817,271	817,271	-	-	-	-
U.S. Agency & other asset-backed securities	AAA	(Level 1)	187,034	320	41,678	1,286	33,037	110,713
U.S. Agency & other asset-backed securities	AA+	(Level 1)						
U.S. Agency & other asset-backed securities	AAA	(Level 1)	166,926	-	-	102,755	51,122	13,049
Corporate Bonds	AAA	(Level 2)	36,803					36,803
Corporate Bonds	AA-	(Level 2)	133,887	24,938	108,949	-	-	-
Corporate Bonds	AA+	(Level 2)	-	-	-	-	-	-
Corporate Bonds	A+	(Level 2)	24,951	-	24,951	-	-	-
Corporate Bonds	A	(Level 2)	290,958	-	181,139	29,883	54,206	25,730
Corporate Bonds	A-	(Level 2)	230,466	-	206,460	9,601	-	14,405
Corporate Bonds	BBB+	(Level 2)	253,729	-	38,558	67,712	52,607	94,852
Corporate Bonds	BBB	(Level 2)	323,217	50,104	145,892	56,500	46,132	24,589
Corporate Equity		(Level 2)	280,362	280,362	-	-	-	-
Corporate Equity		(Level 2)	978	-	-	-	-	978
Total			3,513,398	1,183,062	1,234,661	402,899	237,104	455,672
Wells Fargo Investments								
Cash and Cash Equivalents	AAA	(Level 1)	120,782	120,782	-	-	-	-
Total Investments			\$ 3,634,180	\$ 1,303,844	\$ 1,234,661	\$ 402,899	\$ 237,104	\$ 455,672

The College categorizes its fair value measurements using the fair value hierarchy established by general 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 other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy generally requires that fixed income securities may consist of obligations with average durations of seven years or less.

Credit Risk: 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 quality rating of bonds be BBB or better. The quality rating of commercial paper must be A-1 or better.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's investment policy implies that the investments in the debt securities of any one company may not exceed 10% of the portfolio. As of June 30, 2019, the College had invested \$44,286, of endowment funds in Fannie Mae, amounting to 0.01% of the College's total investments with 1919 Investment Counsel & Trust.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

4. INVESTMENTS (continued)

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the College's name. The College does not have a policy for custodial credit risk.

The Foundation's investments consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Cash Equivalents		
Equities	\$ 15,970,591	\$ 16,410,786
Fixed Income	11,544,334	9,847,387
Cash Equivalents	1,227,399	1,326,565
Interest in Trust	1,514,236	1,503,914
Alternative Investment	8,560,429	8,978,197
Total Investments	\$ 38,816,989	\$ 38,066,849

During 2000, the Foundation became a named beneficiary to one-fourth of a trust held by a third party. The trust is restricted to scholarships. Under the terms of the trust, the Foundation will receive a distribution each year of approximately one-fourth of 5% of the value of the trust, even if the 5% is to be paid from the principal. The Foundation records one-fourth of the annual changes in market value of the trust as investment income. The value of the Foundation's share of the trust was \$1,514,236 and \$1,503,914 as of June 30, 2019 and 2018, respectively. The Foundation received a distribution of \$70,000 from the Trust for the years ended June 30, 2019 and 2018, respectively.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

4. INVESTMENTS (continued)

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the fair value disclosures.

	As of 2019			Total
	Level 1	Level 2	Level 3	
Equities	\$ 15,970,591	\$ -	\$ -	\$ 15,970,591
Cash and Money Market Funds	1,227,399	-	-	1,227,399
Fixed Income Securities:				
U.S. Corporate Bonds	11,188,384	-	-	11,188,384
Global Corporate Bonds	52,086	-	-	52,086
Foreign Exchange and Non- USD				
Fixed Income	303,864	-	-	303,864
Total Fixed Income Securities	11,544,334	-	-	11,544,334
Alternative Instruments:				
Hedge Funds	122,841	-	-	122,841
Real Estate	1,612,071	-	-	1,612,071
Hard Assets	658,436	-	-	658,436
Total Alternative Instruments	2,393,348	-	-	2,393,348
Interest Held in Perpetual Trust			1,514,236	1,514,236
	\$ 13,937,682	\$ -	\$ 1,514,236	\$ 32,649,908
Investments Measured at Fair Value				
Using Net Asset Value per Share	-	-	-	6,167,081
Total Investments				\$ 38,816,989
Gift Annuity Liability	\$ -	\$ -	\$ 696,548	\$ 696,548
	As of 2018			Total
	Level 1	Level 2	Level 3	
Equities	\$ 16,410,786	\$ -	\$ -	\$ 16,410,786
Cash and Money Market Funds	1,326,565	-	-	1,326,565
Fixed Income Securities:				
U.S. Corporate Bonds	9,562,272	-	-	9,562,272
Global Corporate Bonds	78,359	-	-	78,359
Foreign Exchange and Non- USD				
Fixed Income	206,756	-	-	206,756
Total Fixed Income Securities	9,847,387	-	-	9,847,387
Alternative Instruments:				
Hedge Funds	409,020	-	-	409,020
Real Estate	1,849,023	-	-	1,849,023
Hard Assets	1,241,573	-	-	1,241,573
Total Alternative Instruments	3,499,616	-	-	3,499,616
Interest Held in Perpetual Trust			1,503,914	1,503,914
	\$ 31,084,354	\$ -	\$ 1,503,914	\$ 32,588,268
Investments Measured at Fair Value				
Using Net Asset Value per Share				5,478,581
Total Investments				\$ 38,066,849
Gift Annuity Liability	\$ -	\$ -	\$ 698,153	\$ 698,153

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

5. ENDOWMENTS

The College records most endowment income as unrestricted, nonoperating income. Endowment income not expended for restricted scholarships or other allowable purposes during the fiscal year is included in funds functioning as endowments.

The spending rate of general endowment funds (quasi and pure), as adopted by the Board, is 4% of the average market value of total funds as of the last day of the previous three calendar years. The spending rate applies to endowment funds for both unrestricted and restricted purposes and is applied in accordance with the designation of each endowment. The difference between the calculated amount and the actual realized endowment income is recorded as a non-mandatory transfer from or to the quasi-endowment fund in accordance with the above spending policy. The objectives of the spending rule are to preserve the purchasing power of the principal and attain a minimum of one percent real growth.

The endowment net assets are reported as follows as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Restricted - scholarship and fellowships	\$ 1,020,011	\$ 1,020,011
Unrestricted net assets	2,737,254	2,493,387
Total Endowment Net Assets	<u>\$ 3,757,265</u>	<u>\$ 3,513,398</u>

6. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Student tuition and fees	\$ 266,438	\$ 169,203
Campus store	33,234	40,388
Travel advances	4,074	4,048
Federal, state and private grants and contracts	341,310	504,411
Total	<u>645,056</u>	<u>718,050</u>
Less: allowance for doubtful accounts	66,430	41,645
Net Accounts Receivable	<u>\$ 578,626</u>	<u>\$ 676,405</u>

7. COMMITMENTS

As of June 30, 2019 and 2018, there was \$2,983,242 and \$5,459,622, respectively, of encumbrances and funds designated for future use reported in unrestricted net position. The College does not separately identify the reserve for encumbrances in unrestricted net position.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

8. INVENTORIES

Inventories consisted of the following as of June 30, 2019 and 2018:

	June 30, 2019	June 30, 2018
Health Center	\$ 9,482	\$ 11,577
Housekeeping	10,956	11,356
Central Stores	5,150	7,362
Campus Stores	298,049	274,959
Total Inventories	\$ 323,637	\$ 305,254

9. CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30, 2019 and 2018:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction In-Progress	7,853,411	13,983,645		21,837,056
Total Capital Assets Not Being Depreciated	13,800,848	13,983,645	-	27,784,493
Capital Assets, Being Depreciated:				
Infrastructure	9,357,170	1,160,703	-	10,517,873
Building and Building Improvements	218,263,361	-	-	218,263,361
Furnitures, Fixtures and Equipment	13,355,477	419,410	-	13,774,887
Assets purchased with capital lease	255,346	-	(49,636)	205,710
Library Collections	12,825,310	300,285	-	13,125,595
Total Assets Being Depreciated	254,056,664	1,880,398	(49,636)	255,887,426
Less: Accumulated Depreciation:				
Infrastructure	5,548,010	557,796	-	6,105,806
Building and Building Improvements	70,905,094	5,454,929	-	76,360,023
Furnitures, Fixtures and Equipment	12,366,554	303,489	-	12,670,043
Capital Leases	21,255	-	-	21,255
Library Collections	11,023,665	402,086	-	11,425,751
Total Accumulated Depreciation	99,864,578	6,718,300	-	106,582,878
Total Capital Assets, Being Depreciated, Net	154,192,086	(4,837,902)	(49,636)	149,304,548
Capital Assets, Net	\$ 167,992,934	\$ 9,145,743	\$ (49,636)	\$ 177,089,041

ST. MARY'S COLLEGE OF MARYLAND

**Notes to Financial Statements
June 30, 2019 and 2018**

9. CAPITAL ASSETS (continued)

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 5,947,437	\$ -	\$ -	\$ 5,947,437
Construction In-Progress	4,209,641	6,098,304	(2,454,534)	7,853,411
Total Capital Assets Not Being Depreciated	<u>10,157,078</u>	<u>6,098,304</u>	<u>(2,454,534)</u>	<u>13,800,848</u>
Capital Assets, Being Depreciated:				
Infrastructure	9,023,875	333,295	-	9,357,170
Building and Building Improvements	215,808,827	2,454,534	-	218,263,361
Furnitures, Fixtures and Equipment	13,201,488	153,989	-	13,355,477
Assets purchased with capital lease	6,539	248,807	-	255,346
Library Collections	12,389,449	435,861	-	12,825,310
Total Assets Being Depreciated	<u>250,430,178</u>	<u>3,626,486</u>	<u>-</u>	<u>254,056,664</u>
Less: Accumulated Depreciation:				
Infrastructure	5,071,855	476,155	-	5,548,010
Building and Building Improvements	65,634,271	5,270,823	-	70,905,094
Furnitures, Fixtures and Equipment	12,023,786	342,768	-	12,366,554
Capital Leases	21,255	-	-	21,255
Library Collections	10,546,801	476,864	-	11,023,665
Total Accumulated Depreciation	<u>93,297,968</u>	<u>6,566,610</u>	<u>-</u>	<u>99,864,578</u>
Total Capital Assets, Being Depreciated, Net	<u>157,132,210</u>	<u>(2,940,124)</u>	<u>-</u>	<u>154,192,086</u>
Capital Assets, Net	<u>\$ 167,289,288</u>	<u>\$ 3,158,180</u>	<u>\$ (2,454,534)</u>	<u>\$ 167,992,934</u>

Depreciation expense was \$6,718,300 and \$6,566,610 for the years ended June 30, 2019 and 2018, respectively.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

10. LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2019 and 2018, were as follows:

	Year Ended June 30, 2019				
	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Bonds:					
Revenue bonds payable	\$ 29,254,703	\$ 18,715,000	\$ (22,209,703)	\$ 25,760,000	\$ 1,420,000
Unamortized premium/discount	331,536	774,320	(41,003)	1,064,853	93,196
Total Bonds	<u>29,586,239</u>	<u>19,489,320</u>	<u>(22,250,706)</u>	<u>26,824,853</u>	<u>1,513,196</u>
Other Liabilities:					
Worker's compensation	425,000	339,233	(111,233)	653,000	97,950
Accrued vacation costs	930,745	1,314,011	(1,255,601)	989,155	989,155
Notes payable	391,995	-	(192,347)	199,648	199,648
Capital lease	286,246	-	(42,700)	243,546	64,299
Federal loan program refundable	42,758	-	-	42,758	-
Net pension liability	12,860,838	2,503,107	-	15,363,945	-
Total Other Liabilities	<u>14,937,582</u>	<u>4,156,351</u>	<u>(1,601,881)</u>	<u>17,492,052</u>	<u>1,351,052</u>
Total Long Term Obligations	<u>\$ 44,523,821</u>	<u>\$ 23,645,671</u>	<u>\$ (23,852,587)</u>	<u>\$ 44,316,905</u>	<u>\$ 2,864,248</u>
	Year Ended June 30, 2018				
	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Bonds:					
Revenue bonds payable	\$ 31,390,439	\$ -	\$ (2,135,736)	\$ 29,254,703	\$ 2,095,736
Unamortized premium/discount	387,695	-	(56,159)	331,536	56,159
Total Bonds	<u>31,778,134</u>	<u>-</u>	<u>(2,191,895)</u>	<u>29,586,239</u>	<u>2,151,895</u>
Other Liabilities:					
Worker's compensation	453,000	-	(28,000)	425,000	63,750
Accrued vacation costs	981,298	1,245,665	(1,296,218)	930,745	930,745
Notes payable	577,310	-	(185,315)	391,995	193,021
Capital lease	36,938	263,930	(14,622)	286,246	42,700
Federal loan program refundable	114,888	-	(72,130)	42,758	-
Net pension liability	13,993,622	-	(1,132,784)	12,860,838	-
Total Other Liabilities	<u>16,157,056</u>	<u>1,509,595</u>	<u>(2,729,069)</u>	<u>14,937,582</u>	<u>1,230,216</u>
Total Long Term Obligations	<u>\$ 47,935,190</u>	<u>\$ 1,509,595</u>	<u>\$ (4,920,964)</u>	<u>\$ 44,523,821</u>	<u>\$ 3,382,111</u>

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

10. LONG-TERM LIABILITIES (continued)

Revenue bonds consisted of the following (at par) as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
2005 Subordinate Revenue Bonds, Series A	\$ -	\$ 12,355,000
2006 Subordinate Revenue Bonds, Series A	-	3,375,000
2012 Subordinate Revenue Bonds, Series A	9,130,000	10,620,000
2014 Subordinate Revenue Bonds, Series A	-	2,904,703
2018 Subordinate Revenue Bonds Series A	16,630,000	-
Total Revenue Bonds	25,760,000	29,254,703
Unamortized Premium/Discount	1,064,853	331,536
Total	<u>\$ 26,824,853</u>	<u>\$ 29,586,239</u>

Academic Fees and Auxiliary Facilities Fees Revenue Bonds

In 2005, the College issued \$19,105,000, of subordinate revenue bonds to refinance 1997, and 2000 Subordinate Revenue bonds which were originally issued for the purpose of constructing new student housing facilities, design, construction, and equipping of the Campus Center and the renovation of, and construction of an addition to, the existing gymnasium. In 2006, the College issued \$4,235,000, of subordinate revenue bonds to finance the design, construction, equipping and furnishing of a new student residence hall or facility as an addition to Warring Commons. In 2012, the College issued \$15,750,000 of revenue bonds to be used to refund the College's 2002 Series A Bonds, the proceeds of which were used to finance the planning and construction of a new student housing facility, and advance refund of the College's 2003 Series A Bonds and to pay the cost of issuance of the 2012 Series A Bonds. 3. In 2014, the College issued, through a draw-down facility with a maximum principal amount of \$4,000,000, revenue bonds to finance renovation and updating of four traditional residence halls and the residential floors of Calvert Hall.

The 2005 Series A subordinate revenue bonds are dated April 1, 2005, and bear interest rates from 3.250% to 5.000%. Annual maturities will increase from 2006, until the final payment of \$4,480,000, becomes due in 2030. The bonds maturing after September 1, 2015, are callable at a premium of 1%.

The 2006 Series A subordinate revenue bonds are dated June 28, 2005, and bear interest rates from 4.250% to 4.500%. Annual maturities will increase from 2008, until the final payment of \$255,000, becomes due in 2038. The bonds maturing after September 1, 2016, are callable at no premium.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

10. LONG-TERM LIABILITIES (continued)

Academic Fees and Auxiliary Facilities Fees Revenue Bonds (continued)

The 2012 Series A subordinate revenue bonds are dated June 6, 2012 and bear interest rates from 2.000% to 4.000%. Annual maturities will increase from 2012 until the payment of \$740,000 becomes due in 2032. The bonds maturing after September 1, 2022, are callable at no premium.

The 2014 Series A subordinate revenue bonds are dated September 24, 2014, provide for the establishment of a construction account to provide for construction draws, which as of June 30, 2018, was \$2,904,703, and bears interest at a variable rate equal to the product of 70% multiplied by the sum of one month LIBOR plus 1.73%. As of June 30, 2018, the variable rate equaled 1.95%. The College has entered into an interest rate cap transaction limiting LIBOR from increasing beyond 3%. The 2014 Series A Bonds may be redeemed pursuant to the mandatory redemption provisions and mature September 24, 2025. Monthly maturities begin in November of 2015 subject to a principal amortization schedule until the final payment of \$32,614 becomes due in September of 2025.

All of the aforementioned bonds are limited obligations of the College payable solely from, and secured by, the gross revenues derived from academic fees and auxiliary facilities fees.

The trust agreements related to these subordinate revenue bonds establish several covenants with which the College must comply. Those covenants address the payment of bonds, operation and maintenance of facilities, and transfers of facilities, among other matters. The covenants also require the College to fix, revise, charge, and collect auxiliary facilities and academic fees with respect to each fiscal year in amounts sufficient to make all the payments on the bonds as required by the trust agreement.

Investments totaling \$105,609 and \$120,782, for 2019 and 2018, respectively, were recorded as Other Restricted Investments under non-current assets and are comprised of certain funds to be held and invested by the Trustee. As such, the use of these funds is limited to the bond project issue cost, capitalized interest, or reserve fund purposes.

In-Substance Defeasance

The 2005 Series A bonds were issued on April 20, 2005, to refinance the 1997 Series A, and the 2000 Series A bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$1,208,350. The reacquisition price exceeded the net carrying value of the old debt by \$1,360,466, on April 20, 2005. This amount was deferred and was being amortized to interest expense over 30 years, which was the remaining life of the debt. The unamortized balance was \$762,113 as of June 30, 2018 and reported as a deferred financing outflow. This deferred financing outflow was written off in fiscal year 2019, after the 2005 Series A bonds were refunded with the 2018 Series A bonds.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

10. LONG-TERM LIABILITIES (continued)

In-Substance Defeasance (continued)

The 2012 Series A bonds were issued on June 6, 2012, to refinance the Series A 2002 and 2003 bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding was \$2,618,781. The reacquisition price exceeded the net carrying value of the old debt by \$1,048,983, on June 6, 2012. This amount was deferred and being amortized to interest expense over 22 years, which is the remaining life of the debt. The unamortized balance was \$695,754 and \$745,705 as of June 30, 2019 and 2018, respectively, and is reported as a deferred financing outflow.

The 2018 Series A Bonds were issued on July 28, 2018 to refinance the Series 2005A, 2006A, 2014A and partial refunding of Series 2012A bonds. The difference between the cash flows required to service the old debt and the cash flow required to service the new debt and complete the refunding was \$2,103,031. The reacquisition price exceeded the net carrying value of the old debt by \$1,076,289 on July 28, 2018. This amount is deferred and being amortized to interest expense over 20 years, which is the remaining life of the debt. The unamortized balance of \$1,025,897 as of June 30, 2019 is reported as a deferred financing outflows.

Defeased Revenue Bonds

In connection with issuance of the 2005 Series A Bonds, the Academic Fees and Auxiliary Facilities Fees Subordinated Revenue Refunding Bonds, 2000 Series (2000 Revenue Bonds) were legally defeased. Assets were placed in an irrevocable trust with an escrow agent for future debt service payments on the defeased bonds. Accordingly, neither the indebtedness nor the assets of the irrevocable trust are included in the College's financial statements.

Principal and Interest Payments

Future principal and interest payments of outstanding revenue bonds as of June 30, 2019, are as follows:

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,420,000	\$ 878,051	\$ 2,298,051
2021	2,205,000	829,716	3,034,716
2022	2,270,000	754,591	3,024,591
2023	2,330,000	669,841	2,999,841
2024	2,420,000	574,841	2,994,841
2025-2029	9,350,000	1,716,255	11,066,255
2030-2034	4,895,000	439,346	5,334,346
2035-2039	870,000	58,253	928,253
Total	\$ 25,760,000	\$ 5,920,894	\$ 31,680,894

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

10. LONG-TERM LIABILITIES (continued)

Notes Payable

On April 11, 2007, the College financed an Energy Performance Contract, which will reduce energy consumption through implementation of specific energy conservation measures (ECMs), under the State of Maryland's Energy Performance Contract Master Lease-Purchase Financing Program in the amount of \$2,047,727, and under the Maryland Energy Administration's Agency Energy Conservation Loan Program in the amount of \$808,000.

These notes are recorded at their net present value; and, the minimum annual payments include principal and imputed interest using a rate of 3.76%. Assuming the College does not prepay the principal, the State of Maryland's Energy Performance Contract Master Lease-Purchase Financing Note is scheduled to be paid off January 1, 2020, and the Maryland Energy Administration Conservation Loan was paid off in July 2016. The remaining principal balance of \$199,648, and interest expense of \$5,723 is due in fiscal year 2020.

11. LEASES

Operating Leases

The College leases copiers and trailers. Total costs for these operating leases were \$100,988 and \$105,130, for the years ended June 30, 2019 and 2018, respectively.

Capital Lease

In June 2014, the College entered into a lease agreement through the State of Maryland's Equipment Lease Purchase Agreement for a piece of Science Equipment in the amount of \$65,581, with an interest rate of 1.39% per year. In January 2018, the College entered into another lease agreement through the State of Maryland's Lease Equipment Purchase Agreement for Science Equipment in the amount of \$263,930 with an interest rate of 2.53% per year.

Future principal and interest lease payments for the capital leases were as follows as of June 30, 2019:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Admin Fees</u>	<u>Total</u>
2020	\$ 64,299	\$ 5,610	\$ 249	\$ 70,158
2021	58,254	4,166	185	62,605
2022	59,736	2,684	119	62,539
2023	61,257	1,164	50	62,471
Total	\$ 243,546	\$ 13,624	\$ 603	\$ 257,773

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

12. RETIREMENT PLANS

Maryland State Retirement and Pension System

The College contributes to the Maryland State Retirement and Pension System (the System), established by the State to provide pension benefits for State employees and employees of 123 participating entities within the State. The System is an agent, multiple employer public employee retirement system and no separate valuation is performed for the College and the College's only obligation to the plan is its required annual contributions.

The System is considered part of the State's financial reporting entity and is not considered a part of the College's reporting entity. The System prepares a separate Comprehensive Annual Financial Report which can be obtained from the Maryland State Retirement and Pension System at 120 East Baltimore Street, Baltimore, Maryland 21202 and the following website: http://finances.marylandtaxes.com/Where_the_Money_Comes_From/General_Revenue_Reports/default.shtml.

Plan description. The System, which is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland (the Article), consists of the several plans that are managed by the Board of Trustees for the System. All State employees hired into positions that are permanently funded and employees of the participating entities are eligible for coverage by the plans. Teachers employed by the College are provided with pensions through the Teachers' Pension System of the State of Maryland (TPS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (the System). Certain employees of the College are provided with pensions through the Employees Retirement System of the State of Maryland (ERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the System. The Article grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

Benefits provided. A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

12. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

Benefits provided. (continued)

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits.

The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement. A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service.

Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

12. RETIREMENT PLANS (continued)

Maryland State Retirement and Pension System (continued)

Disability and Death Benefits. Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6-7% of their annual pay, depending on which system the employee belongs. The State of Maryland is responsible for the net pension liability of TPS. The College's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies for as a special funding situation. The State of Maryland did not make contributions on behalf of the College for the years ended June 30, 2019 and 2018.

The College's contractually required contribution rate for the years ended June 30, 2019 and 2018 was \$1,351,566 and \$1,460,178, respectively, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only). Contributions from the College were \$1,351,566 and \$1,460,178 for the years ended June 30, 2019 and 2018, respectively.

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

As of June 30, 2019, and 2018, the College reported a liability of \$15,363,945 and \$12,860,838, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and June 30, 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2019 and 2018, the College's proportion was 0.078 percent and 0.0630 percent, respectively, which was substantially the same from its proportion measured as of June 30, 2016.

ST. MARY'S COLLEGE OF MARYLAND

**Notes to Financial Statements
June 30, 2019 and 2018**

12. RETIREMENT PLANS (continued)

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

For the years ended June 30, 2019 and 2018, the College recognized pension expense of \$728,024 and \$1,854,753, respectively. As of June 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

As of June 30, 2019

	Deferred Outflow of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on plan investments	\$ 975,127	\$ 540,231
Change in actuarial assumptions	295,446	-
Change in proportionate share	2,458,026	259,685
Change in experience	-	972,682
Contributions made subsequent to the measurement date	1,351,566	-
	<u>\$ 5,080,165</u>	<u>\$ 1,772,598</u>

As of June 30, 2018

	Deferred Outflow of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on plan investments	\$ 1,661,679	\$ 769,875
Change in actuarial assumptions	353,349	-
Change in proportionate share	-	303,998
Change in experience	-	868,850
Contributions made subsequent to the measurement date	1,460,178	-
	<u>\$ 3,475,206</u>	<u>\$ 1,942,723</u>

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

12. RETIREMENT PLANS (continued)

The \$1,351,566 as of June 30, 2019 reported as deferred outflows of resources resulting from the College's 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:

For the Years Ending June 30,	Deferred Outflows of Resources				Deferred Inflows of Resources			
	Net difference between projected and actual earnings	Change in actuarial assumptions	Contributions made subsequent to the measurement date	Change in proportionate share	Net difference between projected and actual earnings	Change in experience	Change in proportionate share	
2020	\$ 628,110	\$ 199,074	\$ 1,351,566	\$ 491,605	\$ (167,172)	\$ (360,863)	\$ (86,562)	
2021	347,017	39,321	-	491,605	(167,172)	(295,506)	(86,562)	
2022	-	39,321	-	491,605	(167,172)	(257,175)	(86,561)	
2023	-	17,730	-	491,605	(38,715)	(59,138)	-	
2024	-	-	-	491,606	-	-	-	
Total	\$ 975,127	\$ 295,446	\$ 1,351,566	\$ 2,458,026	\$ (540,231)	\$ (972,682)	\$ (259,685)	

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at www.sra.state.md.us/Agency/Downloads/CAFR/.

Sensitivity of the Services' proportionate share of the net pension liability to changes in the discount rate.

The College's proportionate share of the net pension liability calculated using the discount rate of 7.45 percent was \$15,363,945. Additionally, the College's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.45 percent) is \$23,602,370 or 1-percentage-point higher (8.45 percent) is \$10,398,084.

Optional Retirement Programs

In addition to the Retirement and Pension System, the College also offers optional retirement programs for faculty and professional staff that include: Fidelity Trust, TIAA-CREF and AIG-VALIC. The College contributes 7.25% of base salary into these plans. At this time, the employee is not required to contribute to the plan. The amounts contributed by the College were \$1,358,391 and \$1,204,438, for the years ended June 30, 2019 and 2018, respectively.

Beginning in fiscal year 2006, a supplemental plan was introduced whereby the College matched 100% (up to \$600) of all contributions made into the plan. There were no amounts matched for the years ended June 30, 2019 or 2018.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

13. OTHER POST EMPLOYMENT BENEFITS

State Employee and Retiree Health and Welfare Benefits Program of Maryland

Plan Description

Former College employees who are receiving benefits participate in the State Employee and Retiree Health and Welfare Program (Plan) which is single-employer defined benefit health care plan established by the State Personnel and Pensions Article, Sections 2-501-2-516 of the Annotated Code of Maryland. The Plan which is 80% covered from the retiree's/active employee's premium and 20% from the State, provides medical, hospitalization, prescription drugs and dental insurance benefits to retirees and their dependents. Substantially all employees become eligible for these benefits when they retire. The cost of retiree's health care benefits is expensed when paid, and totaled \$1,314,194, \$1,089,176 and \$1,471,022 for the years ended June 30, 2019, 2018 and 2017 respectively.

Effective July 1, 2004, the State established the Postretirement Health Benefits Trust Fund (OPEB Trust) to receive appropriated funds and contributions to assist the Plan in financing the State's postretirement health insurance subsidy. The OPEB Trust is established in accordance with Section 34-101 of the State Personnel and Pensions Article of the Annotated Code of Maryland and is administered by the Board of Trustees for the Maryland State Retirement and Pension System. The Plan is included in the State's CAFR, which can be obtained from the Comptroller of Maryland, LLG Treasury Building, Annapolis, MD 21404 or website at https://finances.marylandtaxes.gov/Where_the_Money_Comes_From/General_Revenue_Reports/default.shtml.

The College employees are members of the Plan. Eligibility for the Plan is determined by various factors, including date of hire. Generally, employees hired before July 1, 2011 may enroll and participate in the Plan if the employee left State service with at least 16 years of creditable service, retired directly from State service with at least 5 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement. Employees hired on or after July 1, 2011, may enroll and participate in the Plan if the employee left State service with at least 25 years of creditable service, retired directly from State service with at least 10 years of creditable service, left State service with at least 10 years of creditable service and within 5 years of normal retirement age, or retired directly from State service with a disability retirement.

ST. MARY'S COLLEGE OF MARYLAND

Notes to Financial Statements June 30, 2019 and 2018

13. OTHER POST EMPLOYMENT BENEFITS (continued)

Funding Policy

Funds deposited into the OPEB Trust may consist of any funds appropriated to the OPEB Trust, whether directly or through the budgets of any State agency. The State is required by law to include money in the State budget to pay the State's share of the costs of the Plan.

The State subsidizes a portion of the covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. Costs for postretirement benefits are for State retirees and primarily funded by the State. The State does not distinguish employees by employer/State agency. For the years ended June 30, 2017, 2016, and 2015, the State did not allocate postemployment health care costs to participating employers and as a result did not require a contribution from the College.

As such, the State has elected to maintain the entire Net OPEB Liability as a liability of the general fund of the State and has not allocated any balances to State entities including the College.

14. COMMITMENTS & CONTINGENCIES

Litigation

In the normal course of operations, certain claims have been brought against the College, which are in various stages of resolution. Management believes that the ultimate resolution of the claims will not have a material adverse effect on the College's financial position.

The College receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the College. The College's administration believes such disallowance, if any, would be immaterial.

15. RISK MANAGEMENT

The College is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illness of employees; and natural disasters. The College participates in the State's various self-insurance programs.

The State is self-insured for general liability, property and casualty, workers compensation, environmental and anti-trust liabilities and certain employee health benefits.

ST. MARY'S COLLEGE OF MARYLAND

**Notes to Financial Statements
June 30, 2019 and 2018**

15. RISK MANAGEMENT (continued)

The State allocates the cost of providing claims servicing and claims payment by charging a “premium” to the College based on a percentage of the College’s estimated current-year payroll or based on the average loss experienced by the College. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

The College records a liability when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities recorded include a provision for claims incurred but not reported. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal doctrines, and damage awards, actual claims could differ from estimates. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred workers’ compensation losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using a 4% discount rate.

The provision for workers’ compensation is based upon a separately determined actuarial valuation for the fiscal years ended June 30, 2019, 2018, and 2017.

As of June 30, 2019 and 2018, the College has recorded \$653,000 and \$425,000, respectively, in liability associated with workers’ compensation. The workers’ compensation liability activity for the years ended June 30, 2019, 2018 and 2017, were as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End	Amounts Due Within One Year
Year ended, June 30, 2019	\$ 425,000	\$ 339,233	\$ (111,233)	\$ 653,000	\$ 97,950
Year ended, June 30, 2018	453,000	75,464	(103,464)	425,000	63,750
Year ended, June 30, 2017	470,000	63,924	(80,924)	453,000	67,950
Year ended, June 30, 2016	435,000	175,109	(140,109)	470,000	70,500

ST. MARY'S COLLEGE OF MARYLAND

**Notes to Financial Statements
June 30, 2019 and 2018**

16. FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

The College's operating expenses by functional classification were as follows:

Natural Classification	Functional Classification									Total
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships & Fellowships	Auxiliary Enterprises	
Salaries & wages	\$ 13,405,445	\$ 278,804	\$ 12,790	\$ 990,328	\$ 4,086,162	\$ 7,119,692	\$ 1,383,530	\$ -	\$ -	\$ 27,276,751
Benefits	4,475,405	30,991	206	270,274	1,482,640	2,845,449	1,058,090	-	-	10,163,055
Supplies and others services	1,523,113	52,994	85,932	969,889	1,761,219	4,293,312	557,806	-	-	9,244,265
Utilities	-	56	-	-	839	268	1,577,638	-	-	1,578,801
Scholarships & grants	69,750	7,472	-	-	95,069	500	-	2,713,811	-	2,886,602
Auxiliary enterprises	-	-	-	-	-	-	-	-	10,745,732	10,745,732
Other operating expenses	905,211	6,159	1,184	27,529	612,518	480,058	91,977	-	-	2,124,636
Depreciation	-	-	-	-	-	-	4,537,792	-	2,180,508	6,718,300
Total Expenses	\$ 20,378,924	\$ 376,476	\$ 100,112	\$ 2,258,020	\$ 8,038,447	\$ 14,739,279	\$ 9,206,833	\$ 2,713,811	\$ 12,926,240	\$ 70,738,142

Natural Classification	Functional Classification									Total
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships & Fellowships	Auxiliary Enterprises	
Salaries & wages	\$ 12,949,407	\$ 179,835	\$ 21,956	\$ 892,782	\$ 3,676,613	\$ 7,004,863	\$ 1,405,508	\$ -	\$ -	\$ 26,130,964
Benefits	4,062,329	25,943	556	261,406	1,228,080	2,581,346	757,111	-	-	8,916,771
Supplies and others services	1,529,908	62,551	88,426	1,025,033	1,623,479	3,194,170	322,031	-	-	7,845,598
Utilities	-	-	-	-	14	-	1,499,832	-	-	1,499,846
Scholarships & grants	85,250	3,724	-	-	104,604	500	-	2,353,937	-	2,548,015
Auxiliary enterprises	-	-	-	-	-	-	-	-	10,307,470	10,307,470
Other operating expenses	1,108,106	34,241	-	19,465	522,480	396,797	157,343	-	-	2,238,432
Depreciation	-	-	-	-	-	-	4,347,108	-	2,219,502	6,566,610
Total Expenses	\$ 19,735,001	\$ 306,294	\$ 110,938	\$ 2,198,686	\$ 7,155,270	\$ 13,177,676	\$ 8,488,933	\$ 2,353,937	\$ 12,526,972	\$ 66,053,706

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY'S COLLEGE OF MARYLAND

Schedules of Proportionate Share of Net Pension Liability For the Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The College's proportionate share of the net pension liability	0.0781%	0.0631%	0.0630%	0.0653%	0.0527%
The College's proportionate share of the net pension liability	<u>\$ 15,363,945</u>	<u>\$ 12,860,838</u>	<u>\$ 13,993,622</u>	<u>\$ 12,765,491</u>	<u>\$ 9,357,255</u>
The College's covered-employee payroll	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003	\$ 7,617,655	\$ 8,417,606
The College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217%	160%	207%	168%	111%
Plan fiduciary net position as a percentage of total pension liability	71.18%	69.38%	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

ST. MARY'S COLLEGE OF MARYLAND

Schedules of Contributions- Pension For the Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,351,566	\$ 1,460,178	\$ 1,449,233	\$ 1,340,082	\$ 1,294,706
Contributions in relation to the contractually required contribution	<u>(1,351,566)</u>	<u>(1,460,178)</u>	<u>(1,449,233)</u>	<u>(1,340,082)</u>	<u>(1,294,706)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003	\$ 7,617,655	\$ 8,417,606
Contributions as a percentage of covered-employee payroll	19%	18%	21%	18%	15%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

ST. MARY'S COLLEGE OF MARYLAND

**Schedules of Contributions- OPEB
For the Years Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,314,194	\$ 1,089,176	\$ 1,471,022
Contributions in relation to the contractually required contribution	<u>(1,314,194)</u>	<u>(1,089,176)</u>	<u>(1,471,022)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 7,089,117	\$ 8,039,980	\$ 6,770,003
Contributions as a percentage of covered-employee payroll	19%	18%	21%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.