

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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

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, 2006 AND 2005

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 position for the year ended June 30, 2006 with comparative information for the years ended June 30, 2005 and 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 2005, the College enrolled 4,606 full-time equivalent undergraduate students and 127 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, Kiplinger's Personal Finance, Money Magazine, Peterson's Competitive Colleges, The Princeton Review and U.S. News and World Report.

The U.S. News and World Report 2007 edition on America's Best Colleges and Universities ranks Ramapo #1 among public comprehensive colleges in the north. In addition, Ramapo ranks number eight in the north among both public and private institutions. Ramapo was recognized as having the second lowest acceptance rate in the public category, having admitted only 41% of its applicants. Also, Princeton Review's, The Best Northeastern Colleges-222 Select Schools to Consider, list Ramapo in its publication. For the first time ever, Ramapo College has been listed in Kiplinger's Personal Finance Magazine, February 2006 issue, as part of the "100 Best Values in Public Colleges".

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(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
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(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, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Assets			
Current assets	\$ 75,303	\$ 85,253	\$ 54,009
Capital assets, net	234,991	196,583	175,914
Other assets	<u>29,370</u>	<u>3,392</u>	<u>3,900</u>
Total assets	<u>339,664</u>	<u>285,228</u>	<u>233,823</u>
Liabilities			
Current liabilities	26,833	16,799	23,344
Noncurrent liabilities	<u>255,126</u>	<u>211,048</u>	<u>155,320</u>
Total liabilities	<u>281,959</u>	<u>227,847</u>	<u>178,664</u>

RAMAPO COLLEGE OF NEW JERSEY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

Net assets			
Invested in capital assets, net of related debt	\$ 34,039	\$ 37,801	\$ 36,918
Expendable restricted	10,201	9,198	6,764
Unrestricted	<u>13,465</u>	<u>10,382</u>	<u>11,477</u>
Total net assets	<u>\$ 57,705</u>	<u>\$ 57,381</u>	<u>\$ 55,159</u>

During fiscal year 2006, RCNJ's total assets increased by \$54.4 million. Current assets decreased by \$10.0 million while other assets increased by \$26.0. These changes are from a shift to longer term securities in the investment mix on funds held by bond trustees. Deposits held by bond trustees had a significant increase of \$22.2 million due to the issuance of bond Series 2006D. The bond proceeds will finance the construction of 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 \$38.4 million. This increase is due to the construction in progress of Laurel Hall, the parking deck and the new road.

Total liabilities increased by \$54.1 million in fiscal year 2006. The primary cause for the increase was the issuance of the previously mentioned Series 2006D bond issue.

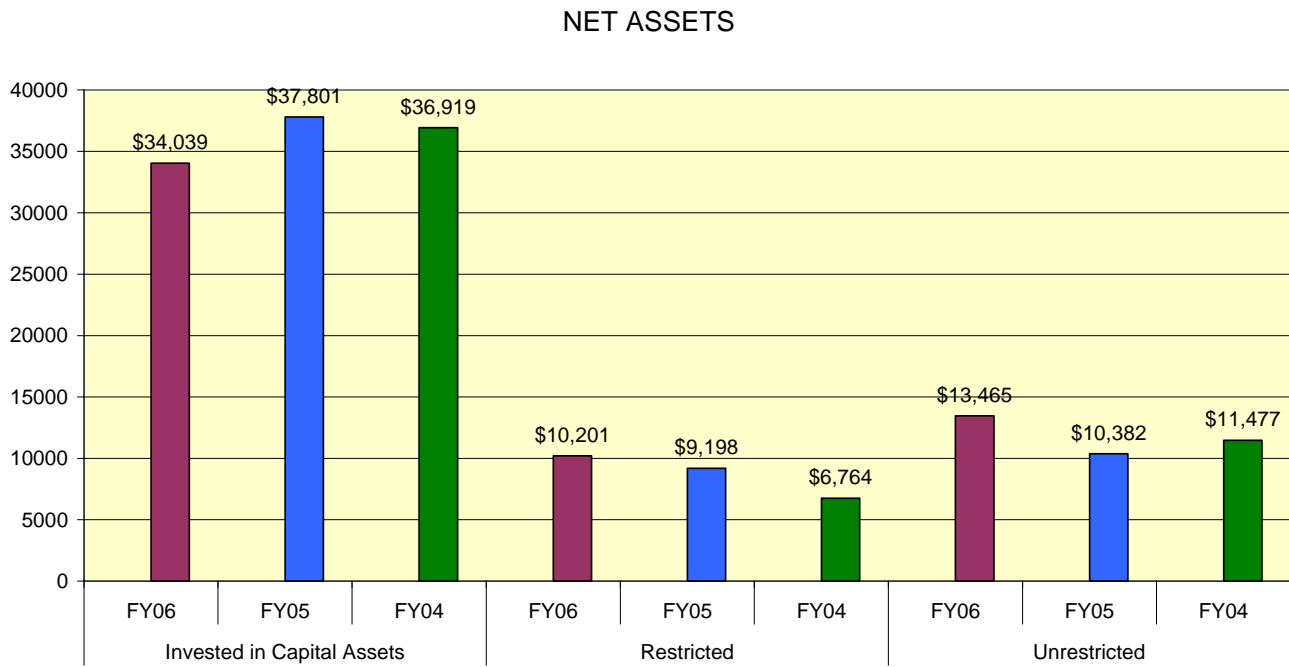
During fiscal year 2006, total net assets had a small increase of \$300,000. Net capital assets decreased by \$3.8 million because depreciation expense was greater than the acquisition of new capital assets. The increase of \$1.0 million in expendable restricted net assets resulted from payments made to the renewal and replacement funds held by bond trustees. Unrestricted net assets increased \$3.1 million primarily due to the return of advanced funds for construction projects from bonds proceeds.

RAMAPO COLLEGE OF NEW JERSEY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

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



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.

RAMAPO COLLEGE OF NEW JERSEY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

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, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Operating revenues			
Student revenues, net	\$ 57,200	\$52,980	\$47,676
Grants and contracts	8,847	8,677	7,525
Other	<u>42</u>	<u>1,348</u>	<u>370</u>
Total operating revenues	<u>66,089</u>	<u>63,005</u>	<u>55,571</u>
Nonoperating revenue			
State appropriation	33,688	32,430	28,627
Investment and other	<u>2,891</u>	<u>1,596</u>	<u>1,306</u>
Total nonoperating revenue	<u>36,579</u>	<u>34,026</u>	<u>29,933</u>
Capital grants and gifts	<u>1,111</u>	<u>362</u>	<u>226</u>
Total revenues	<u>\$103,779</u>	<u>\$97,393</u>	<u>\$85,730</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

JUNE 30, 2006 AND 2005
(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 \$12.2 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2006. The main source of the allowances comes from federal and state grants. In fiscal year 2006, student revenues increased \$4.2 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 2006 did not change as government funding for programs stayed level.

Other Operating Revenue

Other revenue decreased \$1.3 million in fiscal year 2006. The primary cause of the decrease resulted from funds released from a contingent liability in fiscal year 2005. This was a one time event; therefore, this source was not available in fiscal year 2006.

Nonoperating Revenues

New Jersey State Appropriation

State appropriations, including fringe benefits, paid directly by the State increased \$1.3 million in fiscal year 2006. The direct appropriation to the College's operations increased \$900,000. This increase was due to additional funds received in recognition of enrollment growth. The increase in the State payments on behalf of the College for fringe benefits was \$400,000. This is a result of an increase in the number of employees and contractual salary increases.

Investment

The \$1.3 million increase in investment earnings was due to deposits held by bond trustees due to the issuance of bond Series 2006D and higher interest rates.

RAMAPO COLLEGE OF NEW JERSEY
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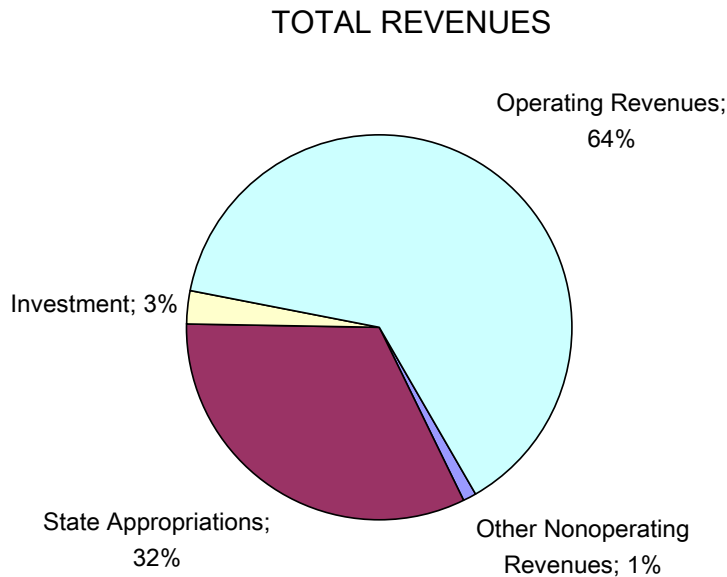
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

Capital Grants and Gifts

Fundraising by the Ramapo College Foundation for the new academic building and the Bradley Sports and Recreation Center provided the increase in capital gifts of \$750,000.

The following provides a graphical breakdown of each category's percentage of total revenues for the fiscal year ended June 30, 2006 (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 growth, and increased operating costs

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.

RAMAPO COLLEGE OF NEW JERSEY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

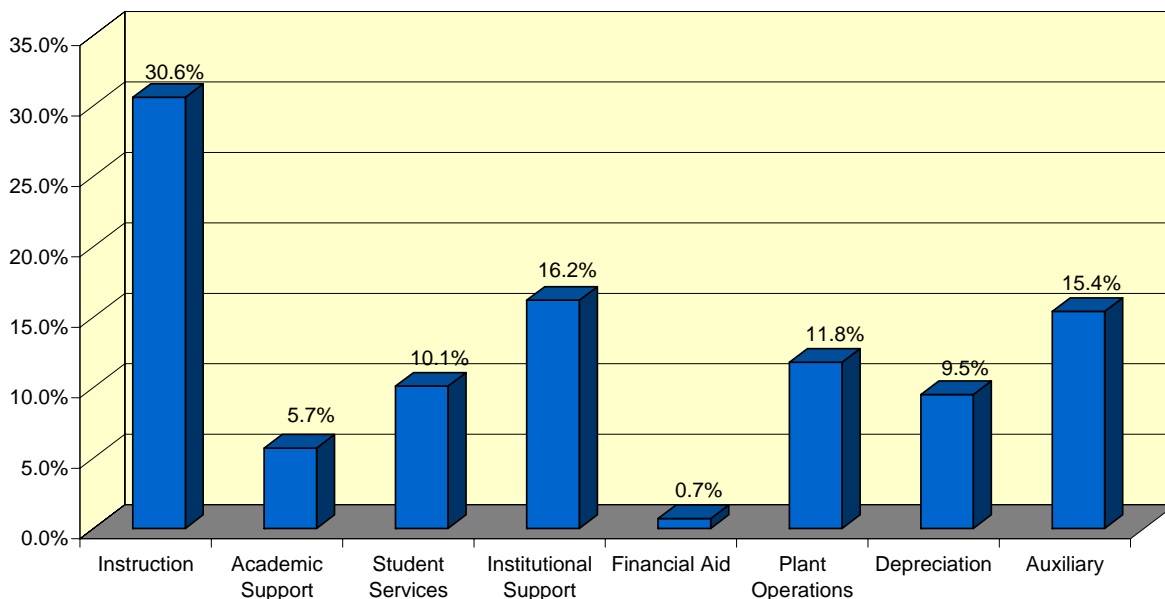
JUNE 30, 2006 AND 2005
(Continued)

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

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Operating expenses			
Instruction	\$ 28,675	\$26,851	\$25,296
Academic support	5,364	4,756	4,464
Student services	9,496	9,155	8,232
Institutional support	15,260	13,874	14,351
Student financial aid	600	847	702
Operations and maintenance of plant	11,048	9,653	9,395
Depreciation	8,879	7,697	6,576
Auxiliary	<u>14,475</u>	<u>13,313</u>	<u>13,043</u>
Total operating expenses	<u>93,797</u>	<u>86,146</u>	<u>82,059</u>
Nonoperating expenses	<u>9,658</u>	<u>9,025</u>	<u>7,560</u>
Total expenses	<u>\$103,455</u>	<u>\$95,171</u>	<u>\$89,619</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
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MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

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, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Net cash provided (used) by			
operating activities	\$(11,089)	\$(21,010)	\$(17,084)
Noncapital financing activities	33,688	32,430	28,627
Capital financing activities	(32,365)	(8,354)	(15,812)
Investing activities	<u>2,891</u>	<u>1,596</u>	<u>1,306</u>
Net increase (decrease) in cash	(6,875)	4,662	(2,963)
Cash - beginning of year	<u>14,456</u>	<u>9,794</u>	<u>12,757</u>
Cash - end of year	<u>\$ 7,581</u>	<u>\$ 14,456</u>	<u>\$ 9,794</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 2006 decrease in cash was due to the issuance of bond Series 2006D for which the projects are still under construction. The College has paid construction bills and is awaiting reimbursement from bond trustee investments.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

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, 2006, the College had \$235.0 million invested in capital assets, net of accumulated depreciation of \$72.9 million. Depreciation charges totaled \$8.9 million for fiscal year 2006 compared to \$7.7 million in fiscal year 2005.

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

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	283	308	368
Infrastructure	4,664	4,269	3,458
Buildings and improvements	165,152	169,109	116,437
Equipment	10,961	12,273	10,446
Library collection	1,615	1,617	1,539
Construction in progress	<u>49,085</u>	<u>5,776</u>	<u>40,435</u>
Total	<u>\$234,991</u>	<u>\$196,583</u>	<u>\$175,914</u>

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

- Construction of a new road circling the campus: from bond proceeds

\$1,900
- Construction of a parking deck with 406 spaces: from bond proceeds

\$5,170
- Construction of a 432-bed residence facility: from bond proceeds

\$32,750
- Construction of a new academic building: from bond proceeds

\$2,780
- Renovation of existing buildings: from bond proceeds

\$3,200

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006 AND 2005
(Continued)

At June 30, 2006, the College had \$259.2 million in debt outstanding versus \$213.5 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.

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, 2006 and 2005, 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, 2006 and 2005, 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.

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 30, 2006
Paramus, New Jersey

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

STATEMENTS OF NET ASSETS

JUNE 30, 2006 AND 2005
(dollars in thousands)

ASSETS

	2006	2005
Current assets		
Cash and cash equivalents	\$ 7,581	\$ 14,456
Deposits held by Trustees	64,185	67,618
Receivables		
Students, less allowance of \$391 in 2006 and \$347 in 2005	133	132
Loans, less allowance of \$53 in 2006 and \$59 in 2005	79	91
Gifts and grants	1,225	1,221
Other	1,519	995
Total receivables	2,956	2,439
Other current assets	581	740
Total current assets	75,303	85,253
Noncurrent assets		
Deposits held by Trustees	26,750	1,103
Student loan receivables, less allowance of \$478 in 2006 and \$455 in 2005	709	754
Deferred financing costs, net	1,911	1,535
Plant facilities, net	234,991	196,583
Total assets	\$ 339,664	\$ 285,228

LIABILITIES

Current liabilities		
Accounts payable and accrued expenses	\$ 17,239	\$ 9,388
Deferred revenue	1,183	1,218
Compensated absences, current portion	1,398	1,310
Deposits	1,054	608
Long-term liabilities, current portion	5,959	4,275
Total current liabilities	26,833	16,799
Noncurrent liabilities		
Other liabilities	82	59
Compensated absences	945	897
U.S. Government Grants refundable	904	896
Long-term debt	253,195	209,196
Total liabilities	\$ 281,959	\$ 227,847

NET ASSETS

Invested in capital assets, net of related debt	\$ 34,039	\$ 37,801
Restricted expendable for:		
Debt service	6,521	6,382
Renewal and replacement	2,774	1,960
Capital projects	906	856
Unrestricted	13,465	10,382
Total net assets	\$ 57,705	\$ 57,381

See notes to financial statements and independent auditors' report.

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
Cash and cash equivalents	\$ 569,250	\$ 175,855
Investments	4,576,577	3,759,115
Grants receivable	2,085,837	2,383,014
Accounts receivable	12,100	48,737
Unconditional promises to give, net of allowance for doubtful accounts of \$50,000 for 2006 and 2005	3,594,836	1,479,364
Interest receivable	3,555	1,843
Prepaid expenses	14,862	3,844
	<u>\$10,857,017</u>	<u>\$7,851,772</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 4,900	\$ 25,747
Annuities payable	7,954	
Due to Ramapo College of New Jersey	674,092	514,868
Deferred income	59,581	78,125
Due to agency funds	13,821	28,799
Total liabilities	760,348	647,539
Net assets		
Unrestricted		
Undesignated	472,391	360,000
Board Designated	401,440	318,140
Total Unrestricted	873,831	678,140
Temporarily restricted	4,659,815	3,801,644
Permanently restricted	4,563,023	2,724,449
Total net assets	10,096,669	7,204,233
	<u>\$10,857,017</u>	<u>\$7,851,772</u>

See notes to financial statements and independent auditors' report.

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, 2006 AND 2005

(dollars in thousands)

	2006	2005
Revenues		
Operating revenues		
Student tuition and fees	\$ 42,799	\$ 39,472
Less: tuition scholarship allowances	(10,457)	(9,726)
Net student tuition and fees	32,342	29,746
Auxiliary enterprises	26,573	24,892
Less: auxiliary allowances	(1,715)	(1,658)
Net auxiliary enterprises	24,858	23,234
Federal grants and contracts	3,834	3,926
State and local grants and contracts	5,013	4,751
Other operating revenues	42	1,348
Total operating revenues	66,089	63,005
Expenses		
Operating expenses		
Instruction	28,675	26,851
Academic support	5,364	4,756
Student services	9,496	9,155
Institutional support	15,260	13,874
Student financial aid and scholarships	600	847
Operations and maintenance of plant	11,048	9,653
Depreciation	8,879	7,697
Auxiliary	14,475	13,313
Total operating expenses	93,797	86,146
Operating loss	(27,708)	(23,141)
Nonoperating revenue (expenses)		
State of New Jersey appropriations	21,417	20,555
State of New Jersey paid fringe benefits	12,271	11,875
Investment income, (net of investment expense of \$223 in 2006 and \$220 in 2005)	2,891	1,596
Interest expense	(9,658)	(9,025)
Net nonoperating revenue	26,921	25,001
Other revenues		
Capital appropriations	224	162
Capital gifts	887	200
Total other revenues	1,111	362
Increase in net assets	324	2,222
Net assets, beginning of year	57,381	55,159
Net assets, end of year	\$ 57,705	\$ 57,381

See notes to financial statements and independent auditors' report.

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>
Operating support and revenue				
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	133,549		169,650
Net unrealized gain on investments		224,352		224,352
Net assets released from restrictions	<u>1,930,018</u>	<u>(1,930,018)</u>		
Total support and revenue	<u>2,928,452</u>	<u>858,171</u>	<u>1,838,574</u>	<u>5,625,197</u>
Expenses				
Payment to College towards salaries	200,000			200,000
In-kind gift to College				
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
Payments to College for Bradley and Spiritual Center	617,500			617,500
Expenses for restricted grants	<u>1,192,315</u>			<u>1,192,315</u>
Total expenses	<u>2,732,761</u>			<u>2,732,761</u>
Other changes in net assets				
Reduction in promises to give				
Transfers				
Other changes, net				
Change in net assets	<u>195,691</u>	<u>858,171</u>	<u>1,838,574</u>	<u>2,892,436</u>
Net assets, beginning of year	<u>678,140</u>	<u>3,801,644</u>	<u>2,724,449</u>	<u>7,204,233</u>
Net assets, 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 FOUNDATION
(A Component Unit of the State of New Jersey)

STATEMENT 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				
Payment 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
Payments to College for Bradley and Spiritual Center				
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	<u>472,819</u>	<u>3,518,167</u>	<u>2,548,173</u>	<u>6,539,159</u>
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 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, 2006 AND 2005
(dollars in thousands)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Tuition and fees	\$ 32,752	\$ 29,705
Grants and contracts	8,843	8,222
Payments to suppliers	(17,328)	(25,540)
Payments to employees	(46,292)	(44,232)
Payments for employee benefits	(13,648)	(12,930)
Auxiliary enterprise charges	24,858	23,234
Other	(274)	531
Net cash used by operating activities	<u>(11,089)</u>	<u>(21,010)</u>
Cash flows from noncapital financing activities		
State appropriations	33,688	32,430
Federal family education loan program receipts	17,778	17,240
Federal family education loan program disbursements	(17,778)	(17,240)
Net cash provided by noncapital financing activities	<u>33,688</u>	<u>32,430</u>
Cash flows from capital financing activities		
Proceeds from capital debt	49,958	60,667
Capital grants appropriations	1,111	362
Purchases of capital assets	(47,287)	(28,366)
Principal paid on capital debt and leases	(4,275)	(6,452)
Interest paid on capital debt and leases	(9,658)	(9,025)
Increase in deposits held by trustees	(22,214)	(25,540)
Net cash used by capital financing activities	<u>(32,365)</u>	<u>(8,354)</u>
Cash flows from investing activities		
Interest on investments	2,891	1,596
Net (decrease) increase in cash	(6,875)	4,662
Cash, beginning of year	14,456	9,794
Cash, end of year	<u>\$ 7,581</u>	<u>\$ 14,456</u>
Reconciliation of net operating revenues (expenses) to net cash used by operating activities		
Operating loss	\$ (27,708)	\$ (23,141)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense	8,879	7,697
Changes in assets and liabilities		
Receivables, net	(472)	(722)
Other assets	(217)	188
Accounts payable	7,851	(4,439)
Deferred revenue	(35)	91
Deposits held for others	446	82
Compensated absences	159	(765)
Loans to students and employees	8	(1)
Net cash used by operating activities	<u>\$ (11,089)</u>	<u>\$ (21,010)</u>

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, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Change in net assets	\$ 2,892,436	\$ 665,074
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Permanently restricted contributions	(1,838,574)	(224,314)
Unrealized (gain) in fair value of investments	(224,352)	(201,761)
Realized gains on investments	(51,242)	
Grants receivable	297,177	737,649
Accounts receivable	36,637	(42,237)
Unconditional promises to give	(2,115,472)	90,523
Interest receivable	(1,712)	(1,452)
Prepaid expenses	(11,018)	7,197
Accounts payable	(12,893)	(25,822)
Due to Ramapo College of New Jersey	159,224	(95,386)
Deferred income	(18,544)	(9,250)
Refundable advances		(575,125)
Due to agency funds	<u>(14,978)</u>	<u>28,162</u>
Net cash (used) provided by operating activities	<u>(903,311)</u>	<u>353,258</u>
Cash flows from investing activities		
Sales of investments	806,892	644,815
Purchases of investments	<u>(1,348,760)</u>	<u>(1,266,741)</u>
Net cash (used) by investing activities	<u>(541,868)</u>	<u>(621,926)</u>
Cash flows from financing activities		
Proceeds from permanently restricted contributions	<u>1,838,574</u>	<u>224,314</u>
Net increase (decrease) in cash and cash equivalents	393,395	(44,354)
Cash and cash equivalents, beginning of year	<u>175,855</u>	<u>220,209</u>
Cash and cash equivalents, end of year	<u>\$ 569,250</u>	<u>\$ 175,855</u>

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005

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, 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, The Master of Business Administration 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.

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

1. Organization and 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.

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

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

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.

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 or estimated 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.

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

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

Capital Assets (Continued)

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.

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 \$49 and \$24 for June 30, 2006 and 2005, 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.

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

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

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.

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.

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$7,221	\$14,110
State of New Jersey Cash Management Fund	<u>360</u>	<u>346</u>
Total cash and cash equivalents	<u>\$7,581</u>	<u>\$14,456</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, 2006 and 2005 was \$360 and \$346, 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.

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

3. 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.

	2006	2005
Construction fund	\$66,409	\$48,515
Debt service fund for principal and interest	14,570	11,162
Debt service reserve funds	5,825	5,972
Renewal and replacement fund	2,774	1,960
Rental pledge fund	<u>1,357</u>	<u>1,112</u>
	90,935	68,721
Less: current portion	<u>64,185</u>	<u>67,618</u>
Noncurrent deposits held by trustees	<u>\$26,750</u>	<u>\$ 1,103</u>

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, 2006 and 2005 deposits held by trustees consisted of the following:

	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents				
Cash held by trustee	\$46,731	\$46,731	\$64,112	\$64,112
Investments				
U.S. Treasury Bills	17,454	17,454	3,506	3,506
U.S. Treasury Notes	<u>26,731</u>	<u>26,750</u>	<u>1,086</u>	<u>1,103</u>
	<u>\$90,916</u>	<u>\$90,935</u>	<u>\$68,704</u>	<u>\$68,721</u>

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

4. Capital Assets

Capital assets activity for the years ended June 30, 2006 and 2005 consists of the following:

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

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

NOTES TO FINANCIAL STATEMENTS
(dollars in thousands)

JUNE 30, 2006 AND 2005
(Continued)

4. Capital Assets (Continued)

	2005			Ending Balance
	Beginning Balance	Additions	Reductions	
Non Depreciable Capital Assets				
Land	\$ 3,231	\$	\$	\$ 3,231
Construction in progress	<u>40,435</u>	<u>18,832</u>	<u>(53,491)</u>	<u>5,776</u>
	<u>43,666</u>	<u>18,832</u>	<u>(53,491)</u>	<u>9,007</u>
Depreciable Capital Assets				
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
Infrastructure	<u>5,581</u>	<u>1,193</u>		<u>6,774</u>
	<u>189,456</u>	<u>63,025</u>	<u>(883)</u>	<u>251,598</u>
Total Capital Assets	<u>233,122</u>	<u>81,857</u>	<u>(54,374)</u>	<u>260,605</u>
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	<u>2,123</u>	<u>382</u>		<u>2,505</u>
Total Accumulated Depreciation	<u>57,208</u>	<u>7,697</u>	<u>(883)</u>	<u>64,022</u>
Capital Assets, Net	<u>\$175,914</u>	<u>\$74,160</u>	<u>\$(53,491)</u>	<u>\$196,583</u>

As of June 30, 2006, estimated costs to complete the projects classified as construction in progress are approximately \$55,522 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 2006, the College capitalized interest expense of \$543 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, 2006 AND 2005
(Continued)

5. Other Noncurrent Liabilities

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

	<u>June 30,</u> <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2006</u>	<u>Current</u> <u>Portion</u>
Other liabilities	\$ 59	\$ 48	\$ (25)	\$ 82	\$
Compensated absences	2,207	136		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>\$192</u>	<u>\$ (25)</u>	<u>\$ 3,329</u>	<u>\$ 1,398</u>

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>

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 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, 2006 AND 2005
(Continued)

6. Long-Term Debt (Continued)

The Series 2006D Project bonds were issued for the purpose of providing funds to assist the College in the construction of a new academic building, the completion of the Phase VIII Housing, Phase IX Housing and Parking Garage, the completion of the construction of the Sustainability Education Center, and various renovation projects consisting of utility infrastructure, improvements to roadways, paths and parking lots, deferred maintenance in academic buildings, renovation of athletic fields, and site improvements.

The following principal payments due the Authority were outstanding at June 30, 2006 and 2005.

NJ Educational Facilities Authority			
Revenue Bonds:	<u>Interest Rate</u>	<u>2006</u>	<u>2005</u>
Series 1998 G, due serially to 2028	4.10% to 4.63%	\$ 14,790	\$ 15,155
Series 1998 H, due serially to 2013	4.10% to 4.60%	1,255	1,385
Series 1998 I, due serially to 2008	4.10% to 4.50%	345	450
Series 1999 E, due serially to 2009	5.25% to 5.60%	1,690	2,065
Series 2001 D, due serially to 2031	4.80% to 5.00%	38,965	39,735
Series 2001 E, due serially to 2008	3.60% to 4.00%	1,170	1,535
Series 2002 H, due serially to 2032	2.50% to 5.00%	28,000	28,580
Series 2002 I, due serially to 2032	2.50% to 5.00%	2,005	2,045
Series 2002 J, due serially to 2032	2.50% to 5.00%	28,945	29,550
Series 2003 F, due serially to 2013	1.50% to 3.50%	1,810	1,820
Series 2003 G, due serially to 2013	2.00% to 3.71%	9,185	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%	53,980	53,980
Series 2006 D, due serially to 2036	4.40% to 5.00%	<u>49,085</u>	<u> </u>
		250,155	204,530
Add amounts representing net premiums		<u>2,188</u>	<u>1,801</u>
		<u>252,343</u>	<u>206,331</u>

RAMAPO COLLEGE OF NEW JERSEY
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NOTES TO FINANCIAL STATEMENTS
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JUNE 30, 2006 AND 2005
(Continued)

6. Long-Term Debt (Continued)

Other long-term obligations:	<u>Interest Rate</u>	<u>2006</u>	<u>2005</u>
Higher Education Capital Improvement Fund Series 2000 B, due serially to 2021	4.50% to 5.75%	\$ 2,126	\$ 2,218
Higher Education Dormitory Safety Trust Fund Series 2001 A, due serially to 2016		688	757
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%	320	394
Other	5.12% to 10.7%	<u>1,827</u>	<u>1,921</u>
		<u>6,811</u>	<u>7,140</u>
Total long-term debt		259,154	213,471
Less: noncurrent portion		<u>253,195</u>	<u>209,196</u>
Total long-term debt, current portion		<u>\$ 5,959</u>	<u>\$ 4,275</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, 2006:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 5,880	\$ 9,891
2008	6,000	11,331
2009	6,247	11,121
2010	6,413	10,901
2011	6,721	10,663
2012-2016	33,825	49,619
2017-2021	40,731	41,851
2022-2026	50,989	31,272
2027-2031	59,745	18,245
2032-2036	<u>40,415</u>	<u>5,367</u>
	<u>\$256,966</u>	<u>\$200,261</u>

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

JUNE 30, 2006 AND 2005
(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 \$13,648 and \$12,930 for fiscal years 2006 and 2005, respectively, of which \$12,271 and \$11,875 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 substantially all 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 their annual covered salary.

Members are eligible for retirement at age 55 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)

JUNE 30, 2006 AND 2005
(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 of all employee salaries covered by these programs for fiscal years 2006 and 2005 was approximately \$42,788 and \$40,231, respectively. Total payroll expenditures for all employees was approximately \$46,451 and \$44,527. All of the College's costs relative to these programs are included in the \$13,648 and \$12,930 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, 2006 and 2005, included in accrued liabilities, amounted to approximately \$1,398 and \$1,310, 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 \$945 and \$897 for June 30, 2006 and 2005, respectively. The College has made payments of approximately \$53 and \$60 for unused sick time in fiscal year 2006 and 2005.

RAMAPO COLLEGE OF NEW JERSEY
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NOTES TO FINANCIAL STATEMENTS
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JUNE 30, 2006 AND 2005
(Continued)

10. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2006 and 2005, are not included in the financial statements. The College has approved contracts in fiscal 2006 and 2005 of approximately \$39,607 and \$28,194, 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, 2006 Ramapo College has an outstanding letter of credit of \$379,625 to the New Jersey Department of Environmental Protection Escrow.

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. 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, 2006 and 2005, the Foundation distributed \$2,124 and \$1,449 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.

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

JUNE 30, 2006 AND 2005
(Continued)

12. Ramapo College Foundation (Continued)

Investments of the discretely presented Foundation consisted of the following:

	2006		2005	
	Cost	Fair Value	Cost	Fair Value
Short-term funds	\$ 548,971	\$ 548,971	\$ 472,479	\$ 472,479
Common stock fund				
equity investments	3,226,565	3,921,229	2,741,756	3,176,632
Certificates of Deposit	106,530	106,377	110,004	110,004
	<u>\$3,882,066</u>	<u>\$4,576,577</u>	<u>\$3,324,239</u>	<u>\$3,759,115</u>

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