

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

BASIC FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

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, 2005 AND 2004

Overview of Financial Statements and Financial Analysis

This section of the audited financial statements for Ramapo College of New Jersey (RCNJ) presents management's discussion and analysis of the College's financial position for the year ended June 30, 2005 with comparative information for the year ended June 30, 2004. Since the management's discussion and analysis is designed to focus on current activities and currently known facts, it should be read in conjunction with the College's basic financial statements and related footnote disclosures, which follow this section.

College Overview

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 2004, the College enrolled 4,536 full-time equivalent undergraduate students and 143 full-time equivalent graduate students. Approximately 60% 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.

Ramapo College has been nationally recognized for excellence by Barrons' Profiles of American Colleges, The Fiske Guide to Colleges, Kaplan, Money Magazine, Peterson's Competitive Colleges, The Princeton Review and US News and World Report.

The U.S. News and World Report 2006 edition on America's Best Colleges and Universities ranks Ramapo #1 among public comprehensive colleges in the north. In addition, Ramapo ranks number nine in the north among both public and private institutions. Ramapo was recognized as having the second lowest acceptance rate in our public category, having admitted only 41% of our applicants. Also, Princeton Review's, The Best Northeastern Colleges--224 Select Schools to Consider, ranks Ramapo among the top 22% of all northeastern schools out of more than 1000. In addition Ramapo's admission ranking places it number 80 among all 224 schools.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Assets			
Current assets	\$ 85,253	\$ 54,009	\$ 87,536
Capital assets, net	196,583	175,914	143,438
Other assets	<u>3,392</u>	<u>3,900</u>	<u>1,661</u>
Total assets	<u>285,228</u>	<u>233,823</u>	<u>232,635</u>
Liabilities			
Current liabilities	16,799	23,344	23,812
Noncurrent liabilities	<u>211,048</u>	<u>155,320</u>	<u>149,775</u>
Total liabilities	<u>227,847</u>	<u>178,664</u>	<u>173,587</u>
Net assets			
Invested in capital assets, net of related debt	\$ 37,801	\$ 36,918	\$ 35,108
Expendable restricted	9,198	6,764	14,781
Unrestricted	<u>10,382</u>	<u>11,477</u>	<u>9,159</u>
Total net assets	<u>\$ 57,381</u>	<u>\$ 55,159</u>	<u>\$ 59,048</u>

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

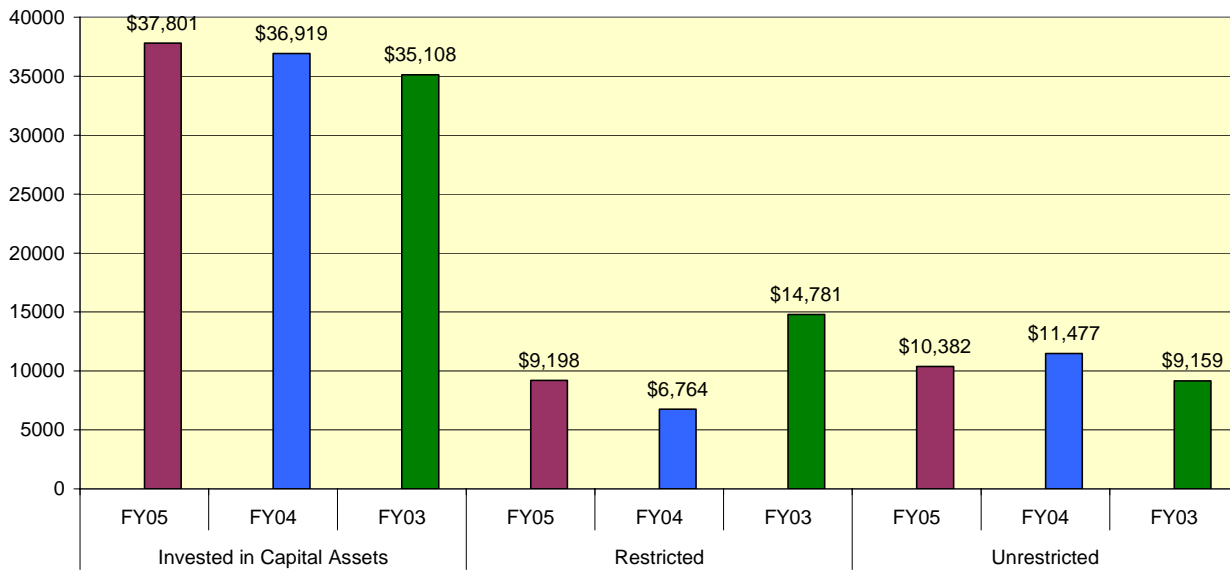
During fiscal year 2005, RCNJ’s total assets increased by \$51.4 million. Current assets increased by \$31.2 million. Deposits held by bond trustees had a significant increase of \$25.5 million due to the issuance of bond Series 2004E. The bond proceeds will finance the construction of Laurel Hall, a new 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 \$20.7 million. This increase is due to the completion of the Bill Bradley Sports and Recreation Center and the Overlook, a 300 bed student residence building.

Total liabilities increased by \$49.2 million in fiscal year 2005. The primary cause for the increase was the issuance of the previously mentioned Series 2004E bond issue.

During fiscal year 2005, net assets increased \$2.2 million due to disciplined expense budgeting.

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

NET ASSETS



RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

Statement of Revenues, Expenses and Changes in Net Assets

The purpose of 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, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Operating revenues			
Student revenues, net	\$52,980	\$47,676	\$41,606
Grants and contracts	8,677	7,525	7,851
Other	<u>1,348</u>	<u>370</u>	<u>225</u>
Total operating revenues	<u>63,005</u>	<u>55,571</u>	<u>49,682</u>
Nonoperating revenue			
State appropriation	\$32,430	\$28,627	\$28,172
Investment and other	<u>1,596</u>	<u>1,306</u>	<u>816</u>
Total nonoperating revenue	<u>34,026</u>	<u>29,933</u>	<u>28,988</u>
Capital grants and gifts	<u>362</u>	<u>226</u>	<u>10,501</u>
Total revenues	<u>\$97,393</u>	<u>\$85,730</u>	<u>\$89,171</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
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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 \$11.4 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2005. The main source of the allowances comes from federal and state grants. In fiscal year 2005, student revenues increased \$5.3 million due to increased student enrollment, an increase of over 300 resident students and an increase in tuition, fees, and room and board charges.

Grants and Contracts

The increase in Grant and Contract revenue for fiscal year 2005 of \$1.2 million was primarily from grants for student scholarships from both the federal and state government.

Other Operating Revenue

Other revenue increased \$1.0 million in fiscal year 2005. The primary cause of the increase resulted from funds released from a contingent liability. The College was able to take into revenue funds previously set aside for a dedicated purpose because those funds were no longer needed for that purpose.

Nonoperating Revenues

New Jersey State Appropriation

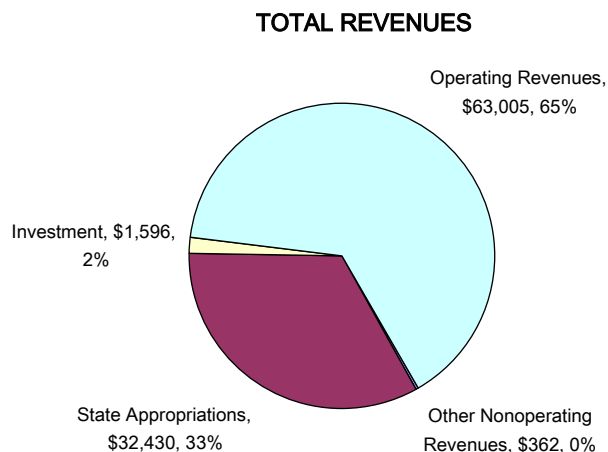
State appropriations, including fringe benefits, paid directly by the State increased \$3.8 million in fiscal year 2005. The direct appropriation to the College's operations increased \$1.5 million. This increase was due to the partial funding of the salary program for negotiated salary increases, and additional funds received for added enrollment growth. The increase in the State payments on behalf of the College for fringe benefits was \$2.3 million. This is a result of higher cost for health benefits, and more employees.

RAMAPO COLLEGE OF NEW JERSEY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

The following provides a graphical breakdown of total revenues by category by dollars and percentage for the fiscal year ended June 30, 2005 (thousand of dollars):



Expenses

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

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Operating expenses			
Instruction	\$26,851	\$25,296	\$24,187
Academic support	4,756	4,464	4,301
Student services	9,155	8,232	7,662
Institutional support	13,874	14,351	12,553
Student financial aid	847	702	902
Operations and maintenance of plant	9,653	9,395	8,233
Depreciation	7,697	6,576	5,460
Auxiliary	<u>13,313</u>	<u>13,043</u>	<u>12,351</u>
Total operating expenses	<u>86,146</u>	<u>82,059</u>	<u>75,649</u>
Nonoperating expenses	<u>9,025</u>	<u>7,560</u>	<u>6,868</u>
Total expenses	<u>\$95,171</u>	<u>\$89,619</u>	<u>\$82,517</u>

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

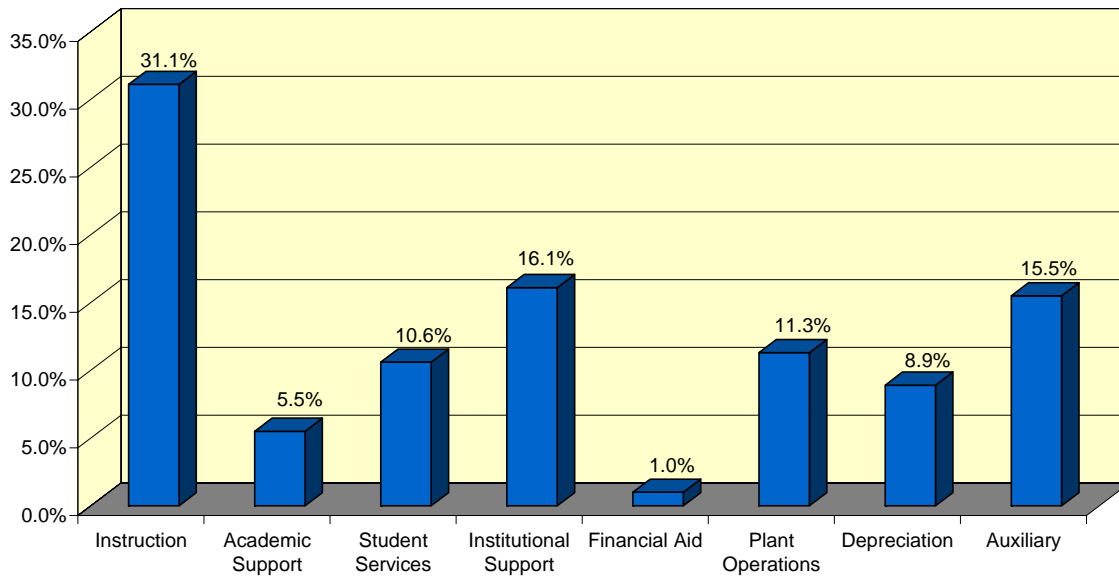
JUNE 30, 2005 AND 2004
(Continued)

Salaries and benefits comprise about 65.5% 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 growth, and increased operating costs due to the opening of the Bill Bradley Sports and Recreation Center and the Overlook, student residence hall.

The increase in nonoperating expenses represents interest on debt service due to the issuance of bonds to fund the expansion and renovation of College facilities.

The following graph shows each functional area's percentage of total operating expenses for the fiscal year ended June 30, 2005:

OPERATING EXPENSES



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.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Net cash provided (used) by			
operating activities	\$(21,010)	\$(17,084)	\$(14,061)
Noncapital financing activities	32,430	28,627	28,172
Capital financing activities	(8,354)	(15,812)	(8,093)
Investing activities	<u>1,596</u>	<u>1,306</u>	<u>816</u>
Net increase (decrease) in cash	4,662	(2,963)	6,834
Cash – beginning of year	<u>9,794</u>	<u>12,757</u>	<u>5,923</u>
Cash – end of year	<u>\$ 14,456</u>	<u>\$ 9,794</u>	<u>\$ 12,757</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 2005 increase in cash was due to the issuance of bond Series 2004E for which the projects are still under construction. Therefore, the College has funds awaiting payment of the construction expenses.

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.

At June 30, 2005, the College had \$196.6 million invested in capital assets, net of accumulated depreciation of \$57.0 million. Depreciation charges totaled \$7.8 million for fiscal year 2005 compared to \$6.6 million in fiscal year 2004.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	308	368	358
Infrastructure	4,269	3,458	3,267
Buildings and improvements	169,109	116,437	115,339
Equipment	12,273	10,446	11,325
Library collection	1,617	1,539	1,469
Construction in progress	<u>5,776</u>	<u>40,435</u>	<u>8,449</u>
Total	<u>\$196,583</u>	<u>\$175,914</u>	<u>\$143,438</u>

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

- Construction of a Sports and Recreation Center: from bond proceeds

\$ 6,700
- Construction of a 300-bed residence facility: from bond proceeds

\$ 8,880
- Construction of a 432-bed residence facility: from bond proceeds

\$ 3,930
- Renovation of Library, Academic, Administrative and Student Union buildings:
from bond proceeds

\$ 3,850

At June 30, 2005, the College had \$213.5 million in debt outstanding versus \$159.3 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
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2005 AND 2004
(Continued)

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 its capacities 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, 2005 and 2004, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2005 and 2004, and the changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as of July 1, 2003.

The Management's Discussion and Analysis on pages 1 through 12 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

August 31, 2005
Paramus, New Jersey

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET ASSETS

JUNE 30, 2005 AND 2004
(dollars in thousands)

ASSETS

	2005	2004
Current assets		
Cash and cash equivalents	\$ 14,456	\$ 9,794
Deposits held by Trustees	67,618	42,011
Receivables		
Students, less allowance of \$347 in 2005 and \$280 in 2004	132	182
Loans, less allowance of \$59 in 2005 and \$50 in 2004	91	95
Gifts and grants	1,221	766
Other	995	729
Total receivables	2,439	1,772
Other current assets	740	432
Total current assets	85,253	54,009
Noncurrent assets		
Deposits held by Trustees	1,103	1,170
Student loan receivables, less allowance of \$455 in 2005 and \$445 in 2004	754	699
Deferred financing costs, net	1,535	2,031
Plant facilities, net	196,583	175,914
Total assets	\$ 285,228	\$ 233,823

LIABILITIES

Current liabilities		
Accounts payable and accrued expenses	\$ 9,388	\$ 13,826
Deferred revenue	1,218	1,127
Compensated absences - current portion	1,310	1,601
Deposits	608	526
Long-term liabilities - current portion	4,275	6,264
Total current liabilities	16,799	23,344
Noncurrent liabilities		
Other liabilities	59	625
Compensated absences	897	805
U.S. Government Grants refundable	896	897
Long-term debt	209,196	152,993
Total liabilities	\$ 227,847	\$ 178,664

NET ASSETS

Invested in capital assets, net of related debt	\$ 37,801	\$ 36,918
Restricted expendable for:		
Debt service	6,382	5,657
Renewal and replacement	1,960	925
Capital projects	856	182
Unrestricted	10,382	11,477
Total net assets	\$ 57,381	\$ 55,159

See accompanying notes to financial statements and independent auditors' report.

RAMAPO COLLEGE FOUNDATION
(A Component Unit of the State of New Jersey)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Assets		
Cash and cash equivalents	\$ 175,855	\$ 220,209
Investments	3,759,115	2,935,428
Grants receivable	2,383,014	3,120,663
Accounts receivable	48,737	6,500
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 for 2005 and 2004	1,479,364	1,569,887
Interest receivable	1,843	391
Prepaid expenses	<u>3,844</u>	<u>11,041</u>
	<u>\$ 7,851,772</u>	<u>\$ 7,864,119</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 25,747	\$ 51,569
Due to Ramapo College of New Jersey	514,868	610,254
Refundable advances		575,125
Deferred income	78,125	87,375
Due to agency funds	<u>28,799</u>	<u>637</u>
Total liabilities	<u>647,539</u>	<u>1,324,960</u>
Net assets		
Unrestricted		
Undesignated	360,000	472,819
Board Designated	<u>318,140</u>	
Total Unrestricted	678,140	472,819
Temporarily restricted	3,801,644	3,518,167
Permanently restricted	<u>2,724,449</u>	<u>2,548,173</u>
Total net assets	<u>7,204,233</u>	<u>6,539,159</u>
	<u>\$ 7,851,772</u>	<u>\$ 7,864,119</u>

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2005 AND 2004

(dollars in thousands)

	<u>2005</u>	<u>2004</u>
Revenues		
Operating revenues		
Student tuition and fees	\$ 39,472	\$ 36,122
Less: tuition scholarship allowances	<u>(9,726)</u>	<u>(9,057)</u>
Net student tuition and fees	29,746	27,065
Auxiliary enterprises	24,892	22,266
Less: auxiliary allowances	<u>(1,658)</u>	<u>(1,655)</u>
Net auxiliary enterprises	23,234	20,611
Federal grants and contracts	3,926	3,521
State and local grants and contracts	4,751	4,004
Other operating revenues	<u>1,348</u>	<u>370</u>
Total operating revenues	<u>63,005</u>	<u>55,571</u>
Expenses		
Operating expenses		
Instruction	26,851	25,296
Academic support	4,756	4,464
Student services	9,155	8,232
Institutional support	13,874	14,351
Student financial aid and scholarships	847	702
Operations and maintenance of plant	9,653	9,395
Depreciation	7,697	6,576
Auxiliary	<u>13,313</u>	<u>13,043</u>
Total operating expenses	<u>86,146</u>	<u>82,059</u>
Operating loss	<u>(23,141)</u>	<u>(26,488)</u>
Nonoperating revenue (expenses)		
State of New Jersey appropriations	20,555	18,979
State of New Jersey paid fringe benefits	11,875	9,648
Investment income, (net of investment expense of \$220 in 2005 and \$495 in 2004)	1,596	1,306
Interest expense	<u>(9,025)</u>	<u>(7,560)</u>
Net nonoperating revenue	<u>25,001</u>	<u>22,373</u>
Other revenues		
Capital appropriations	162	126
Capital gifts	<u>200</u>	<u>100</u>
Total other revenues	<u>362</u>	<u>226</u>
Increase (decrease) in net assets	2,222	(3,889)
Net assets - beginning of year	<u>55,159</u>	<u>59,048</u>
Net assets - end of year	<u>\$ 57,381</u>	<u>\$ 55,159</u>

See accompanying notes to financial statements and independent auditors' report.

RAMAPO COLLEGE FOUNDATION
(A Component Unit of the State of New Jersey)

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2005 Total</u>
Operating support and revenue				
Donations	\$ 270,735	\$ 1,048,513	\$ 224,314	\$ 1,543,562
Fund raising	469,863			469,863
Grants		247,593		247,593
Special events	21,924			21,924
Memberships	2,350			2,350
Program service	43,368			43,368
Other	102,800			102,800
Investment income	10,423	68,588		79,011
Net unrealized gain on investments		201,761		201,761
Net assets released from restrictions	<u>1,221,162</u>	<u>(1,221,162)</u>		
Total support and revenue	<u>2,142,625</u>	<u>345,293</u>	<u>224,314</u>	<u>2,712,232</u>
Expenses				
Commitment to College towards salaries	200,000			200,000
In-kind gift to College	15,045			15,045
Foundation operations	242,337			242,337
Events and programs	59,945			59,945
Scholarships	149,233			149,233
Fund raising	160,255			160,255
Planned giving and capital campaign	57,330			57,330
College grants awarded	125,068			125,068
Expenses for restricted grants	<u>959,653</u>			<u>959,653</u>
Total expenses	<u>1,968,866</u>			<u>1,968,866</u>
Other changes in net assets				
Reduction in promises to give		(68,189)		(68,189)
Transfers	<u>31,562</u>	<u>6,373</u>	<u>(48,038)</u>	<u>(10,103)</u>
Other changes, net	<u>31,562</u>	<u>(61,816)</u>	<u>(48,038)</u>	<u>(78,292)</u>
Change in net assets	<u>205,321</u>	<u>283,477</u>	<u>176,276</u>	<u>665,074</u>
Net assets, beginning of year	472,819	3,518,167	2,548,173	6,539,159
Net assets, end of year	<u>\$ 678,140</u>	<u>\$ 3,801,644</u>	<u>\$ 2,724,449</u>	<u>\$ 7,204,233</u>

See accompanying notes to financial statements.

RAMAPO COLLEGE FOUNDATION
(A Component Unit of the State of New Jersey)

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004* Total</u>
Operating support and revenue				
Donations	\$ 206,450	\$ 377,881	\$ 49,746	\$ 634,077
Fund raising	470,648			470,648
Grants		1,098,507		1,098,507
Special events	19,206			19,206
Memberships	2,835			2,835
Program service	25,468			25,468
Other	46,979			46,979
Investment income	4,115	179,731		183,846
Net unrealized gain on investments		236,649		236,649
Net assets released from restrictions	<u>887,226</u>	<u>(887,226)</u>		
Total support and revenue	<u>1,662,927</u>	<u>1,005,542</u>	<u>49,746</u>	<u>2,718,215</u>
Expenses				
Commitment to College towards salaries	100,000			100,000
In-kind gift to College	126,065			126,065
Foundation operations	217,524			217,524
Events and programs	63,561			63,561
Scholarships	126,630			126,630
Fund raising	157,732			157,732
Planned giving and capital campaign	34,716			34,716
College grants awarded	75,951			75,951
Expenses for restricted grants	<u>592,540</u>			<u>592,540</u>
Total expenses	<u>1,494,719</u>			<u>1,494,719</u>
Other changes in net assets				
Reduction in promises to give		(13,084)	(301,229)	(314,313)
Transfers				
Other changes, net		<u>(13,084)</u>	<u>(301,229)</u>	<u>(314,313)</u>
Change in net assets	<u>168,208</u>	<u>992,458</u>	<u>(251,483)</u>	<u>909,183</u>
Net assets, beginning of year	304,611	2,525,709	2,799,656	5,629,976
Net assets, end of year	<u>\$ 472,819</u>	<u>\$ 3,518,167</u>	<u>\$ 2,548,173</u>	<u>\$ 6,539,159</u>

* Reclassified for comparative purposes (Note 13).
See accompanying notes to financial statements.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2005 AND 2004
(dollars in thousands)

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Tuition and fees	\$ 29,705	\$ 26,417
Grants and contracts	8,222	7,876
Payments to suppliers	(25,540)	(22,889)
Payments to employees	(44,232)	(40,820)
Payments for employee benefits	(12,930)	(10,708)
Auxiliary enterprise charges	23,234	23,112
Other	531	(72)
Net cash used by operating activities	<u>(21,010)</u>	<u>(17,084)</u>
Cash flows from noncapital financing activities		
State appropriations	32,430	28,627
Federal family education loan program receipts	17,240	15,797
Federal family education loan program disbursements	(17,240)	(15,797)
Net cash provided by noncapital financing activities	<u>32,430</u>	<u>28,627</u>
Cash flows from capital financing activities		
Proceeds from capital debt	60,667	19,537
Capital grants appropriations	362	226
Purchases of capital assets	(28,366)	(39,052)
Principal paid on capital debt and leases	(6,452)	(19,421)
Interest paid on capital debt and leases	(9,025)	(7,560)
(Increase) decrease in deposits held by trustees	(25,540)	30,458
Net cash used by capital financing activities	<u>(8,354)</u>	<u>(15,812)</u>
Cash flows from investing activities		
Interest on investments	1,596	1,306
Net increase (decrease) in cash	4,662	(2,963)
Cash - beginning of year	9,794	12,757
Cash - end of year	<u>\$ 14,456</u>	<u>\$ 9,794</u>
Reconciliation of net operating revenues (expenses) to net cash used by operating activities		
Operating loss	\$ (23,141)	\$ (26,488)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	7,697	6,576
Changes in assets and liabilities		
Receivables, net	(722)	330
Other assets	188	(2,463)
Accounts payable	(4,438)	4,632
Deferred revenue	91	56
Deposits held for others	82	188
Compensated absences	(765)	74
Loans to students and employees	(1)	11
Net cash used by operating activities	<u>\$ (21,009)</u>	<u>\$ (17,084)</u>

See accompanying notes to financial statements and independent auditors' report.

RAMAPO COLLEGE FOUNDATION
(A Component Unit of the State of New Jersey)

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Change in net assets	\$ 665,074	\$ 909,183
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Contributions permanently restricted	(224,314)	(49,746)
Unrealized (gain) in fair value of investments	(201,761)	(236,649)
Realized gain on investments		(142,146)
Grants receivable	737,649	(744,537)
Accounts receivable	(42,237)	37,780
Unconditional promises to give	90,523	351,328
Interest receivable	(1,452)	11,026
Prepaid expenses	7,197	(6,825)
Accounts payable	(25,822)	13,470
Due to Ramapo College of New Jersey	(95,386)	(36,808)
Deferred income	(9,250)	(1,250)
Refundable advances	(575,125)	(104,535)
Due to agency funds	<u>28,162</u>	<u>(33,605)</u>
Net cash (used) provided by operating activities	<u>353,258</u>	<u>(33,314)</u>
Cash flows from investing activities		
Sale of investments	644,815	1,763,107
(Purchases) of investments	<u>(1,266,741)</u>	<u>(1,829,011)</u>
Net cash (used) by investing activities	<u>(621,926)</u>	<u>(65,904)</u>
Cash flows from financing activities		
Proceeds from permanently restricted contributions	<u>224,314</u>	<u>49,746</u>
Net (decrease) in cash and cash equivalents	(44,354)	(49,472)
Cash and cash equivalents, beginning of year	<u>220,209</u>	<u>269,681</u>
Cash and cash equivalents, end of year	<u>\$ 175,855</u>	<u>\$ 220,209</u>

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

1. Organization and Summary of Significant Accounting Policies

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, Administration and Business. The College also offers graduate studies comprised of The Master of Arts in Liberal Studies, The Master of Science in Educational Technology, The Master of Business Administration and The Master of Science in nursing-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.

The College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as of July 1, 2003. GASB Statement No. 39 establishes criteria for determining whether certain organizations should be reported as component units of the financial reporting entity.

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, 2005 and 2004, the Foundation distributed \$1,449 and \$1,089 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 OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

1. Organization and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

The significant accounting policies employed by the College are described below:

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 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.

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.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

1. Organization and Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

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. The College reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America, 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.

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.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

1. Organization and Summary of Significant Accounting Policies (Continued)

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.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. All donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repairs are charged to revenue 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
Buildings and improvements	20-50
Equipment	5-10
Infrastructure	7-50

Deferred Revenue

Deferred revenue consists primarily of student tuition and fees 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)
(Continued)

1. Organization and 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 \$24 and \$8 for June 30, 2005 and 2004, 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)

(Continued)

1. Organization and Summary of Significant Accounting Policies (Continued)

Tax Status

The College is an organization as described in Section 501 (c)(1) of the Internal Revenue Code and therefore is exempt from Federal income taxes under Section 501 (a) of the Code.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

2. Deposits Held by Trustees

Deposits held by bond trustees under bond indenture agreements are maintained for the following:

	<u>2005</u>	<u>2004</u>
Construction fund	\$ 48,515	\$28,169
Debt service fund for principal and interest	11,162	5,442
Debt service reserve funds	5,972	6,873
Renewal and replacement fund	1,960	925
Rental pledge fund	<u>1,112</u>	<u>1,772</u>
	68,721	43,181
Less: current portion	<u>67,618</u>	<u>42,011</u>
Noncurrent deposits held by trustees	<u>\$ 1,103</u>	<u>\$ 1,170</u>

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

2. Deposits Held by Trustees (Continued)

Deposits held by Trustees are recorded in the financial statements at fair value, as determined by quoted market prices, and consist of the following as of June 30, 2005 and 2004:

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents				
Cash held by trustee	\$ 64,112	\$ 64,112	\$ 41,888	\$ 41,888
Investments				
U.S. Treasury Bills	3,506	3,506	122	123
U.S. Treasury Notes	<u>1,086</u>	<u>1,103</u>	<u>1,122</u>	<u>1,170</u>
	<u>\$ 68,704</u>	<u>\$ 68,721</u>	<u>\$ 43,132</u>	<u>\$ 41,181</u>

3. Investments

Investments of the discretely presented Foundation consisted of the following:

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term funds	\$ 472,479	\$ 472,479	\$ 378,139	\$ 378,139
Common stock fund				
equity investments	2,741,756	3,176,632	2,320,641	2,557,289
Certificates of Deposit	<u>110,004</u>	<u>110,004</u>	<u> </u>	<u> </u>
	<u>\$3,324,239</u>	<u>\$3,759,115</u>	<u>\$2,698,780</u>	<u>\$2,935,428</u>

For additional information regarding the investments of the discretely presented Foundation, please refer to the separately issued Foundation report.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

4. Capital Assets

Capital assets activity for the years ended June 30, 2005 and 2004 consists of the following:

	2005			
	Beginning Balance	Additions	Reductions	Ending Balance
Assets				
Land	\$ 3,231	\$	\$	\$ 3,231
Land improvements	1,536			1,536
Buildings and improvements	147,977	57,341		205,318
Equipment	25,918	4,139		30,057
Library collection	8,444	352	(883)	7,913
Construction in progress	40,435	18,832	(53,491)	5,776
Infrastructure	5,581	1,193		6,774
Total	233,122	81,857	(54,374)	260,605
Accumulated depreciation				
Land improvements	1,168	60		1,228
Buildings and improvements	31,540	4,669		36,209
Equipment	15,472	2,312		17,784
Library collection	6,905	274	(883)	6,296
Infrastructure	2,123	382		2,505
Total	57,208	7,697	(883)	64,022
Capital assets, net	\$175,914	\$74,160	\$(53,491)	\$196,583

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

(dollars in thousands)

(Continued)

4. Capital Assets (Continued)

	2004			
	Beginning Balance	Additions	Reductions	Ending Balance
Assets				
Land	\$ 3,231	\$	\$	\$ 3,231
Land improvements	1,481	55		1,536
Buildings and improvements	142,809	5,168		147,977
Equipment	25,816	303	(201)	25,918
Library collection	8,670	334	(560)	8,444
Construction in progress	8,449	31,986		40,435
Infrastructure	<u>5,204</u>	<u>377</u>	<u> </u>	<u>5,581</u>
Total	<u>195,660</u>	<u>38,223</u>	<u>(761)</u>	<u>233,122</u>
Accumulated depreciation				
Land improvements	1,123	45		1,168
Buildings and improvements	27,470	4,070		31,540
Equipment	14,491	1,999	(1,018)	15,472
Library collection	7,201	264	(560)	6,905
Infrastructure	<u>1,937</u>	<u>198</u>	<u>(12)</u>	<u>2,123</u>
Total	<u>52,222</u>	<u>6,576</u>	<u>(1,590)</u>	<u>57,208</u>
Capital assets, net	<u>\$143,438</u>	<u>\$31,647</u>	<u>\$ 829</u>	<u>\$175,914</u>

Depreciation expense was \$7,697 and \$6,576 for the years ended June 30, 2005 and 2004, respectively.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

5. Other Noncurrent Liabilities

Activity in other noncurrent liabilities for the year ending June 30, 2005 was as follows :

	<u>June 30,</u> <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2005</u>	<u>Current</u> <u>Portion</u>
Other liabilities	\$ 625	\$	\$(566)	\$ 59	\$
Compensated absences	2,406	171	(370)	2,207	1,310
U.S. Government grants refundable	<u>897</u>	<u>—</u>	<u>(1)</u>	<u>896</u>	<u>—</u>
	<u>\$ 3,928</u>	<u>\$171</u>	<u>\$(937)</u>	<u>\$ 3,162</u>	<u>\$ 1,310</u>

Activity in other noncurrent liabilities for the year ending June 30, 2004 was as follows :

	<u>June 30,</u> <u>2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2004</u>	<u>Current</u> <u>Portion</u>
Other liabilities	\$ 546	\$ 79	\$	\$ 625	\$
Compensated absences	2,412	99	(105)	2,406	1,601
U.S. Government grants refundable	<u>886</u>	<u>11</u>	<u>—</u>	<u>897</u>	<u>—</u>
	<u>\$3,844</u>	<u>\$189</u>	<u>\$(105)</u>	<u>\$ 3,928</u>	<u>\$ 1,601</u>

6. 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 original cost of these projects included in plant facilities at June 30, 2005 and 2004 was \$165,838 and \$141,963, respectively.

RAMAPO COLLEGE OF NEW JERSEY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

(dollars in thousands)

(Continued)

6. Long-Term Debt (Continued)

The Authority issued Series 2003H for the purpose of partially refunding Series 1999E. The proceeds of this transaction have been irrevocably deposited with the trustee in order to satisfy the scheduled payments of interest and principal. A loss on defeasance of approximately \$2,290 resulted from this transaction and was capitalized and recorded in deferred financing costs in the accompanying statements of net assets as of June 30, 2004.

The “Series 2004E Project” bonds were issued for the purpose of providing funds to assist the college in completing the constructing, furnishing and equipping of a 432 bed student residence facility and constructing a parking garage, Campus Loop Road and outdoor recreational facilities.

The following principal payments due the Authority were outstanding at June 30, 2005 and 2004.

NJ Educational Facilities Authority Revenue Bonds:	<u>Interest Rate</u>	<u>2005</u>	<u>2004</u>
Series 1998 G, due serially to 2028	4.10% to 4.63%	\$15,155	\$15,500
Series 1998 H, due serially to 2013	4.10% to 4.60%	1,385	1,510
Series 1998 I, due serially to 2008	4.10% to 4.50%	450	550
Series 1999 E, due serially to 2009	5.25% to 5.60%	2,065	2,420
Series 2001 D, due serially to 2031	4.80% to 5.00%	39,735	40,480
Series 2001 E, due serially to 2008	3.60% to 4.00%	1,535	1,885
Series 2002 H, due serially to 2032	2.50% to 5.00%	28,580	28,610
Series 2002 I, due serially to 2032	2.50% to 5.00%	2,045	2,085
Series 2002 J, due serially to 2032	2.50% to 5.00%	29,550	29,580
Series 2003 F, due serially to 2013	1.50% to 3.50%	1,820	1,820
Series 2003 G, due serially to 2013	2.00% to 3.71%	9,300	9,300
Series 2003 H, due serially to 2029	4.25% to 5.00%	18,930	18,930
Series 2004 E, due serially to 2035	3.19% to 5.00%	<u>53,980</u>	<u> </u>
		204,530	152,670
Add amounts representing net premiums		<u>1,801</u>	<u>240</u>
		<u>206,331</u>	<u>152,910</u>

RAMAPO COLLEGE OF NEW JERSEY
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NOTES TO FINANCIAL STATEMENTS

(dollars in thousands)

(Continued)

6. Long-Term Debt (Continued)

NJ Educational Facilities Authority Revenue Bonds:	<u>Interest Rate</u>	<u>2005</u>	<u>2004</u>
Higher Education Capital Improvement Fund Series 2000 B, due serially to 2021	4.50% to 5.75%	\$ 2,218	\$ 2,305
Higher Education Dormitory Safety Trust Fund Series 2001 A, due serially to 2016		757	826
Higher Education Capital Improvement Fund Series 2002 A, due serially to 2023	3.00% to 5.25%	1,850	1,850
Higher Education Equipment Leasing Fund Series 2003 A, due serially to 2010	2.50% to 5.00%	394	467
Other	5.12% to 10.7%	<u>1,921</u>	<u>899</u>
		<u>7,140</u>	<u>6,347</u>
Total long-term debt		213,471	159,257
Less: noncurrent portion		<u>209,196</u>	<u>152,993</u>
Total long-term debt-current portion		<u>\$ 4,275</u>	<u>\$ 6,264</u>

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, 2005:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,211	\$ 8,619
2007	5,739	9,329
2008	5,863	9,137
2009	6,103	8,935
2010	5,443	8,725
2011-2015	28,322	40,587
2016-2020	31,975	34,442
2021-2025	41,035	25,871
2026-2030	49,490	15,280
2031-2035	<u>33,490</u>	<u>4,119</u>
	<u>\$211,671</u>	<u>\$165,044</u>

The College has pledged all revenues generated from the operation of the residential facilities, the campus life building and from other legally available funds of the College under the aforementioned bond agreements.

RAMAPO COLLEGE OF NEW JERSEY
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NOTES TO FINANCIAL STATEMENTS

(dollars in thousands)

(Continued)

7. Employee Benefit Programs

The majority of the College's employees are covered under various pension agreements through the State and certain private plans. The costs of these pension agreements and certain other fringe benefits were \$12,930 and \$10,397 for fiscal years 2005 and 2004, respectively, of which \$11,875 and \$9,648 were paid by the State on behalf of the College and are included in the accompanying financial statements as part of revenue under the caption "Government Appropriations" and as expenditures which are distributed to the various expenditure categories.

The State of New Jersey is also required to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability regardless of years of service. Prior to July 1, 1997, the State incurred the total cost of medical benefits, subsequent to this date, the State incurs only the employer cost of such benefits. These expenditures are not included in the College's financial statements.

8. Retirement Plans

The College has two retirement systems for its employees - the 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.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage to both full-time and part-time employees of the State or public agency provided the employee is not a member of another state-administered retirement system. Membership is mandatory for such employees and vesting occurs after ten years of service. The employee contribution is 5% of salary.

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55 of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available to members at reduced benefits.

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.

The ABP provides coverage for all academic and professional employees. Under provisions of N.J.S.A. 18A-96, the ABP includes a pension plan funded through individually owned annuities issued by one of six carriers, Teacher's Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), ING, Equitable, Hartford, Citistreet and Valic.

RAMAPO COLLEGE OF NEW JERSEY
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NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)
(Continued)

8. Retirement Plans (Continued)

ABP Plans are privately operated annuity programs providing retirement and death benefits for or on behalf of professionals and faculty members electing to participate in these retirement programs. Faculty and professional employees other than career service employees are eligible to participate. 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. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees contribute 5% of salary on a before tax basis. Employer contributions are 8%.

The total payroll for fiscal years 2005 and 2004 for all employees covered by these programs was approximately \$40,231 and \$36,381, respectively. Total payroll expenditures for all employees was approximately \$44,527 and \$40,891. All of the College's costs relative to these programs are included in the \$12,930 and \$10,397 referred to in Note 7.

9. 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, 2005 and 2004, included in accrued liabilities, amounted to approximately \$1,310 and \$1,680, 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 during the last year of employment, up to a maximum of \$15. Employees separating from the College prior to retirement are not eligible for payment. Sick leave accumulations may also be used by an employee for a personal illness or injury as a means of continuing regular pay during illness or injury. Included in the financial statements is the estimated accrued liability for unused sick time of \$897 and \$726 for June 30, 2005 and 2004, respectively. The College has made payments of approximately \$60 and \$80 for unused sick time in fiscal year 2005 and 2004.

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NOTES TO FINANCIAL STATEMENTS

(dollars in thousands)

(Continued)

10. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2005 and 2004, are not included in the financial statements. The College has approved contracts in fiscal 2005 and 2004 of approximately \$28,194 and \$17,761, respectively, the majority of which are for construction and renovation projects and will be funded by plant fund assets on deposit with the trustee.

11. 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.

12. Comparative Financial Statements

The financial statements include certain reclassifications and restatements in accordance with the adoption of GASB No. 35. U.S. Government Grants refundable has been reclassified to the noncurrent liability section of the statement of net assets.