

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

Basic Financial Statements and  
Management's Discussion and Analysis

June 30, 2012 and 2011

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

Financial Statements  
June 30, 2012 and 2011

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**Independent Auditors' Report****The Board of Trustees of  
Ramapo College of New Jersey**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Ramapo College of New Jersey (the College), a component unit of the State of New Jersey, as of and for the years ended June 30, 2012 and 2011, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Ramapo College of New Jersey as of June 30, 2012 and 2011, and the respective changes in financial position and its 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 2 through 13 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. 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, LLP*

Paramus, New Jersey  
October 26, 2012

O'CONNOR DAVIES, LLP

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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, 2012 and 2011

**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 performance for the fiscal years ended on June 30, 2012 and 2011 and comparative amounts for the year ended June 30, 2010. 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**

Ranked by *U.S. News & World Report* as sixth in the Best Regional Universities North category for public institutions, Ramapo College of New Jersey is sometimes mistaken for a private college. This is, in part, due to its unique interdisciplinary academic structure, its size of approximately 6,008 students and its pastoral setting in the foothills of the Ramapo Mountains on the New Jersey/New York border.

Established in 1969, Ramapo College offers bachelor's degrees in the arts, business, humanities, social sciences and the sciences, as well as in professional studies, which include nursing and social work. In addition, Ramapo College offers courses leading to teacher certification at the elementary and secondary levels. The College also offers six graduate programs as well as articulated programs with the University of Medicine and Dentistry of New Jersey, New York Chiropractic College, New York University College of Dentistry, SUNY State College of Optometry and New York College of Podiatric Medicine.

Undergraduate students choose to concentrate their studies in one of five schools with more than 700 course offerings and 40 academic programs. Ramapo College boasts an average student/faculty ratio of 18:1 and average class size of 23, affording students the opportunity to develop close ties to the College's exceptional faculty.

The College's mission is focused on the four "pillars" of a Ramapo education: international, intercultural, interdisciplinary and experiential (hands on), all of which are incorporated throughout the curricula and extracurriculars. The international mission is further accomplished through a wide range of study abroad and student exchange links with institutions all over the world. Additional experiential programs include internships, co-op and service learning. The College's interdisciplinary commitment helps students push intellectual boundaries; our commitment to experiential, hands-on learning allows them to push personal and professional boundaries as well. The commitment of our faculty to attentive teaching and mentoring empowers students to learn actively and attain the skills they will need to succeed professionally and become lifelong learners.

Ramapo College of New Jersey is listed in the January 2012 issue of *Kiplinger's Personal Finance Magazine* as among the "100 Best Values in Public Colleges" for 2012. This is the seventh consecutive year Ramapo has been included in the "100 Best Values in Public Colleges." The college was ranked #48 for in-state tuition and fees, one of three public institutions of higher education in New Jersey included. Ramapo College also is one of 220 institutions recommended by The Princeton Review in the "Best in the Northeast" section in the 2012 edition of *The Best Northeastern Colleges*.

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

Ramapo College of New Jersey is one of twelve senior public institutions in the New Jersey system of public higher education. The New Jersey Legislature appropriates funds annually to support the College. However, Ramapo operates autonomously from the State's activity.

**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 which have been prepared in accordance with accounting principals generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). These statements present the College's operations on a consolidated basis and focus on assets, liabilities, revenues, expenses and cash flows on an entity-wide basis.

**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 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 is a point of time statement that presents the financial position of the College at the end of the fiscal year. Assets, excluding capital assets, are generally carried at estimated fair market value. Capital assets are carried at cost and are depreciated over their respective useful life. Assets are categorized as current and noncurrent. Current assets are those considered to be convertible to cash within one year. Current assets consist primarily of cash, short-term investments, deposits with bond trustees plus student and other receivables.

Liabilities are categorized as current and noncurrent. Current liabilities are those due and anticipated to be paid within the upcoming fiscal year. Current liabilities of the College consist primarily of accounts payable, accrued benefits and the current portion of long-term debt.

Net assets are the residual interest in the College's assets after liabilities are deducted (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. In addition, there are other nonfinancial factors that are relevant to the College's goals and missions, such as the trend and quality of applicants, first year class size, student retention rates, graduation rates, and other statistical data.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis  
June 30, 2012 and 2011  
(Continued)

Net asset are classified into three 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. This provides the College's equity in property, buildings and equipment.

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, debt service and capital programs.

**Summary Comparison of College's Assets, Liabilities and Net Assets**  
**For the Fiscal Years Ended**  
**(dollars in thousands)**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Assets</b>			
Current assets	\$133,829	\$ 84,428	\$ 69,024
Capital assets, net	266,075	262,693	268,697
Other assets	<u>761</u>	<u>811</u>	<u>813</u>
Total assets	<u>400,665</u>	<u>347,932</u>	<u>338,534</u>
<b>Liabilities</b>			
Current liabilities	25,485	25,338	24,468
Noncurrent liabilities	<u>276,890</u>	<u>236,044</u>	<u>235,191</u>
Total liabilities	<u>302,375</u>	<u>261,382</u>	<u>259,659</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	\$ 33,487	\$ 32,608	\$ 34,994
Expendable restricted	3,870	4,400	5,950
Unrestricted Capital Projects	49,145	33,308	27,514
Unrestricted Current	<u>11,788</u>	<u>16,234</u>	<u>10,417</u>
Total net assets	<u>\$ 98,290</u>	<u>\$ 86,550</u>	<u>\$ 78,875</u>

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis  
June 30, 2012 and 2011  
(Continued)

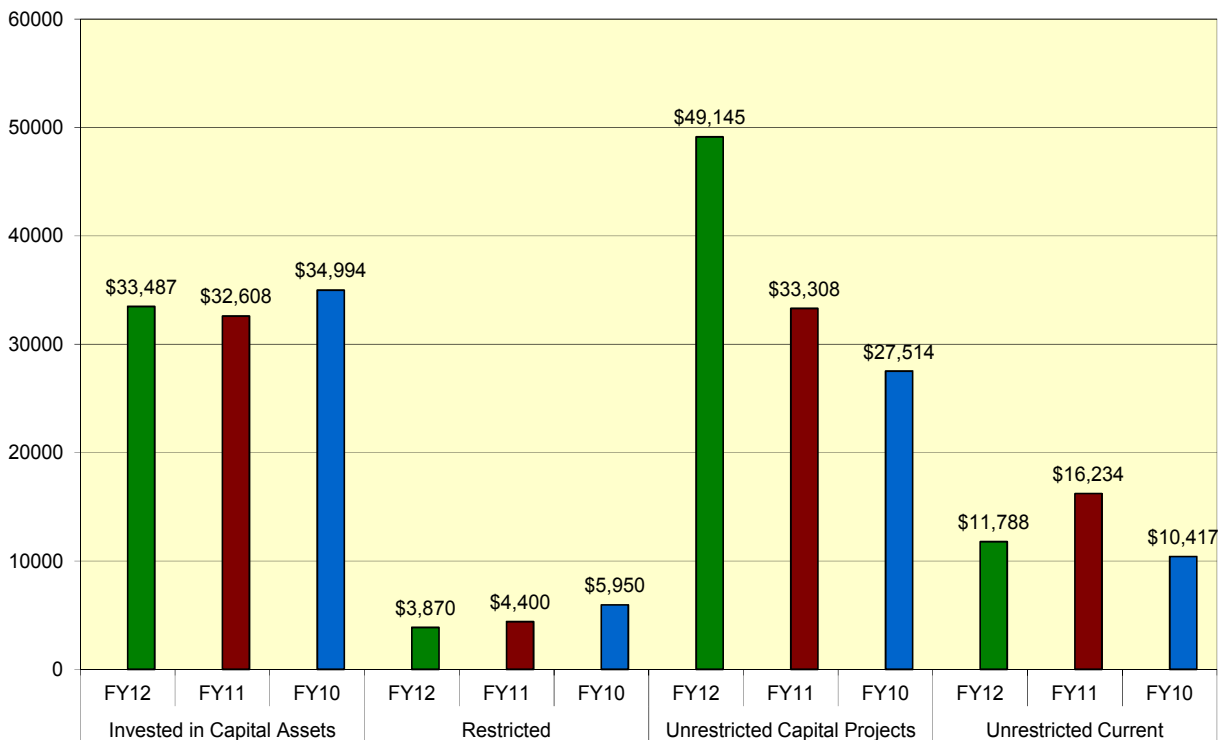
During fiscal year 2012, RCNJ's total assets increased \$52.7 million. Current assets increased by \$49.4 million primarily due to the issuance of a new bond issue for the renovation and addition to the G building. The 2012B bond was issued in June 2012 for \$48 million. Proceeds from this bond issue will be expended over the next 24-30 months. Utility savings of \$975,000 resulting from new electric and natural gas contracts as well as salary and non-salary savings also added to the increase in current assets. Capital assets increased by \$3.4 million primarily as a result of acquisition of new capital assets of \$6.6 million, net of a loss on disposals of equipment of \$3.2 million.

Total liabilities increased by \$41 million in fiscal year 2012. The increase is primarily the result of the issuance of the 2012B bonds, issued to fund the renovation and addition to the G building.

During fiscal year 2012, total net assets had an increase of \$11.7 million. Unrestricted capital projects increased by \$15.8 million. This increase is a result of a transfer of funds from the current unrestricted net assets to fund high priority capital projects and the increase in capital assets mentioned above. Unrestricted current assets decreased by \$4.4 million due to the transfer of funds to capital to fund capital projects.

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

**COLLEGE NET ASSETS**



**Ramapo College of New Jersey**  
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Management's Discussion and Analysis  
June 30, 2012 and 2011  
(Continued)

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

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the fiscal year, regardless of when the cash is received or paid. This statement is categorized into three sections: operating revenues, operating expenses and non- operating revenues (expenses). The net difference among these sections results in an increase or decrease in the College's net assets.

**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 in exchange for the revenue.

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.

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Operating revenues			
Student revenues, net	\$ 89,577	\$ 85,728	\$ 83,479
Grants and contracts	13,598	14,120	14,178
Other	<u>1,858</u>	<u>1,778</u>	<u>1,522</u>
Total operating revenues	<u>105,033</u>	<u>101,626</u>	<u>99,179</u>
Nonoperating revenue			
State appropriation	32,974	33,648	32,935
Federal ARRA	0	0	950
Transactions with affiliates	3,373	3,565	3,292
Investment and other	<u>56</u>	<u>(49)</u>	<u>83</u>
Total nonoperating revenue	<u>36,403</u>	<u>37,164</u>	<u>37,260</u>
Capital grants and gifts	<u>618</u>	<u>0</u>	<u>7</u>
Total revenues	<u>\$142,054</u>	<u>\$138,790</u>	<u>\$136,446</u>



**Ramapo College of New Jersey**  
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Management's Discussion and Analysis  
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**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 (housing rentals and board) and the Student Center (Student Center Fee and bookstore). Student revenues are reflected net of scholarship and auxiliary allowances. These allowances represent scholarships and financial aid applied to student accounts for tuition, fees, and room and board. These scholarships are funded through federal and state grant programs, gifts raised by the Ramapo College Foundation and general College revenues.

Student revenues increased \$3.8 million in 2012 from 2011 and \$2.2 million in 2011 from 2010. The increase from 2011 to 2012 was primarily the result of the 4.9% increase in tuition and fees. Enrollment from 2011 to 2012 was slightly down.

Ramapo applied \$20.4, \$20.8 and \$17.9 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2012, 2011 and 2010 respectively. The main source of these allowances comes from the College, and federal and state grants. Sources for these scholarship allowances for 2012 were the College \$8.4 million, federal \$6 million and the state and others of \$6 million.

***Federal, State & Local Grants and Contracts***

Federal, state and local grant and contract revenue includes student financial aid. For fiscal year 2012 financial aid from all sources was \$522,000 less than fiscal year 2011. The College also received \$618,000 in capital grants in 2012. This capital grant represents funding received from the NSF to construct labs in the G Building.

***Other***

For fiscal year 2012 there was a small increase of \$80,000 over 2011. There was an increase of \$256,000 in 2011 over 2010 as the College received an insurance payment for a damage claim.

**Nonoperating Revenues**

***New Jersey State Appropriation***

State appropriations, including fringe benefits, which are paid directly by the State, decreased \$674,000 in fiscal year 2012. The direct appropriation to College operations fell by \$640,000, and the payment for fringe benefits fell by \$34,000 in 2012. The decrease in the direct appropriation in 2012 was a direct result of the remaining one time ARRA funds received in 2011. Total appropriations increased by \$713,000 in fiscal year 2011 because of ARRA. State payments on behalf of the College for fringe benefits remained fairly constant.

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***Transactions with Affiliates***

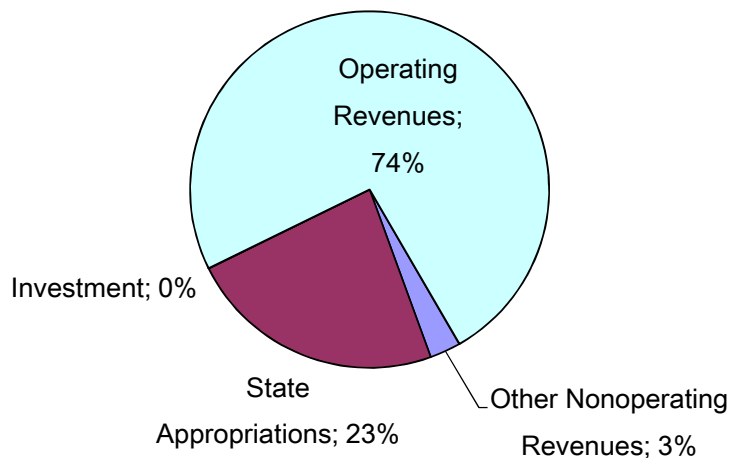
This category represents funds received from the Foundation to help fund scholarships, programs and capital expansion. For fiscal year 2012 there was a decrease of \$192,000 while in fiscal year 2011 the amount was a 273,000 increase. This is due to timing differences of when funds were remitted to the college.

***Investment and Other***

In 2012 there were earnings of \$56,000 an increase of \$105,000 after a loss of \$49,000 in 2011 from the costs associated with the issuance of bonds.

The following provides a graphical breakdown of each category's percentage of total revenues for the College for the fiscal year ended June 30, 2012:

**TOTAL COLLEGE REVENUES**



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

**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.

For fiscal year 2012, salaries and benefits comprised approximately 67% of the College's total operating expenses. Operating expenses remained essentially unchanged from FY2011 increasing a mere \$27,000. The containment of expenses was the result of no salary increases for employees and other cost reductions. The \$5.2 million increase in 2011 from 2010 is due to a memorandum of understanding between the State of New Jersey and the unions which deferred the cost of living adjustment due in fiscal year 2010 to fiscal year 2011 plus the unions received the scheduled fiscal year 2011 contractual increase. Non-operating expenses dipped slightly in fiscal year 2012 from 2011 as interest on debt was reduced as a result of bond refinancing.

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

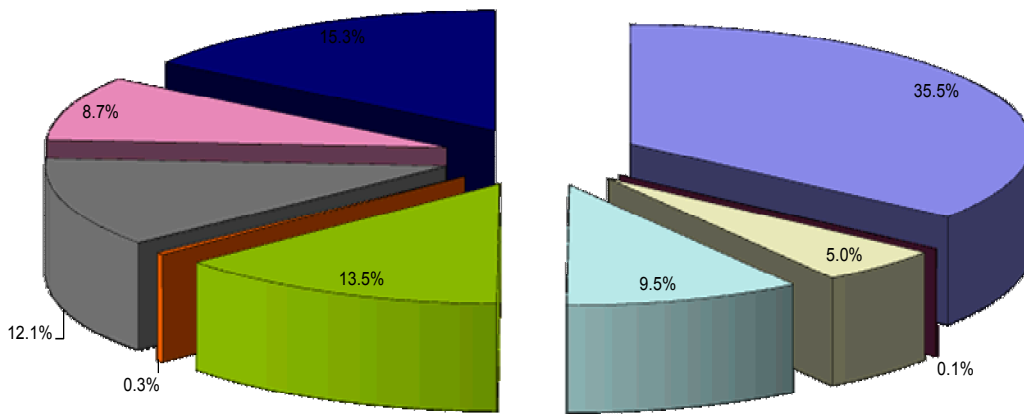
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Operating expenses			
Instruction	\$ 43,736	\$ 42,989	\$ 39,688
Research and Public Service	39	65	215
Academic support	5,969	6,058	5,840
Student services	11,519	11,537	10,392
Institutional support	16,069	16,389	15,969
Student financial aid	439	357	318
Operations and maintenance of plant	14,496	14,570	14,231
Depreciation	10,427	10,561	10,601
Auxiliary	<u>18,427</u>	<u>18,568</u>	<u>18,597</u>
Total operating expenses	<u>121,121</u>	<u>121,094</u>	<u>115,851</u>
Nonoperating expenses	<u>9,193</u>	<u>10,021</u>	<u>10,345</u>
Total expenses	<u>\$130,314</u>	<u>\$131,115</u>	<u>\$126,196</u>

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

The following graph shows each functional area as a percentage of total operating expenses for the fiscal year ended June 30, 2012:

**PERCENTAGE OF OPERATING EXPENSES**



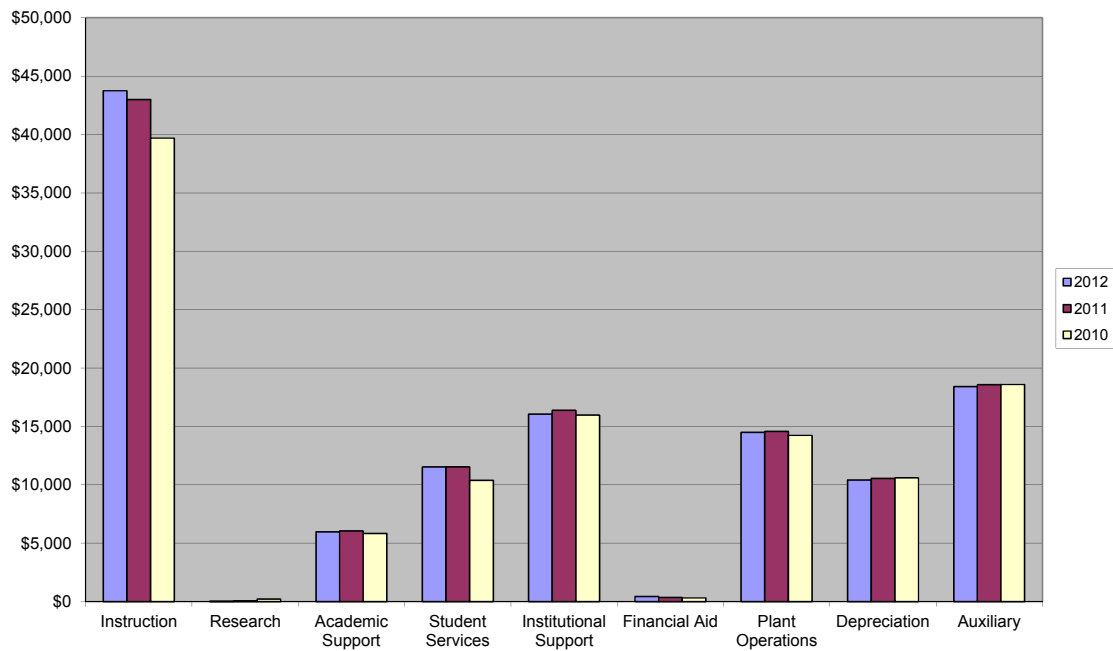
<span style="color: blue;">■</span> Instruction	<span style="color: maroon;">■</span> Research
<span style="color: yellow;">■</span> Academic Support	<span style="color: cyan;">■</span> Student Services
<span style="color: green;">■</span> Institutional Support	<span style="color: orange;">■</span> Financial Aid
<span style="color: gray;">■</span> Plant Operations	<span style="color: pink;">■</span> Depreciation

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

The following is an illustration of operating expenses by functional classification for the fiscal years ended June 30, 2012, 2011 and 2010 (amounts in thousands):

**FUNCTIONAL OPERATING EXPENSES**



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

**Statement of Cash Flows**

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

There was an increase in cash of \$7.9 million in 2012. Most of this increase in cash was due to expenses coming in under budget for 2012 with only a slight increase over 2011, and revenue came in on budget.

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Net cash provided (used) by			
operating activities	\$ (6,082)	\$ (8,154)	\$ (4,959)
Noncapital financing activities	35,665	37,213	37,177
Capital financing activities	(21,935)	(18,536)	(21,112)
Investing activities	<u>212</u>	<u>74</u>	<u>206</u>
Net increase (decrease) in cash	7,860	10,597	11,312
Cash – beginning of year	<u>58,922</u>	<u>48,325</u>	<u>37,013</u>
Cash – end of year	<u>\$66,782</u>	<u>\$58,922</u>	<u>\$48,325</u>

***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 updating its master plan and related capital plan to further identify and prioritize our capital needs for the future.

At June 30, 2012, the College had \$266.1 million invested in capital assets, net of accumulated depreciation of \$110.1 million. Depreciation charges totaled to \$10.4 million in fiscal year 2012 slightly less than the \$10.6 million for fiscal year 2011.

**Ramapo College of New Jersey**  
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Management's Discussion and Analysis  
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**Summary of Capital Assets, Net of Accumulated Depreciation for the  
for the Fiscal Years Ended  
(dollars in thousands)**

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	4,178	4,426	4,710
Infrastructure	10,607	10,913	11,146
Buildings and improvements	237,910	239,730	240,968
Equipment	2,195	2,392	5,259
Library collection	1,418	1,693	1,726
Construction in progress	<u>6,536</u>	<u>308</u>	<u>1,657</u>
Total	<u>\$266.075</u>	<u>\$262.693</u>	<u>\$268.697</u>

Construction in progress increased by \$6.2 million attributable to Building G renovations of \$3.7 million, Academic roof replacement of \$1.6 million, and Phase II housing renovations of \$900,000. Buildings and improvements net value declined \$1.8 million due to depreciation outpacing improvements.

At June 30, 2012, the College had \$280.6 million in debt outstanding versus \$240.3 million the previous year due to the issuance of the 2012B bonds. As part of its mission, the College is committed to the expansion and renewal of its capital assets through its capital plan, 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***

The major components of the Ramapo's operating revenue are changing as State support, as a percentage of the total revenues, continues to decline. The State continues to face challenging economic times which may affect future appropriations to the College. Reduced appropriations in the future will place an increased burden on tuition and fees to fund the operating costs of the College. Ramapo will continue to seek new and enhanced revenue streams and operating efficiencies to maintain its ability to increase total net assets to meet the growth and needs of its students. The College remains committed to its mission of serving the educational needs of New Jersey.

**Ramapo College of New Jersey**  
(A Component Unit of the State of New Jersey)  
Statement of Net Assets  
June 30, 2012  
(dollars in thousands)

	<b>Business- Type Activities Ramapo College</b>	<b>Component Unit Ramapo College Foundation</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 66,782	\$ 1,570	\$ 68,352
Short term investments	-	11	11
Receivables			
Students, less allowance of \$431	796	-	796
Loans, less allowance of \$102	189	-	189
Gifts and grants, less allowance of \$141	983	1,326	2,309
Contributions, net	-	2,196	2,196
Due from Ramapo College Foundation (Due to College)	1,388	(1,388)	-
Other	1,009	44	1,053
Total Receivables	<u>4,365</u>	<u>2,178</u>	<u>6,543</u>
Restricted deposits held by Trustees	62,682	-	62,682
Other current assets	-	36	36
Total Current Assets	<u>133,829</u>	<u>3,795</u>	<u>137,624</u>
Noncurrent Assets			
Investments, at fair value	-	12,389	12,389
Student loan receivables, less allowance of \$478	761	-	761
Contributions receivable, net	-	3,880	3,880
Plant facilities, net	266,075	-	266,075
Total Noncurrent Assets	<u>266,836</u>	<u>16,269</u>	<u>283,105</u>
Total Assets	<u>400,665</u>	<u>20,064</u>	<u>420,729</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	12,733	49	12,782
Long-term debt - current portion	5,999	-	5,999
Deferred revenue	3,717	85	3,802
Compensated absences - current portion	1,794	-	1,794
Deposits	1,242	88	1,330
Total Current Liabilities	<u>25,485</u>	<u>222</u>	<u>25,707</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	274,559	-	274,559
Other liabilities	181	242	423
Compensated absences - noncurrent portion	1,192	-	1,192
Assets held on behalf of Federal government loan programs	958	-	958
Total Noncurrent Liabilities	<u>276,890</u>	<u>242</u>	<u>277,132</u>
Total Liabilities	<u>302,375</u>	<u>464</u>	<u>302,839</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	33,487	-	33,487
Restricted			
Nonexpendable	-	10,014	10,014
Expendable			
Grants	-	8,368	8,368
Renewal and replacement	3,870	-	3,870
Unrestricted			
Capital projects	49,145	-	49,145
Current	11,788	1,218	13,006
Total Net Assets	<u>\$ 98,290</u>	<u>\$ 19,600</u>	<u>\$ 117,890</u>

See notes to financial statements



**Ramapo College of New Jersey**  
(A Component Unit of the State of New Jersey)  
Statement of Net Assets  
June 30, 2011  
(dollars in thousands)

	<b>Business- Type Activities Ramapo College</b>	<b>Component Unit Ramapo College Foundation</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 58,922	\$ 315	\$ 59,237
Short term investments	-	41	41
Receivables			
Students, less allowance of \$470	678	-	678
Loans, less allowance of \$99	135	-	135
Gifts and grants, less allowance of \$126	317	1,489	1,806
Contributions, net	-	1,198	1,198
Due from Ramapo College Foundation (Due to College)	801	(801)	-
Other	1,166	74	1,240
Total Receivables	<u>3,097</u>	<u>1,960</u>	<u>5,057</u>
Restricted deposits held by Trustees	22,409	-	22,409
Other current assets	-	27	27
Total Current Assets	<u>84,428</u>	<u>2,343</u>	<u>86,771</u>
Noncurrent Assets			
Investments, at fair value	-	12,526	12,526
Student loan receivables, less allowance of \$469	811	-	811
Contributions receivable, net	-	2,190	2,190
Plant facilities, net	262,693	-	262,693
Total Noncurrent Assets	<u>263,504</u>	<u>14,716</u>	<u>278,220</u>
Total Assets	<u>347,932</u>	<u>17,059</u>	<u>364,991</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	11,611	55	11,666
Long-term debt - current portion	6,637	-	6,637
Deferred revenue	3,770	75	3,845
Compensated absences - current portion	2,070	-	2,070
Deposits	1,250	82	1,332
Total Current Liabilities	<u>25,338</u>	<u>212</u>	<u>25,550</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	233,725	-	233,725
Other liabilities	181	140	321
Compensated absences - noncurrent portion	1,173	-	1,173
Assets held on behalf of Federal government loan program	965	-	965
Total Noncurrent Liabilities	<u>236,044</u>	<u>140</u>	<u>236,184</u>
Total Liabilities	<u>261,382</u>	<u>352</u>	<u>261,734</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	32,608	-	32,608
Restricted			
Nonexpendable	-	7,596	7,596
Expendable			
Grants	-	8,129	8,129
Debt service	285	-	285
Renewal and replacement	4,115	-	4,115
Unrestricted			
Capital projects	33,308	-	33,308
Current	16,234	982	17,216
Total Net Assets	<u>\$ 86,550</u>	<u>\$ 16,707</u>	<u>\$ 103,257</u>

See notes to financial statements

**Ramapo College of New Jersey**  
(A Component Unit of the State of New Jersey)  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2012  
(dollars in thousands)

	<b>Business-Type Activities Ramapo College</b>	<b>Component Unit Ramapo College Foundation</b>	<b>Total</b>
<b>REVENUE</b>			
Operating Revenues			
Student tuition and fees	\$ 71,228	\$ -	\$ 71,228
Less: tuition scholarship allowances	(17,415)	-	(17,415)
Net Student Tuition and Fees	53,813	-	53,813
Auxiliary enterprises	38,736	-	38,736
Less: auxiliary allowances	(2,972)	-	(2,972)
Net Auxiliary Enterprises	35,764	-	35,764
Federal grants and contracts	7,294	-	7,294
State and local grants and contracts	6,304	1,856	8,160
Contributions	-	4,800	4,800
Other operating revenues	1,858	561	2,419
Total Operating Revenues	<u>105,033</u>	<u>7,217</u>	<u>112,250</u>
<b>EXPENSES</b>			
Operating Expenses			
Instruction	43,736	29	43,765
Research and Public Service	39	-	39
Academic support	5,969	-	5,969
Student services	11,519	-	11,519
Institutional support	16,069	213	16,282
Student financial aid and scholarships	439	325	764
Operations and maintenance of plant	14,496	-	14,496
Fundraising	-	354	354
Depreciation	10,427	-	10,427
Auxiliary	18,427	-	18,427
Total Operating Expenses	<u>121,121</u>	<u>921</u>	<u>122,042</u>
Operating (Loss) Income	<u>(16,088)</u>	<u>6,296</u>	<u>(9,792)</u>
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	16,130	-	16,130
State of New Jersey paid fringe benefits	16,844	-	16,844
Investment income, net	56	(30)	26
Interest expense	(9,193)	-	(9,193)
Transactions with affiliates	3,373	(3,373)	-
Net Nonoperating Revenue (Expenses)	<u>27,210</u>	<u>(3,403)</u>	<u>23,807</u>
Capital gifts and grants	618	-	618
Increase in Net Assets	11,740	2,893	14,633
<b>NET ASSETS</b>			
Beginning of year	86,550	16,707	103,257
End of year	<u>\$ 98,290</u>	<u>\$ 19,600</u>	<u>\$ 117,890</u>

See notes to financial statements

**Ramapo College of New Jersey**  
(A Component Unit of the State of New Jersey)  
Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2011  
(dollars in thousands)

	<b>Business-Type Activities Ramapo College</b>	<b>Component Unit Ramapo College Foundation</b>	<b>Total</b>
<b>REVENUE</b>			
Operating Revenues			
Student tuition and fees	\$ 68,130	\$ -	\$ 68,130
Less: tuition scholarship allowances	(17,837)	-	(17,837)
Net Student Tuition and Fees	50,293	-	50,293
Auxiliary enterprises	38,468	-	38,468
Less: auxiliary allowances	(3,033)	-	(3,033)
Net Auxiliary Enterprises	35,435	-	35,435
Federal grants and contracts	7,710	-	7,710
State and local grants and contracts	6,410	1,882	8,292
Contributions	-	3,717	3,717
Other operating revenues	1,778	748	2,526
Total Operating Revenues	101,626	6,347	107,973
<b>EXPENSES</b>			
Operating Expenses			
Instruction	42,989	41	43,030
Research and Public Service	65	-	65
Academic support	6,058	-	6,058
Student services	11,537	-	11,537
Institutional support	16,389	62	16,451
Student financial aid and scholarships	357	315	672
Operations and maintenance of plant	14,570	-	14,570
Fundraising	-	608	608
Depreciation	10,561	-	10,561
Auxiliary	18,568	-	18,568
Total Operating Expenses	121,094	1,026	122,120
Operating (Loss) Income	(19,468)	5,321	(14,147)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	16,770	-	16,770
State of New Jersey paid fringe benefits	16,878	-	16,878
Investment income, net	(49)	1,995	1,946
Interest expense	(10,021)	-	(10,021)
Transactions with affiliates	3,565	(3,565)	-
Net Nonoperating Revenue (Expenses)	27,143	(1,570)	25,573
Increase in Net Assets	7,675	3,751	11,426
<b>NET ASSETS</b>			
Beginning of year	78,875	12,956	91,831
End of year	\$ 86,550	\$ 16,707	\$ 103,257

See notes to financial statements

**Ramapo College of New Jersey**  
(A Component Unit of the State of New Jersey)  
Statements of Cash Flows  
(Business-Type Activities - Ramapo College Only)  
Years Ended June 30,  
(dollars in thousands)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 53,634	\$ 50,229
Grants and contracts	13,647	14,647
Payments to suppliers	(29,631)	(30,084)
Payments to employees	(61,627)	(61,383)
Payments for employee benefits	(19,727)	(18,776)
Auxiliary enterprise charges	35,764	35,435
Other	1,858	1,778
Net Cash from Operating Activities	(6,082)	(8,154)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal appropriations	-	-
State appropriations	32,974	33,648
Gifts and grants	2,691	3,565
Federal family education loan program receipts	35,501	35,917
Federal family education loan program disbursements	(35,501)	(35,917)
Net Cash from Noncapital Financing Activities	35,665	37,213
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital grants and gifts received	618	-
Purchases of capital assets	(13,805)	(4,564)
Proceeds from the issuance of long-term debt	85,197	19,897
Principal paid on capital debt and leases	(43,890)	(18,932)
Interest paid on capital debt and leases	(9,956)	(10,021)
Increase in deposits held by trustees	(40,099)	(4,916)
Net Cash from Capital Financing Activities	(21,935)	(18,536)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	212	74
Net Increase in Cash	7,860	10,597
<b>CASH</b>		
Beginning of year	58,922	48,325
End of year	\$ 66,782	\$ 58,922
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (16,088)	\$ (19,468)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation expense	10,427	10,561
Capital gifts	-	7
Changes in assets and liabilities		
Receivables, net	(1,218)	111
Other assets	-	-
Accounts payable	1,122	2,027
Deferred revenue	(53)	(332)
Deposits held for others	(8)	(24)
Compensated absences	(257)	(1,021)
Government grants refundable	(7)	(15)
Net Cash from Operating Activities	\$ (6,082)	\$ (8,154)

See notes to financial statements

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

Notes to Financial Statements  
June 30, 2012 and 2011

**1. Organization**

Established in 1969, Ramapo College of New Jersey (the College) offers bachelor's degrees in the arts, business, humanities, social sciences and the sciences, as well as in professional studies, which include nursing and social work. In addition, the College offers courses leading to teacher certification at the elementary and secondary levels. The College also offers five graduate programs as well as articulated programs with the University of Medicine and Dentistry of New Jersey and New York Chiropractic College.

The College's mission is focused on the four "pillars" of a Ramapo education: international, intercultural, interdisciplinary and experiential, all of which are incorporated throughout the curriculum and extracurricular. The international mission is further accomplished through a wide range of study abroad and student exchange links with institutions all over the world through the New Jersey State Consortium for International Studies (NJSCIS). Additional experiential programs include internships, co-op, and service learning.

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

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

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

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

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

Notes to Financial Statements  
June 30, 2012 and 2011

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

***Basis of Presentation (continued)***

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:* Capital assets, 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 must be maintained permanently by the University.
  - Expendable* – Net assets whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted:* Net assets not subject to externally-imposed stipulations that may be designated for specific purposes by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic programs and initiatives and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

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

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

***Use of Estimates***

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

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

Notes to Financial Statements  
June 30, 2012 and 2011

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

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments purchased with an original maturity of three months or less. The College maintains cash balances at several financial institutions.

***Restricted deposits Held by Trustees***

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

***Capital Assets***

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

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

	<u>Useful Lives</u>
Land improvements	20 Years
Buildings and improvements	20-50 Years
Equipment	5-10 Years
Library collection	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 \$781,000 and \$625,000 for June 30, 2012 and 2011, respectively.

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

Notes to Financial Statements  
June 30, 2012 and 2011

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

***Financial Dependency***

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

***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 scholarship 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: student tuition and fees, net of scholarship allowances; sales and services of auxiliary enterprises; and most Federal, State and local grants and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the State and investment income.

***Tax Status***

The College is exempt from Federal income taxes under Section 115 of Internal Revenue Service code.



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

Notes to Financial Statements  
June 30, 2012 and 2011

**3. Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following as of June 30, 2012 and 2011 (dollars in thousands):

	2012	2011
Cash and money market accounts	\$ 65,657	\$43,301
State of New Jersey Cash Management Fund	1,125	15,621
Total Cash and Cash Equivalents	\$ 66,782	\$58,922

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the College has assessed the certain risks related to its cash and cash equivalents and restricted deposits held by trustees.

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2012 and 2011, cash and money market accounts were held by depositories and amounted to \$67 million and \$46 million, respectively, of which \$11 million and \$19 million was FDIC insured, and \$56 million and \$27 million was uninsured and uncollateralized or collateralized with securities held by the pledge financial institution, or by trust department or agent but not in the College's name.

The College participates in the State of New Jersey Cash Management Fund wherein amounts contributed by the College are combined with funds from other state institutions into a large-scale investment program. The carrying amount of cash and cash equivalents in the State of New Jersey Cash Management Fund as of June 30, 2012 and 2011 was \$1,125,000 and \$15,621,000, respectively. These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes. The Cash Management Fund is unrated and has a maturity of less than one year.

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  
June 30, 2012 and 2011

**4. Restricted Deposits Held by Trustees**

Restricted deposits held by trustees represent assets held by financial institutions, under the terms of various obligations. The restricted deposits held by trustees under bond indenture agreements are maintained for the following (dollars in thousands).

	2012	2011
Rebate fund	\$ 11	\$ 125
Construction fund	48,620	6,922
Debt service fund for principal and interest	9,597	11,044
Debt service reserve funds	5	166
Cost of Issuance	46	37
Renewal and replacement fund	3,870	4,115
Rental pledge fund	465	-
Other investments	68	-
	62,682	22,409
Less: current portion	62,682	22,409
Noncurrent Deposits Held by Trustees	\$ -	\$ -

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

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2012 and 2011, restricted deposits held by trustee were invested in the following (dollars in thousands):

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents				
Cash held by trustee	\$ 59,974	\$ 59,974	\$ 19,488	\$ 19,488
Investments				
U.S. Treasury Bills	2,708	2,708	2,921	2,921
	\$ 62,682	\$ 62,682	\$ 22,409	\$ 22,409

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

Notes to Financial Statements  
June 30, 2012 and 2011

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

Assets held under bond indenture agreements are not governed by the College's investment policies, but rather by the investment policies of the New Jersey Educational Facilities Authority. As of June 30, 2012 and 2011, restricted deposits held by trustees were invested in cash management fund and U.S. Treasury bills, all of which have maturity dates of less than one year.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy requires that the overall average quality rating of the portfolio's domestic fixed income holdings will be at least "AA", as rated by the Standard and Poor's or Moody's rating agency.

**5. Capital Assets**

Capital assets activity for the years ended June 30, 2012 is comprised of the following (dollars in thousands):

	2012			Ending Balance
	Beginning Balance	Additions	Reductions	
<b>Non Depreciable Capital Assets</b>				
Land	\$ 3,231	\$ -	\$ -	3,231
Construction in progress	308	6,536	(308)	6,536
	<u>3,539</u>	<u>6,536</u>	<u>(308)</u>	<u>9,767</u>
<b>Depreciable Capital Assets</b>				
Land improvements	7,018	43	-	7,061
Buildings and improvements	316,880	6,239	-	323,119
Equipment	13,163	1,137	(3,424)	10,876
Library collection	9,731	78	(92)	9,717
Infrastructure	15,513	93	-	15,606
	<u>362,305</u>	<u>7,590</u>	<u>(3,516)</u>	<u>366,379</u>
Total Capital Assets	<u>365,844</u>	<u>14,126</u>	<u>(3,824)</u>	<u>376,146</u>
<b>Accumulated Depreciation</b>				
Land improvements	2,592	291		2,883
Buildings and improvements	77,150	8,059		85,209
Equipment	10,771	1,324	(3,414)	8,681
Library collection	8,038	353	(92)	8,299
Infrastructure	4,600	399	-	4,999
	<u>103,151</u>	<u>10,426</u>	<u>(3,506)</u>	<u>110,071</u>
Total Accumulated Depreciation	<u>103,151</u>	<u>10,426</u>	<u>(3,506)</u>	<u>110,071</u>
Capital Assets, Net	<u>\$ 262,693</u>	<u>\$ 3,700</u>	<u>\$ (318)</u>	<u>\$ 266,075</u>

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

Notes to Financial Statements  
June 30, 2012 and 2011

**5. Capital Assets (continued)**

Capital assets activity for the years ended June 30, 2011 is comprised of the following (dollars in thousands):

	2011			Ending Balance
	Beginning Balance	Additions	Reductions	
<b>Non Depreciable Capital Assets</b>				
Land	\$ 3,231	\$ -	\$ -	3,231
Construction in progress	<u>1,657</u>	<u>368</u>	<u>(1,717)</u>	<u>308</u>
	<u>4,888</u>	<u>368</u>	<u>(1,717)</u>	<u>3,539</u>
<b>Depreciable Capital Assets</b>				
Land improvements	7,012	6	-	7,018
Buildings and improvements	310,371	6,509	-	316,880
Equipment	36,379	550	(23,766)	13,163
Library collection	9,424	370	(63)	9,731
Infrastructure	<u>15,348</u>	<u>165</u>	<u>-</u>	<u>15,513</u>
	<u>378,534</u>	<u>7,600</u>	<u>(23,829)</u>	<u>362,305</u>
<b>Total Capital Assets</b>	<u>383,422</u>	<u>7,968</u>	<u>(25,546)</u>	<u>365,844</u>
<b>Accumulated Depreciation</b>				
Land improvements	2,302	290	-	2,592
Buildings	69,403	7,747	-	77,150
Equipment	31,120	1,723	(22,072)	10,771
Library collection	7,698	403	(63)	8,038
Infrastructure	<u>4,202</u>	<u>398</u>	<u>-</u>	<u>4,600</u>
<b>Total Accumulated Depreciation</b>	<u>114,725</u>	<u>10,561</u>	<u>(22,135)</u>	<u>103,151</u>
<b>Capital Assets, Net</b>	<u>\$ 268,697</u>	<u>\$ (2,593)</u>	<u>\$ (3,411)</u>	<u>\$ 262,693</u>

As of June 30, 2012, estimated costs to complete the projects classified as construction in progress are approximately \$48,800,000 and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues.

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

Notes to Financial Statements  
June 30, 2012 and 2011

**6. Accounts Payable and Accrued Expenses**

As of June 30, 2012 and 2011, accounts payable and accrued expenses consist of the following (dollars in thousands):

	<u>2012</u>	<u>2011</u>
Vendors	\$ 4,445	\$ 2,917
Capital projects	2,403	1,540
Employees	1,692	2,199
Interest payable	<u>4,193</u>	<u>4,955</u>
	<u>\$ 12,733</u>	<u>\$ 11,611</u>

**7. Noncurrent Liabilities**

Activity in noncurrent liabilities for the year ending June 30, 2012 was as follows (dollars in thousands):

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>	<u>Current Portion</u>
Other liabilities	\$ 302	\$ 552	\$ (601)	\$ 253	\$ 72
Compensated absences	3,243	237	(494)	2,986	1,794
U.S. Government grants refundable	965	-	(7)	958	-
Long-term debt	<u>240,362</u>	<u>85,777</u>	<u>(45,581)</u>	<u>280,558</u>	<u>5,999</u>
	<u>\$ 244,872</u>	<u>\$ 86,566</u>	<u>\$ (46,683)</u>	<u>\$ 284,755</u>	<u>\$ 7,865</u>

Activity in noncurrent liabilities for the year ending June 30, 2011 was as follows (dollars in thousands):

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>Current Portion</u>
Other liabilities	\$ 928	\$ 103	\$ (729)	\$ 302	\$ 121
Compensated absences	3,614	322	(693)	3,243	2,070
U.S. Government grants refundable	980	-	(15)	965	-
Long-term debt	<u>239,274</u>	<u>19,897</u>	<u>(18,809)</u>	<u>240,362</u>	<u>6,637</u>
	<u>\$ 244,796</u>	<u>\$ 20,322</u>	<u>\$ (20,246)</u>	<u>\$ 244,872</u>	<u>\$ 8,828</u>

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**8. 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.

The Authority issued Series 2012B for the purpose of partially refunding Series 1998G, 2002H, 2002I, and 2002J in June 2012. The proceeds of this transaction have been irrevocably deposited with the trustee in order to satisfy the scheduled payments of interest and principal and, therefore, are not reflected in the accompanying financial statements. 2012B also provided new funds for the renovation of G-Wing and Adler Center and Phase II housing project.

On June 20, 2012 the College issued \$36,370,000 in General Obligation Bonds with an average interest rate of 3.94 percent to advance refund \$38,625,000 of outstanding Series 1998G, 2002H, 2002I, and 2002J with an average interest rate of 4.52 percent. The net proceeds of \$37,278,000 (after payment of \$258,000 in underwriting fees, insurance, and other issuance costs) plus an additional \$2,343,000 of Series 1998G, 2002H, 2002I, and 2002J sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above mentioned bonds. As a result, the Series 1998G, 2002H, 2002I, and 2002J are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$995,000. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the effective-interest method. The College completed the advance refunding to reduce its total debt service payment over the next 20 years by \$4,414,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,157,000.

The Authority issued Series 2011A for the purpose of partially refunding Series 1988G, 1988H, 2001D, 2002H, 2002I, and 2002J in May 2011. The proceeds of this transaction have been irrevocably deposited with the trustee in order to satisfy the scheduled payments of interest and principal and, therefore, are not reflected in the accompanying financial statements. 2011A also provided new funds for the renovation of the Robert A. Scott Student Center.

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

On May 10, 2011 the College issued \$11,145 in General Obligation Bonds with an average interest rate of 4.37 percent to advance refund \$11,485 of outstanding Series 1988G, 1988H, 2001D, 2002H, 2002I, and 2002J with an average interest rate of 4.71 percent. The net proceeds of \$11,639 (after payment of \$144 in underwriting fees, insurance, and other issuance costs) plus an additional \$275 of Series 1988G, 1988H, 2001D, 2002H, 2002I, and 2002J sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above mentioned bonds. As a result, the Series 1988G, 1988H, 2001D, 2002H, 2002I, and 2002J are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$429. The College completed the advance refunding to reduce its total debt service payment over the next 8 years by \$768 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$425.

The following principal payments due the Authority were outstanding at June 30, 2012 and 2011 (dollars in thousands):

NJ Educational Facilities Authority Revenue Bonds:	<u>Interest Rate</u>	<u>2012</u>	<u>2011</u>
Series 1998 G, due serially to 2028	4.10% to 4.63%	\$ -	\$ 8,140
Series 1998 H, due serially to 2011	4.10% to 4.60%	-	165
Series 2001 D, due serially to 2011	4.10% to 5.00%	-	980
Series 2002 H, due serially to 2032	2.70% to 5.00%	-	15,375
Series 2002 I, due serially to 2032	2.70% to 5.00%	-	1,100
Series 2002 J, due serially to 2032	2.70% to 5.00%	-	15,905
Series 2003 F, due serially to 2013	1.50% to 3.50%	495	730
Series 2003 G, due serially to 2013	2.00% to 3.71%	1,575	2,325
Series 2003 H, due serially to 2029	4.25% to 5.00%	17,365	18,010
Series 2004 E, due serially to 2024	3.00% to 4.38%	13,140	13,450
Series 2006 D, due serially to 2032	3.75% to 4.50%	34,925	35,965
Series 2006 I, due serially to 2036	4.00% to 5.00%	105,835	106,165
Series 2011 A, due serially to 2021	3.00% to 5.00%	19,090	19,090
Series 2012 B, due serially to 2042	2.00% to 5.00%	<u>80,670</u>	<u>-</u>
		273,095	237,400
Plus: Bond premiums		7,532	2,591
Less: Deferred cost on bond refunding		<u>(3,523)</u>	<u>(3,146)</u>
		<u>\$ 277,104</u>	<u>\$ 236,845</u>

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

Other long-term obligations:

	<u>Interest Rate</u>	<u>2012</u>	<u>2011</u>
Higher Education Capital Improvement Fund Series 2000 B, due serially to 2021	4.50% to 5.75%	\$ 1,468	\$ 1,594
Higher Education Dormitory Safety Trust Fund Series 2001 A, due serially to 2016		275	344
Higher Education Capital Improvement Fund Series 2002 A, due serially to 2023	3.00% to 5.25%	1,484	1,553
Other	5.10% to 6.50%	<u>227</u>	<u>26</u>
		<u>3,454</u>	<u>3,517</u>
Total long-term debt		280,558	240,362
Less: noncurrent portion		<u>274,559</u>	<u>233,725</u>
Total long-term debt, current portion		<u>\$ 5,999</u>	<u>\$ 6,637</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, 2012 (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 5,835	\$ 10,153
2014	8,334	11,521
2015	8,595	11,192
2016	8,891	10,809
2017	9,375	10,405
2018-2022	54,975	45,440
2023-2027	60,451	32,907
2028-2032	67,990	19,069
2033-2037	37,905	7,057
2038-2042	11,535	2,165
2043	<u>2,663</u>	<u>67</u>
	<u>\$ 276,549</u>	<u>\$ 160,785</u>



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**9. Fringe Benefit Appropriation**

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance, retirement and FICA taxes) on behalf of College employees. For the years ended June 30, 2012 and 2011, such benefits amounted to approximately \$16,844,000 and \$16,878,000 respectively, and are included as part of non-operating revenue under State of New Jersey paid fringe benefits and as operating expense in various functional expense categories in the accompanying financial statements.

**10. Retirement Plans**

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

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

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

The DCRP pension plan is a defined contribution program. Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, the DCRP allows enrollees to make contributions to Prudential Retirement Services who administers the plan with a separate Board of Directors.

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

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

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**10. Retirement Plans (continued)**

***PERS Funding Policy***

PERS members were required to contribute 6.5% and 5.5% of their annual covered salary for the years ended June 30, 2012 and 2011, respectively. This amount changes with negotiations of each new union contract. The State of New Jersey, in accordance with State statutes, makes employer contributions of behalf of the College. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State of New Jersey's annual contribution approximates the actuarially determined pension cost for the year. Employers were not required to contribute in 2012 or 2011 due to legislation enacted in 1997 by the State of New Jersey, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

***Alternate Benefit Program Information***

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

Participating College employees are required to contribute 5% of their base annual salary and may contribute, on a pre tax basis, an additional voluntary contribution of salary up to the maximum Federal statutory limit on a pre tax basis. Employer contributions are 8% of base salary. During the years ended June 30, 2012 and 2011, ABP received employer and employee contributions that approximated the following from the College (dollars in thousands):

	2012	2011
Employer contribution	\$ 3,001	\$ 2,933
Employee contribution	4,081	3,948
Basis for contributions		
Participating employee salaries	37,509	36,678

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**10. Retirement Plans (continued)**

***Alternate Benefit Program Information (continued)***

Employer contributions to ABP are paid by the State of New Jersey and are reflected in the accompanying financial statements as appropriations revenue and as expenses. The maximum compensation to be considered for employer retirement contributions is \$141,000 per New Jersey state law Chapter 31, P.L. 2010. This law was effective as of July 1, 2010. The College created a separate 403(B) plan to fund the 8% employer match above the \$141,000 compensation limit. These contributions are funded by the College.

***Defined Contribution Retirement Program***

The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage.

DCRP enrollment eligibility criteria includes employees who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of established "maximum compensation" limits. Participating eligibility, as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law.

DCRP has one investment carrier, Prudential, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The College assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not in PERS. Individual owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating College employees contribute 5.5% of their eligible wages. Employer contributions are 3% of the each member's eligible wages. During the year ended June 30, 2012 and 2011 Prudential received employee contribution that approximated the following from College (dollars in thousands):

	2012	2011
Employer contribution	\$ 2	\$ 1
Employee contribution	4	1
 Basis for contributions		
Participating employee salaries	78	23

Employer contributions to DCRP are paid by the College and are reflected in the financial statements as expenses.

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**11. Compensated Absences**

***Vacation, Compensatory and Paid Leave Bank Time***

The College's general policy states that employees are entitled, upon termination, to the current year's unused earned vacation, compensatory and paid leave bank time in addition to any unused vacation, compensatory and paid leave bank time carried over from the immediate prior year. The liability for unused vacation, compensatory and paid leave bank time at June 30, 2012 and 2011, included in accrued liabilities, amounted to approximately \$1,794,000 and \$2,070,000, respectively.

***Accumulated Unpaid Sick Leave***

Cash payments for unused accumulated sick leave are made to eligible employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the adjusted hourly pay rate in effect at the time of retirement, up to a maximum of \$15,000. Employees separating from the College prior to retirement are not eligible for payment. Included in the financial statements is the estimated accrued liability for unused sick time of \$1,192,000 and \$1,173,000 for June 30, 2012 and 2011, respectively. The College has made payments of approximately \$94,000 and \$131,000 for unused sick time in fiscal year 2012 and 2011.

**12. Commitments**

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2012 and 2011, are not included in the financial statements. The College has approved contracts in fiscal 2012 and 2011 of approximately \$4,771,000 and \$5,567,000, respectively, the majority of which are for construction and renovation projects and will be funded by plant fund assets on deposit with the trustee.

**13. 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.

The College receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. The College estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the College's financial statements for the years ending June 30, 2012 and 2011.

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**13. Contingencies (continued)**

The College is exposed to various risks of loss. The College participates in a consortium with nine other New Jersey colleges and universities to purchase property insurance. Buildings and equipment are fully insured on an all risk replacement basis to the extent that losses exceed \$100,000 per occurrence, with a per occurrence limit of \$1,000,000,000. Coverage for theft of money and securities provides for the actual loss in excess of \$25,000 with a per loss limit of \$5,000,000.

**14. Component Unit**

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

During the years ended June 30, 2012 and 2011, the Foundation distributed \$3,373,000 and \$3,565,000 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.

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