

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

Basic Financial Statements

June 30, 2007 and 2006

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

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

Management's Discussion and Analysis

June 30, 2007 and 2006

**Overview of Financial Statements and Financial Analysis**

This section of the annual financial statements for Ramapo College of New Jersey (RCNJ) presents management's discussion and analysis of the College's financial activity for the years ended June 30, 2007 and 2006 with comparative information for the year ended June 30, 2005. Since this management discussion and analysis is designed to focus on current activities and currently known facts, it should be read in conjunction with the College's basic financial statements and related footnote disclosures that immediately follow this section.

**College Overview**

Ramapo College of New Jersey, located in suburban Mahwah, New Jersey, is a highly selective institution of post-secondary education. RCNJ is one of twelve senior public institutions in the New Jersey system of public higher education. Ramapo offers programs in the liberal arts and sciences as well as in business and other professional studies, within a liberal education context at both the bachelor's and master's level. Organized into schools, which provide thematic learning communities, the College presents a curriculum of traditional majors and innovative programs in an interdisciplinary fashion. Supported by global partnerships, international and intercultural education has become central themes in Ramapo's programming. The College purposely involves students in the cultural diversity of the world and of American society.

As of fall 2006, the College enrolled 4,768 full-time equivalent undergraduate students and 118 full-time equivalent graduate students. Approximately 61% of full-time undergraduates live on campus.

The State of New Jersey recognizes Ramapo as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the College. However, Ramapo operates autonomously from the State's activity.

The U.S. News & World Report 2008 edition of America's Best Colleges and Universities ranks Ramapo among the top public universities in the north. Also, Ramapo College is one of 222 institutions featured in Princeton Review's, The Best Northeastern Colleges, 2008 edition. In addition, Ramapo College was again listed in Kiplinger's Personal Finance Magazine, February 2007 issue, as among the "100 Best Values in Public Colleges."

The Ramapo College Foundation, Inc. (the Foundation) was established as a nonprofit corporation to promote the receipt of resources, which support the purpose and mission of the College. The Foundation qualifies under Section 501(c)(3) of the Internal Revenue Code and is exempt from both federal and state taxes. Because the Foundation's resources have historically only been used by or for the benefit of the College, the Foundation is considered a component unit and is discretely presented in the College's financial statements.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

**Using the Financial Statements**

The College's financial report includes three basic financial statements: the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, and the Statements of Cash Flows. These statements focus on the financial condition of the College as a whole and present a long-term view of the College's finances.

**The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets**

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

These two statements report RCNJ's net assets and changes in them. You can think of RCNJ's net assets – the difference between assets and liabilities – as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating. However, in any given year the change in net assets may result from a unique event (such as receipt of proceeds from a grant or a one time spike in expenditures, e.g. unusually snowy winter). Trends therefore are important to watch. Also, you will need to consider not only the trends of net assets but also many other non-financial factors that reflect on the overall health of the College. These factors include such things as freshman class size, number of applicants, selectivity, strength of demand e.g., percent of first year students noting the College was their first year choice, retention rates, graduation rates, the condition of the buildings and grounds, and the safety of the campus.

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

**Statement of Net Assets**

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year. It includes all assets (current and noncurrent), liabilities (current and noncurrent) and net assets (the difference between total assets and total liabilities). Net assets are one indicator of the financial condition of the College, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

Government Accounting Standards Board (GASB) Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories: Invested in capital, net of related debt, Restricted and Unrestricted.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets consist of nonexpendable and expendable net assets. Nonexpendable net assets are subject to externally imposed stipulations that may be maintained permanently by the College. Expendable net assets are subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time. All of the College's restricted net assets are expendable.

Unrestricted net assets are not subject to externally imposed stipulations. They may be designated by specific purposes by action of management to the board of trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic programs and initiatives and capital programs.

**Summary Comparison of Net Assets**  
**For the Fiscal Years Ended**  
**(dollars in thousands)**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets			
Current assets	\$ 67,620	\$ 75,261	\$ 85,237
Capital assets, net	267,326	234,991	196,583
Other assets	<u>1,159</u>	<u>28,292</u>	<u>3,059</u>
Total Assets	<u>336,105</u>	<u>338,544</u>	<u>284,879</u>
Liabilities			
Current liabilities	24,063	26,791	16,783
Noncurrent liabilities	<u>253,349</u>	<u>254,048</u>	<u>210,715</u>
Total Liabilities	<u>277,412</u>	<u>280,839</u>	<u>227,498</u>
Net assets			
Invested in capital assets, net of related debt	34,593	34,039	37,801
Expendable restricted	5,432	10,201	9,198
Unrestricted	<u>18,668</u>	<u>13,465</u>	<u>10,382</u>
Total Net Assets	<u>\$ 58,693</u>	<u>\$ 57,705</u>	<u>\$ 57,381</u>

**Ramapo College of New Jersey**  
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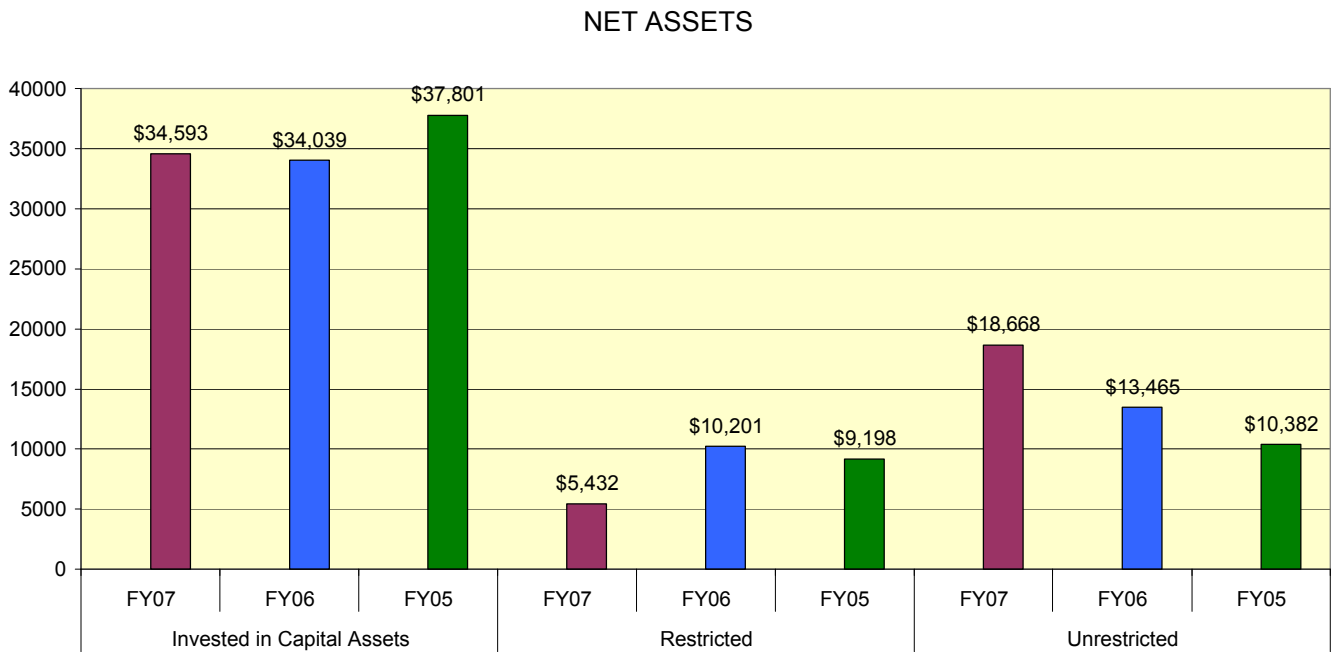
Management's Discussion and Analysis

During fiscal year 2007, RCNJ's total assets decreased \$2.4 million. Current assets decreased by \$7.6 million and other assets decreased by \$27.1 million. These changes are from the expenditure of investments held by bond trustees for the construction of the Anisfield School of Business, a new academic building, and the completion of Laurel Hall, a 432 bed student residence building, a parking deck with 406 parking spaces, and a new road to handle truck traffic. Plant facilities, net of accumulated depreciation, increased \$32.3 million. This increase is due to the previously mentioned construction.

Total liabilities decreased by \$3.4 million in fiscal year 2007. The primary cause for the decrease was due to a refinancing of several bond issues, and principal payments made on other bond issues.

During fiscal year 2007, total net assets had an increase of \$1.0 million. The decrease of \$4.8 million in Expendable Restricted net assets resulted from purchasing bond insurance to guarantee future payments to bond holders instead of maintaining deposits in reserve. Unrestricted net assets increased \$5.2 million primarily due to the return of advanced funds for construction projects from bonds proceeds.

Graphically displayed is the comparative net asset change by category for the fiscal years shown below (dollars in thousands):



**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

**Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Revenues, Expenses and Changes in Net Assets is to present the revenues earned by RCNJ, both operating and nonoperating, and the expenses incurred by RCNJ, both operating and nonoperating.

**Revenues**

Operating revenues are earned from providing goods and services to the various customers and constituencies of the College. Nonoperating revenues are revenues for which goods or services are not directly provided.

**Summary Comparison of Revenues  
for the Fiscal Years Ended  
(dollars in thousands)**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating revenues			
Student revenues, net	\$ 63,485	\$ 57,200	\$ 52,980
Grants and contracts	9,665	8,847	8,677
Other	<u>619</u>	<u>42</u>	<u>1,348</u>
Total Operating Revenues	<u>73,769</u>	<u>66,089</u>	<u>63,005</u>
Nonoperating revenue			
State appropriation	33,202	33,688	32,430
Investment and other	<u>2,746</u>	<u>2,891</u>	<u>1,596</u>
Total Nonoperating Revenue	<u>35,948</u>	<u>36,579</u>	<u>34,026</u>
Capital grants and gifts	<u>410</u>	<u>1,111</u>	<u>362</u>
Total Revenues	<u>\$ 110,127</u>	<u>\$ 103,779</u>	<u>\$ 97,393</u>

To achieve its mission, RCNJ receives revenue from a variety of sources. The College will continue to aggressively seek funding from all possible sources and manage those resources to fund its operating activities.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

**Operating Revenues**

***Student Revenues***

Student revenues are comprised of three main sources: tuition, fees and auxiliary enterprises. Auxiliary enterprises are self-funding activities mostly consisting of Residence Life and the Student Center. Student revenues are reflected net of scholarship allowances. Scholarship allowances represent scholarships applied to student accounts for tuition, fees, and room and board. These scholarships are funded through federal and state grant programs, gifts raised by the Ramapo College Foundation and general College revenues. Ramapo applied \$13.5 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2007. The main source of the allowances comes from federal and state grants. In fiscal year 2007, student revenues increased \$6.3 million due to increased student enrollment and an increase in tuition, fees, and room and board charges.

***Grants and Contracts***

Grant and Contract revenue for fiscal year 2007 increased \$818,000 as more students received financial aid from Federal and State programs.

***Other Operating Revenue***

Other revenue increased \$577,000 in fiscal year 2007. The primary cause of the increase was from funds released from a contingent liability.

**Nonoperating Revenues**

***New Jersey State Appropriation***

State appropriations, including fringe benefits, paid directly by the State decreased \$486,000 in fiscal year 2007. The direct appropriation to the College's operations decreased \$1.8 million. This decrease was due to cuts by the State to all institutions of higher education to help balance the State's budget. The increase in the State payments on behalf of the College for fringe benefits was \$1.3 million. This is a result of an increase in the number of employees, contractual salary increases and an increase in the employee benefit reimbursement rate.

***Investment***

Investment earnings decreased slightly by \$145,000. Total investment income rose by \$1.2 million due to higher interest rates. However, this was offset by an increase in investment costs of \$1.3 million due to a refinancing of several bond issues.



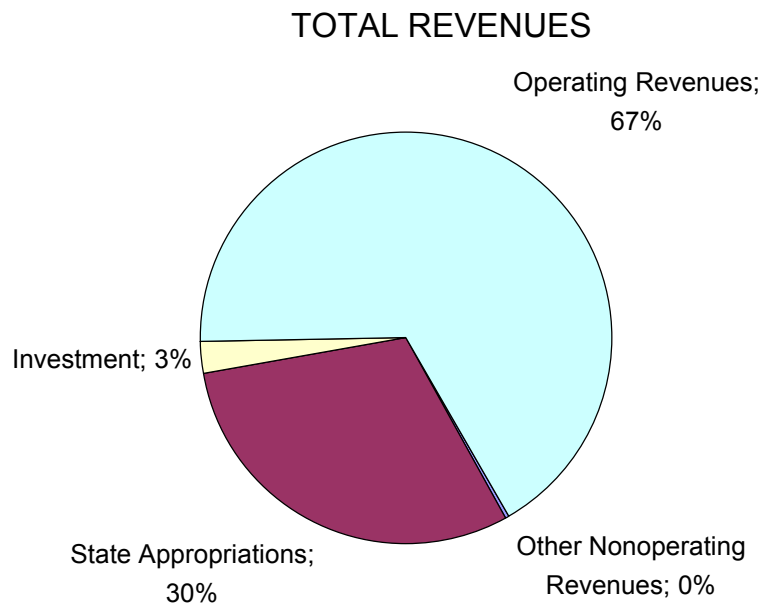
**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

***Capital Grants and Gifts***

Capital Grants and Gifts decreased by \$700,000 because gifts from the College Foundation for the Bradley Sports and Recreation Center ended with the completion of building.

The following provides a graphical breakdown of each category's percentage of total revenues for the fiscal year ended June 30, 2007 (thousand of dollars):



**Expenses**

Operating expenses are those expenses incurred to acquire or produce goods and services to carry out the mission of the College. Nonoperating expenses are those for which RCNJ does not receive goods or services in return.

Salaries and benefits comprise about 64.0% of the College's total operating expenses. Wage and benefit increases affected all functional areas of the College. Other increases include additional faculty and staff lines to meet the needs associated with enrolment and residence growth, and increased operating costs.

The decrease in nonoperating expenses represents interest on debt service due to the refinancing of several bond issues.

**Ramapo College of New Jersey**  
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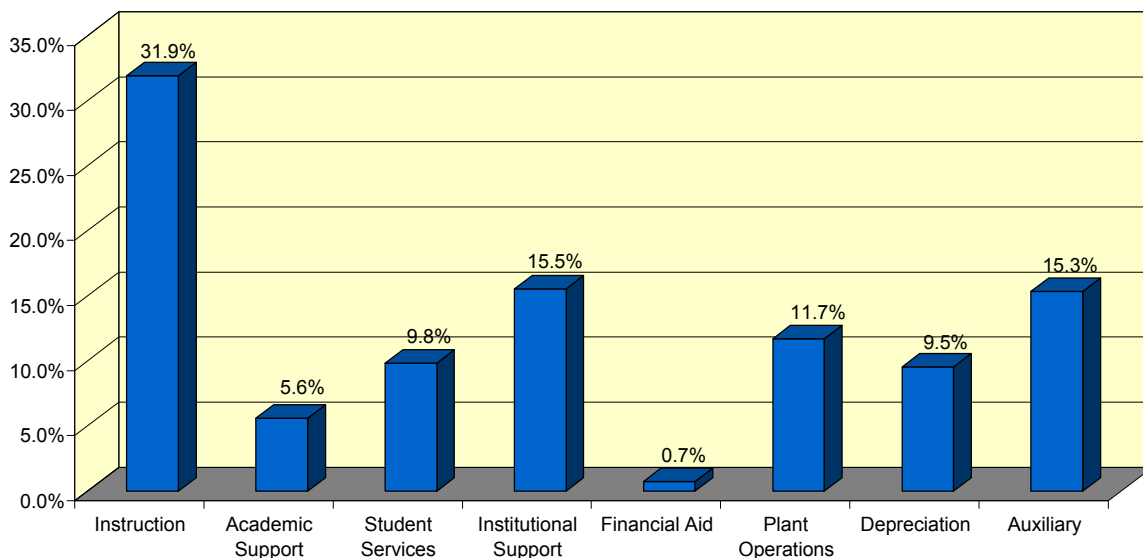
Management's Discussion and Analysis

**SUMMARY COMPARISON OF EXPENSES  
FOR THE FISCAL YEARS ENDED  
(dollars in thousands)**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating expenses			
Instruction	\$ 32,123	\$ 28,675	\$ 26,851
Academic support	5,620	5,364	4,756
Student services	9,825	9,496	9,155
Institutional support	15,670	15,260	13,874
Student financial aid	697	600	847
Operations and maintenance of plant	11,730	11,048	9,653
Depreciation	9,564	8,879	7,697
Auxiliary	<u>15,355</u>	<u>14,475</u>	<u>13,313</u>
Total Operating Expenses	<u>100,584</u>	<u>93,797</u>	<u>86,146</u>
Interest expenses	<u>8,555</u>	<u>9,658</u>	<u>9,025</u>
Total Expenses	<u>\$ 109,139</u>	<u>\$ 103,455</u>	<u>\$ 95,171</u>

The following graph shows each functional area's percentage of total operating expenses for the fiscal year ended June 30, 2006:

**OPERATING EXPENSES**



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

Management's Discussion and Analysis

**Statement of Cash Flows**

The statement of cash flows provides additional information about RCNJ's financial results, by reporting the major sources and uses of cash.

Summary Comparison of Cash Flows  
for the Fiscal Years Ended  
(dollars in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Net cash provided (used) by			
operating activities	\$(20,652)	\$(11,089)	\$(21,010)
Noncapital financing activities	33,202	33,688	32,430
Capital financing activities	(92)	(32,365)	(8,354)
Investing activities	<u>2,746</u>	<u>2,891</u>	<u>1,596</u>
Net increase (decrease) in cash	15,204	(6,875)	4,662
Cash – beginning of year	<u>7,581</u>	<u>14,456</u>	<u>9,794</u>
Cash – end of year	<u>\$ 22,785</u>	<u>\$ 7,581</u>	<u>\$ 14,456</u>

This statement will assist in evaluating the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. Cash flows from operating activities will be negative since GASB Statement No. 35 requires State appropriations to be reported as cash flows from noncapital financing activities. Cash flows from capital financing include all capital related activities and related debt activities. Cash flows from investing activities show all sources and uses of cash and cash equivalents related to investments.

The fiscal year 2007 increase in cash was due to three factors: the return of advanced funds for construction projects from bonds proceeds; less construction on campus, so lower bills awaiting reimbursement from bond trustee investments, and the issuance of bond Series 2006I which lowered debt service payments.

***Capital Assets and Debt Administration***

In order to meet the needs of the College's academic and community activities, the College must continually reinvest resources in its capital assets to maintain adequate facilities for these programs. The College is implementing its capital plan that has identified and prioritizes our capital needs.

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

Management's Discussion and Analysis

At June 30, 2007, the College had \$267.3 million invested in capital assets, net of accumulated depreciation of \$82.3 million. Depreciation charges totaled \$9.6 million for fiscal year 2007 compared to \$8.9 million in fiscal year 2006.

**Summary of Capital Assets, Net of Accumulated Depreciation for the  
for the Fiscal Years Ended  
(dollars in thousands)**

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	2,876	283	308
Infrastructure	8,426	4,664	4,269
Buildings and improvements	216,147	165,152	169,109
Equipment	9,183	10,961	12,273
Library collection	1,527	1,615	1,617
Construction in progress	<u>25,936</u>	<u>49,085</u>	<u>5,776</u>
 Total	 <u>\$267,326</u>	 <u>\$234,991</u>	 <u>\$196,583</u>

Major capital additions this year and the source of the resources that funded their acquisition included (dollars in thousands):

- Renovation of athletic fields: from bond proceeds \$2,130
- Construction of a new road circling the campus: from bond proceeds \$1,520
- Construction of a parking deck with 406 spaces: from bond proceeds \$1,970
- Construction of a 432-bed residence facility: from bond proceeds \$12,620
- Construction of a new academic building: from bond proceeds \$20,800

At June 30, 2007, the College had \$258.5 million in debt outstanding versus \$259.2 million the previous year. As part of its mission, the College is committed to the expansion and renewal of its capital assets through its capital plan which covers major projects through fiscal year 2009, in order to continue to enhance the quality of its academic and student development programming. In addition to debt financing, the College is aggressively seeking grants and donations.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis

***Economic Factors That Will Affect the Future***

Management believes that it has the structure in place to have favorable financial results, which will ensure the resources necessary to provide the highest quality educational opportunities. RCNJ has increased the number and quality of its undergraduate and graduate students, as witnessed by the enrollment growth in the past several years. Demand for both instruction and on campus housing continues to be strong. The financial position of RCNJ reflects revenue growth in tuition, housing rentals and board charges. RCNJ continues to demonstrate its ability to generate the necessary funding to maintain and improve in order to meet the increasing academic and social needs of our students.

However, as New Jersey's Public Liberal Arts College, the appropriation from the State is a very important part of the College's funding. There is a direct relationship between the growth of State support and the College's ability to control tuition growth. Declines in State appropriations generally result in increased tuition levels. The level of State support, the impact of collectively bargained wage increases and the ability of student fee supported activities to meet inflationary pressures determine the limits of program expansion, new initiatives and strategic investments.

The College addressed these funding challenges through various means such as reducing costs, increasing tuition and fee charges, fundraising and the use of debt financing. The College continues to monitor the increasing costs of instructional and administrative technology, the increasing demand for institutional scholarships, and the administrative structure to effect financial efficiencies and preserve administrative effectiveness. College leadership will intensify our examination of budget and expenditure strategies to assure allocation of finances to institutional priorities.



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

## Independent Auditors' Report

### To the Board of Trustees of Ramapo College of New Jersey

We have audited the accompanying basic financial statements of Ramapo College of New Jersey (the College), a component unit of the State of New Jersey, and the discretely presented component unit of the College as of and for the years ended June 30, 2007 and 2006, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Ramapo College of New Jersey and the discretely presented component unit of the College as of June 30, 2007 and 2006, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 11 is not a required part of the basic financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*O'Connor Davies Munns & Dobbins, LLP*

Paramus, New Jersey  
August 31, 2007

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

Statements of Net Assets

June 30,  
(dollars in thousands)

<b>ASSETS</b>	2007	2006
Current assets		
Cash and cash equivalents	\$ 22,785	\$ 7,581
Deposits held by Trustees	40,312	64,185
Receivables		
Students, less allowance of \$363 in 2007 and \$391 in 2006	155	133
Loans, less allowance of \$51 in 2007 and \$53 in 2006	83	79
Gifts and grants	2,385	1,225
Other	1,463	1,519
Total Receivables	4,086	2,956
Other current assets	437	539
Total Current Assets	67,620	75,261
Noncurrent assets		
Deposits held by Trustees	-	26,750
Student loan receivables, less allowance of \$462 in 2007 and \$478 in 2006	742	709
Deferred financing costs, net	417	833
Plant facilities, net	267,326	234,991
Total Assets	\$ 336,105	\$ 338,544
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,349	\$ 17,239
Deferred revenue	2,478	1,183
Compensated absences, current portion	1,517	1,398
Deposits	750	1,054
Long-term liabilities, current portion	3,969	5,917
Total Current Liabilities	24,063	26,791
Noncurrent liabilities		
Other liabilities	327	82
Compensated absences	964	945
U.S. Government Grants refundable	938	904
Long-term debt	251,120	252,117
Total Liabilities	\$ 277,412	\$ 280,839
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 34,593	\$ 34,039
Restricted expendable for:		
Debt service	1,416	6,521
Renewal and replacement	3,564	2,774
Capital projects	452	906
Unrestricted	18,668	13,465
Total Net Assets	\$ 58,693	\$ 57,705

See notes to financial statements

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

Statements of Financial Position

June 30,

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 516,444	\$ 569,250
Investments	8,042,216	4,576,577
Grants receivable	1,199,671	2,085,837
Accounts receivable	62,312	12,100
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 for 2007 and 2006	1,538,485	3,594,836
Interest receivable	-	3,555
Prepaid expenses	22,935	14,862
	<b>\$ 11,382,063</b>	<b>\$ 10,857,017</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 118,076	\$ 4,900
Annuities payable	7,276	7,954
Due to Ramapo College of New Jersey	652,671	674,092
Deferred income	113,405	59,581
Due to agency funds	36,127	13,821
	927,555	760,348
Net assets		
Unrestricted		
Undesignated	657,333	472,391
Board Designated	404,742	401,440
	1,062,075	873,831
Temporarily restricted	4,551,593	4,659,815
Permanently restricted	4,840,840	4,563,023
	10,454,508	10,096,669
	<b>\$ 11,382,063</b>	<b>\$ 10,857,017</b>

See notes to financial statements



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

Statements of Revenues, Expenses and Changes in Net Assets

Years Ended June 30,  
(dollars in thousands)

	2007	2006
<b>REVENUE</b>		
Operating revenues		
Student tuition and fees	\$ 47,689	\$ 42,799
Less: tuition scholarship allowances	<u>(11,954)</u>	<u>(10,457)</u>
Net Student Tuition and Fees	35,735	32,342
Auxiliary enterprises	29,325	26,573
Less: auxiliary allowances	<u>(1,575)</u>	<u>(1,715)</u>
Net Auxiliary Enterprises	27,750	24,858
Federal grants and contracts	4,388	3,834
State and local grants and contracts	5,277	5,013
Other operating revenues	<u>619</u>	<u>42</u>
Total Operating Revenues	<u>73,769</u>	<u>66,089</u>
<b>EXPENSES</b>		
Operating expenses		
Instruction	32,123	28,675
Academic support	5,620	5,364
Student services	9,825	9,496
Institutional support	15,670	15,260
Student financial aid and scholarships	697	600
Operations and maintenance of plant	11,730	11,048
Depreciation	9,564	8,879
Auxiliary	<u>15,355</u>	<u>14,475</u>
Total Operating Expenses	<u>100,584</u>	<u>93,797</u>
Operating Loss	<u>(26,815)</u>	<u>(27,708)</u>
Nonoperating revenue (expenses)		
State of New Jersey appropriations	19,579	21,417
State of New Jersey paid fringe benefits	13,623	12,271
Investment income, (net of investment expense of \$1,539 in 2007 and \$223 in 2006)	2,746	2,891
Interest expense	<u>(8,555)</u>	<u>(9,658)</u>
Net Nonoperating Revenue	<u>27,393</u>	<u>26,921</u>
Other revenue		
Capital appropriations	106	224
Capital gifts	<u>304</u>	<u>887</u>
Total Other Revenues	<u>410</u>	<u>1,111</u>
Increase in Net Assets	988	324
<b>NET ASSETS</b>		
Beginning of year	<u>57,705</u>	<u>57,381</u>
End of year	<u>\$ 58,693</u>	<u>\$ 57,705</u>

See notes to financial statements

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

Statement of Activities

Year Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Total
<b>OPERATING SUPPORT AND REVENUE</b>				
Donations	\$ 378,632	\$ 496,394	\$ 277,817	\$ 1,152,843
Fund raising	495,875	12,832	-	508,707
Grants	-	414,730	-	414,730
Special events	22,532	830	-	23,362
Memberships	7,285	-	-	7,285
Program service	16,152	-	-	16,152
Other	103,786	-	-	103,786
Investment income	77,368	832,125	-	909,493
Net assets released from restrictions	<u>1,915,133</u>	<u>(1,915,133)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,016,763</u>	<u>(158,222)</u>	<u>277,817</u>	<u>3,136,358</u>
<b>EXPENSES</b>				
Payment to College towards salaries	200,000	-	-	200,000
Payment to College towards capital projects	315,000	-	-	315,000
Foundation operations	217,755	-	-	217,755
Events and programs	73,307	-	-	73,307
Scholarships	262,492	-	-	262,492
Fund raising	183,984	-	-	183,984
Planned giving and capital campaign	28,864	-	-	28,864
College grants awarded	90,665	-	-	90,665
Expenses for restricted grants	<u>1,406,452</u>	<u>-</u>	<u>-</u>	<u>1,406,452</u>
Total Expenses	<u>2,778,519</u>	<u>-</u>	<u>-</u>	<u>2,778,519</u>
Other changes in net assets				
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Other Changes, Net	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>188,244</u>	<u>(108,222)</u>	<u>277,817</u>	<u>357,839</u>
<b>NET ASSETS</b>				
Beginning of year	<u>873,831</u>	<u>4,659,815</u>	<u>4,563,023</u>	<u>10,096,669</u>
End of year	<u>\$1,062,075</u>	<u>\$4,551,593</u>	<u>\$4,840,840</u>	<u>\$10,454,508</u>

See notes to financial statements

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

Statement of Activities

Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Total
<b>OPERATING SUPPORT AND REVENUE</b>				
Donations	\$ 299,109	\$1,737,150	\$1,838,574	\$ 3,874,833
Fund raising	498,790	-	-	498,790
Grants	-	693,138	-	693,138
Special events	14,839	-	-	14,839
Memberships	7,375	-	-	7,375
Program service	50,039	-	-	50,039
Other	92,181	-	-	92,181
Investment income	36,101	357,901	-	394,002
Net assets released from restrictions	<u>1,930,018</u>	<u>(1,930,018)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,928,452</u>	<u>858,171</u>	<u>1,838,574</u>	<u>5,625,197</u>
<b>EXPENSES</b>				
Payment to College towards salaries	200,000	-	-	200,000
Payment to College towards capital projects	617,500	-	-	617,500
Foundation operations	199,015	-	-	199,015
Events and programs	63,520	-	-	63,520
Scholarships	158,694	-	-	158,694
Fund raising	144,503	-	-	144,503
Planned giving and capital campaign	21,482	-	-	21,482
College grants awarded	135,732	-	-	135,732
Expenses for restricted grants	<u>1,192,315</u>	<u>-</u>	<u>-</u>	<u>1,192,315</u>
Total Expenses	<u>2,732,761</u>	<u>-</u>	<u>-</u>	<u>2,732,761</u>
Other changes in net assets				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Changes, Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>195,691</u>	<u>858,171</u>	<u>1,838,574</u>	<u>2,892,436</u>
<b>NET ASSETS</b>				
Beginning of year	<u>678,140</u>	<u>3,801,644</u>	<u>2,724,449</u>	<u>7,204,233</u>
End of year	<u>\$ 873,831</u>	<u>\$4,659,815</u>	<u>\$4,563,023</u>	<u>\$ 10,096,669</u>

See notes to financial statements

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

Statements of Cash Flows

Years Ended June 30,  
(dollars in thousands)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 36,704	\$ 32,752
Grants and contracts	8,505	8,843
Payments to suppliers	(29,964)	(17,328)
Payments to employees	(48,412)	(46,292)
Payments for employee benefits	(15,153)	(13,648)
Auxiliary enterprise charges	27,750	24,858
Other	(82)	(274)
Net Cash Used by Operating Activities	(20,652)	(11,089)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	33,202	33,688
Federal family education loan program receipts	21,508	17,778
Federal family education loan program disbursements	(21,508)	(17,778)
Net Cash Provided by Noncapital Financing Activities	33,202	33,688
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from capital debt	5,288	49,958
Capital grants appropriations	410	1,111
Purchases of capital assets	(41,899)	(47,287)
Principal paid on capital debt and leases	(5,959)	(4,275)
Interest paid on capital debt and leases	(8,555)	(9,658)
Increase in deposits held by trustees	50,623	(22,214)
Net Cash Used by Capital Financing Activities	(92)	(32,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	2,746	2,891
Net Increase (Decrease) in Cash	15,204	(6,875)
<b>CASH</b>		
Beginning of year	7,581	14,456
End of year	\$ 22,785	\$ 7,581
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (26,815)	\$ (27,708)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	9,564	8,879
Changes in assets and liabilities		
Receivables, net	(1,163)	(472)
Other assets	(1,755)	(217)
Accounts payable	(1,891)	7,851
Deferred revenue	1,295	(35)
Deposits held for others	(304)	446
Compensated absences	383	159
Loans to students and employees	34	8
Net Cash Used by Operating Activities	\$ (20,652)	\$ (11,089)

See notes to financial statements and independent auditors' report

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

Statements of Cash Flows

Years Ended June 30,

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 357,839	\$ 2,892,436
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Permanently restricted contributions	(277,817)	(1,838,574)
Unrealized (gain) in fair value of investments	(748,718)	(224,352)
Realized gains on investments	(146)	(51,242)
Grants receivable	886,166	297,177
Accounts receivable	(50,212)	36,637
Unconditional promises to give	2,056,371	(2,115,472)
Interest receivable	3,555	(1,712)
Prepaid expenses	(8,073)	(11,018)
Accounts payable	112,498	(12,893)
Due to Ramapo College of New Jersey	(21,421)	159,224
Deferred income	53,824	(18,544)
Due to agency funds	22,306	(14,978)
Net Cash Provided (Used) by Operating Activities	2,386,172	(903,311)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	1,765,796	806,892
Purchases of investments	(4,482,591)	(1,348,760)
Net Cash Used by Investing Activities	(2,716,795)	(541,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from permanently restricted contributions	277,817	1,838,574
Net (Decrease) Increase in Cash and Cash Equivalents	(52,806)	393,395
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	569,250	175,855
End of year	\$ 516,444	\$ 569,250

See notes to financial statements

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**1. Organization**

Ramapo College of New Jersey (the "College"), a multi-purpose institution of higher education, offers undergraduate studies comprised of the Schools of American and International Studies, Contemporary Arts, Social Science and Human Services and Theoretical and Applied Sciences, and Anisfield School of Business. The College also offers graduate studies comprised of The Master of Arts in Liberal Studies, The Master of Science in Educational Technology, and The Master of Science in Nursing Education, which is offered in conjunction with the University of Medicine and Dentistry.

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

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, establishes criteria for determining whether certain organizations should be reported as component units of the financial reporting entity. In accordance with GASB Statement No. 39 the operations of Ramapo College Foundation are included in the accompanying basic financial statements.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has not elected to apply FASB Statements and Interpretations issued after November 30, 1989.

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**2. Summary of Significant Accounting Policies (continued)**

***Net Assets***

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

*Invested in capital assets, net of related debt:* Plant facilities, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted:* Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College.

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

*Unrestricted:* Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated to specific purposes by action of management to the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic programs, initiatives and capital programs.

***Measurement Focus and Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The College reports as a business type activity, as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

***Use of Estimates***

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

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**2. Summary of Significant Accounting Policies (continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments purchased with an original maturity of three months or less. The College maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Funds in excess of \$100,000 are protected under the Governmental Unit Deposit Protection Act.

***Deposits Held by Trustees***

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

***Capital Assets***

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

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

	<u>Useful Lives</u>
Land improvements	20 Years
Buildings and improvements	20-50 Years
Equipment	5-10 Years
Infrastructure	7-50 Years

***Deferred Revenue***

Deferred revenue consists primarily of student payments collected in advance of the applicable academic term.



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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**2. Summary of Significant Accounting Policies (continued)**

***Deferred Financing Costs***

The College capitalizes costs incurred in connection with its bonds payable and capital leases and amortizes these costs over the life of the respective obligations. These deferred financing costs are included in noncurrent assets in the accompanying statement of net assets net of accumulated amortization of \$131 and \$49 for June 30, 2007 and 2006, respectively.

***Financial Dependency***

The College is recognized as a public institution of higher education by the State. This recognition is supported by an annual appropriation between the College and the State whereby the College agrees to render services of public higher education for the State. The College is economically dependent on these appropriations to carry on its operations.

***Student Tuition and Fees***

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarships expenses.

***Grants and Contracts***

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

***Classification of Revenue***

The College's policy for defining operating activities in the statement of revenues, expenses, and changes in net assets are those that serve the College's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) most Federal, State and local grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating and capital appropriations from the State and investment income.

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**2. Summary of Significant Accounting Policies *(continued)***

***Tax Status***

The College is a political subdivision and as such, is exempt from New Jersey State and Federal income taxes under Internal Revenue Service code Section 115.

**3. Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 22,407	\$ 7,221
State of New Jersey Cash Management Fund	<u>378</u>	<u>360</u>
Total Cash and Cash Equivalents	<u>\$ 22,785</u>	<u>\$ 7,581</u>

The College participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large-scale investment program. The carrying amount of cash and cash equivalents in the State of New Jersey Cash Management Fund as of June 30, 2007 and 2006 was \$378 and \$360, respectively, which represented the amount on deposit with the Fund.

Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the College to invest in obligations of the U.S. Treasury, foreign governments, agencies and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes and mortgages, certificates of deposit, repurchase agreements, equity and convertible equity securities, and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history and other evaluation factors.

**4. Deposits Held by Trustees**

Deposits held by trustees represent assets held under the terms of various bond and other long-term debt agreements. These deposits are recorded in the financial statements at fair value, as determined by quoted market prices.

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**4. Deposits Held by Trustees (continued)**

	2007	2006
Construction fund	\$ 24,516	\$ 66,409
Debt service fund for principal and interest	10,803	14,570
Debt service reserve funds	266	5,825
Renewal and replacement fund	3,564	2,774
Rental pledge fund	1,163	1,357
	40,312	90,935
Less: current portion	40,312	64,185
Noncurrent Deposits Held by Trustees	\$ -	\$ 26,750

Assets held under bond indenture agreements are not governed by the College's investment policies, but rather by the policies of the New Jersey Educational Facilities Authority. These investments may be subject to interest rate risk, the risk that changes in market value will adversely affect the fair value of an investment. As of June 30, 2007 and 2006 deposits held by trustees consisted of the following:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents				
Cash held by trustee	\$ 10,817	\$ 10,817	\$ 46,731	\$ 46,731
Investments				
U.S. Treasury Bills	27,894	27,894	17,454	17,454
U.S. Treasury Notes	1,577	1,601	26,731	26,750
	\$ 40,288	\$ 40,312	\$ 90,916	\$ 90,935

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**5. Capital Assets**

Capital assets activity for the years ended June 30, 2007 and 2006 consists of the following:

	2007			Ending Balance
	Beginning Balance	Additions	Reductions	
<b>Non Depreciable Capital Assets</b>				
Land	\$ 3,231	\$ -	\$ -	\$ 3,231
Construction in progress	49,085	36,318	(59,467)	25,936
	<u>52,316</u>	<u>36,318</u>	<u>(59,467)</u>	<u>29,167</u>
<b>Depreciable Capital Assets</b>				
Land improvements	1,557	2,777		4,334
Buildings and improvements	206,392	57,208		263,600
Equipment	31,794	1,065		32,859
Library collection	8,425	162	(294)	8,293
Infrastructure	7,408	5,198	(1,266)	11,340
	<u>255,576</u>	<u>66,410</u>	<u>(1,560)</u>	<u>320,426</u>
Total Capital Assets	<u>307,892</u>	<u>102,728</u>	<u>(61,027)</u>	<u>349,593</u>
<b>Accumulated Depreciation</b>				
Land improvements	1,274	184		1,458
Buildings and improvements	41,240	6,213		47,453
Equipment	20,833	2,843		23,676
Library collection	6,810	250	(294)	6,766
Infrastructure	2,744	368	(198)	2,914
	<u>72,901</u>	<u>9,858</u>	<u>(492)</u>	<u>82,267</u>
Total Accumulated Depreciation	<u>72,901</u>	<u>9,858</u>	<u>(492)</u>	<u>82,267</u>
Capital Assets, net	<u>\$ 234,991</u>	<u>\$ 92,870</u>	<u>\$ (60,535)</u>	<u>\$ 267,326</u>

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**5. Capital Assets (continued)**

	2006			Ending Balance
	Beginning Balance	Additions	Reductions	
<b>Non Depreciable Capital Assets</b>				
Land	\$ 3,231	\$ -	\$ -	\$ 3,231
Construction in progress	5,776	43,607	(298)	49,085
	<u>9,007</u>	<u>43,607</u>	<u>(298)</u>	<u>52,316</u>
<b>Depreciable Capital Assets</b>				
Land improvements	1,536	21	-	1,557
Buildings and improvements	205,318	1,074	-	206,392
Equipment	30,057	1,737	-	31,794
Library collection	7,913	512	-	8,425
Infrastructure	6,774	634	-	7,408
	<u>251,598</u>	<u>3,978</u>	<u>-</u>	<u>255,576</u>
<b>Total Capital Assets</b>	<u>260,605</u>	<u>47,585</u>	<u>(298)</u>	<u>307,892</u>
<b>Accumulated Depreciation</b>				
Land improvements	1,228	46	-	1,274
Buildings	36,209	5,031	-	41,240
Equipment	17,784	3,049	-	20,833
Library collection	6,296	514	-	6,810
Infrastructure	2,505	239	-	2,744
	<u>64,022</u>	<u>8,879</u>	<u>-</u>	<u>72,901</u>
<b>Total Accumulated Depreciation</b>	<u>64,022</u>	<u>8,879</u>	<u>-</u>	<u>72,901</u>
<b>Capital Assets, net</b>	<u>\$ 196,583</u>	<u>\$ 38,706</u>	<u>\$ (298)</u>	<u>\$ 234,991</u>

As of June 30, 2007, estimated costs to complete the projects classified as construction in progress are approximately \$7,705 and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds, unrestricted revenues, residence life and auxiliary enterprises revenue and State of New Jersey appropriations. During 2007, the College capitalized interest expense of \$1,721 as construction in progress in the accompanying statements of net assets.

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**6. Other Noncurrent Liabilities**

Activity in other noncurrent liabilities for the year ending June 30, 2007 was as follows:

	June 30, 2006	Additions	Reductions	June 30, 2007	Current Portion
Other liabilities	\$ 82	\$ 390	\$ (71)	\$ 401	\$ 74
Compensated absences	2,343	247	(109)	2,481	1,517
U.S. Government grants refundable	<u>904</u>	<u>34</u>	<u>-</u>	<u>938</u>	<u>-</u>
	<u>\$ 3,329</u>	<u>\$ 671</u>	<u>\$ (180)</u>	<u>\$ 3,820</u>	<u>\$ 1,591</u>

Activity in other noncurrent liabilities for the year ending June 30, 2006 was as follows:

	June 30, 2005	Additions	Reductions	June 30, 2006	Current Portion
Other liabilities	\$ 59	\$ 48	\$ (25)	\$ 82	\$ -
Compensated absences	2,207	189	(53)	2,343	1,398
U.S. Government grants refundable	<u>896</u>	<u>8</u>	<u>-</u>	<u>904</u>	<u>-</u>
	<u>\$ 3,162</u>	<u>\$ 245</u>	<u>\$ (78)</u>	<u>\$ 3,329</u>	<u>\$ 1,398</u>

**7. Long-Term Debt**

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

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

Notes to Financial Statements  
(dollars in thousands)

June 30, 2007 and 2006

**7. Long-Term Debt (continued)**

The Authority issued Series 2006I for the purpose of partially refunding Series 2001D, 2002H, 2002I, 2002J, 2004E and 2006D. The proceeds of this transaction have been irrevocably deposited with the trustee in order to satisfy the scheduled payments of interest and principal and, therefore, are not reflected in the accompanying financial statements.

The following principal payments due the Authority were outstanding at June 30, 2007 and 2006.

NJ Educational Facilities Authority

Revenue Bonds:	<u>Interest Rate</u>	<u>2007</u>	<u>2006</u>
Series 1998 G, due serially to 2028	4.10% to 4.63%	\$ 14,420	\$ 14,790
Series 1998 H, due serially to 2013	4.10% to 4.60%	1,120	1,255
Series 1998 I, due serially to 2008	4.10% to 4.50%	235	345
Series 1999 E, due serially to 2009	5.25% to 5.60%	1,300	1,690
Series 2001 D, due serially to 2014	4.10% to 5.00%	6,040	38,965
Series 2001 E, due serially to 2008	3.60% to 4.00%	795	1,170
Series 2002 H, due serially to 2032	2.70% to 5.00%	18,610	28,000
Series 2002 I, due serially to 2032	2.70% to 5.00%	1,345	2,005
Series 2002 J, due serially to 2032	2.70% to 5.00%	19,495	28,945
Series 2003 F, due serially to 2013	1.50% to 3.50%	1,615	1,810
Series 2003 G, due serially to 2013	2.00% to 3.71%	7,875	9,185
Series 2003 H, due serially to 2029	4.25% to 5.00%	18,930	18,930
Series 2004 E, due serially to 2024	3.00% to 4.38%	13,680	53,980
Series 2006 D, due serially to 2032	3.75% to 4.50%	37,940	49,085
Series 2006 I, due serially to 2036	4.00% to 5.00%	<u>106,820</u>	<u>-</u>
		250,220	250,155
Plus: Bond premiums		2,109	2,188
Less: Deferred cost on bond refunding		<u>(3,393)</u>	<u>(1,120)</u>
		<u>248,936</u>	<u>251,223</u>

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**7. Long-Term Debt (continued)**

Other long-term obligations:

	Interest Rate	2007	2006
Higher Education Capital Improvement Fund Series 2000 B, due serially to 2021	4.50% to 5.75%	\$ 2,030	\$ 2,126
Higher Education Dormitory Safety Trust Fund Series 2001 A, due serially to 2016		619	688
Higher Education Capital Improvement Fund Series 2002 A, due serially to 2023	3.00% to 5.25%	1,796	1,850
Higher Education Equipment Leasing Fund Series 2003 A, due serially to 2010	2.50% to 5.00%	244	320
Other	5.12% to 10.70%	1,464	1,827
		6,153	6,811
Total long-term debt		255,089	258,034
Less: noncurrent portion		251,120	252,117
Total long-term debt, current portion		\$ 3,969	\$ 5,917

Payments due on long-term debt, including mandatory sinking fund payments on the revenue bonds, for the next five years and thereafter are as follows as of June 30, 2007:

Fiscal Year	Principal	Interest
2008	\$ 4,013	\$ 9,038
2009	5,295	10,780
2010	6,739	10,592
2011	7,041	10,339
2012	6,612	10,092
2013-2017	36,622	46,387
2018-2022	45,040	37,890
2023-2027	54,741	27,154
2028-2032	61,285	14,193
2033-2036	28,985	2,976
	\$ 256,373	\$ 179,441



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**8. Fringe Benefit Appropriation**

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance, retirement and FICA taxes) on behalf of College employees. For the years ended June 30, 2007 and 2006, such benefits amounted to approximately \$13,623 and \$12,271, respectively, and are included in appropriations revenue and expenses in the accompanying financial statements.

**9. Retirement Plans**

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

The PERS pension plan is a defined benefit program administered by the State of New Jersey Division of Pension and Benefits. PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post retirement health care, to substantially all full time employees of the State or public agency provided the employee is not a member of another State administered retirement system.

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

The State of New Jersey issues publicly-available financial reports that include financial statements and required supplementary information for PERS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

As employees of the State of New Jersey, College employees receive certain postretirement benefits other than pensions. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the State of New Jersey will be recording the liability for these other postemployment benefits for all its employees on its financial statements. Accordingly the liability for these obligations is not included in financial statements of the College.

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**9. Retirement Plans (continued)**

***PERS Funding Policy***

PERS members were required to contribute 5% of their annual covered salary for the years ended June 30, 2007 and 2006. This amount changes with negotiations of each new union contract. The State of New Jersey, in accordance with State statutes, makes employer contributions of behalf of the College. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State of New Jersey's annual contribution approximates the actuarially determined pension cost for the year. Employers were not required to contribute in 2007 or 2006 due to legislation enacted in 1997 by the State of New Jersey, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

***Alternate Benefit Program Information***

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

Participating College employees are required to contribute 5% of their base annual salary and may contribute, on a pre tax basis, an additional voluntary contribution of salary up to the maximum Federal statutory limit on a pre tax basis. Employer contributions are 8% of base salary. During the years ended June 30, 2007 and 2006, ABP received employer and employee contributions that approximated the following from the College.

	2007	2006
Employer contribution	\$ 2,177	\$ 2,104
Employee contribution	1,361	1,315
Basis for contributions		
Participating employee salaries	27,216	26,300

Employer contributions to ABP are paid by the State of New Jersey and are reflected in the accompanying financial statements as appropriations revenue and as expenses.

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**10. Compensated Absences**

*Vacation and Compensatory Time*

The College's general policy states that employees are entitled, upon termination, to the current year's unused earned vacation and compensatory time in addition to any unused vacation and compensatory time carried over from the immediate prior year. The liability for unused vacation and compensatory time at June 30, 2007 and 2006, included in accrued liabilities, amounted to approximately \$1,517 and \$1,398, respectively.

*Accumulated Unpaid Sick Leave*

Cash payments for unused accumulated sick leave are made to eligible employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the adjusted hourly pay rate in effect at the time of retirement, up to a maximum of \$15. Employees separating from the College prior to retirement are not eligible for payment. Included in the financial statements is the estimated accrued liability for unused sick time of \$964 and \$945 for June 30, 2007 and 2006, respectively. The College has made payments of approximately \$109 and \$53 for unused sick time in fiscal year 2007 and 2006.

**11. Commitments**

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2007 and 2006, are not included in the financial statements. The College has approved contracts in fiscal 2007 and 2006 of approximately \$8,307 and \$39,607, respectively, the majority of which are for construction and renovation projects and will be funded by plant fund assets on deposit with the trustee.

At June 30, 2007 Ramapo College of New Jersey has an outstanding letter of credit of \$379,625 to the New Jersey Department of Environmental Protection Escrow.

**12. Contingencies**

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

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**13. Ramapo College Foundation**

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

During the years ended June 30, 2007 and 2006, the Foundation distributed \$2,174 and \$2,124 to the College for both restricted and unrestricted purposes. Complete financial statements for the Ramapo College Foundation can be obtained from Office of Institutional Advancement at 505 Ramapo Valley Road, Mahwah, NJ 07430.

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