

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

Basic Financial Statements,
Management's Discussion and Analysis and
Schedules of Expenditures of Federal and
New Jersey State Financial Assistance

June 30, 2014 and 2013

(With Independent Auditors' Reports Thereon)

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

Financial Statements
June 30, 2014 and 2013

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Independent Auditors' Report

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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, 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, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenditures of Federal Awards and New Jersey State Financial Assistance on pages 37 through 38 as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ramapo College of New Jersey's internal control over financial reporting and compliance.

O'Connor Davies, LLP

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

Management's Discussion and Analysis
June 30, 2014 and 2013

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, 2014 and 2013 and comparative amounts for the year ended June 30, 2012. 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 viewed as a private college. This is, in part, due to its unique interdisciplinary academic structure, its size of approximately 6,000 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 seven graduate programs as well as articulated programs with Rutgers, The State University 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 539 course offerings and 36 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.

A campus-wide building program during recent years has resulted in the completion of the Anisfield School of Business academic facility, a central feature of the main entrance to the campus; the Bill Bradley Sports and Recreation Center, with its 2,200-seat arena, fitness center, climbing wall, track and dance/aerobics studio; the Overlook and Laurel residence halls and the Village apartment complex.

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The Angelica and Russ Berrie Center for Performing and Visual Arts, completed in 1999, houses performance theaters, art galleries and specialized spaces devoted to fine arts, computer art, photography, theater, dance and music. The Sharp Sustainability Education Center and the Salameno Spiritual Center were completed in 2009. Construction projects underway include the Adler Center for Nursing Excellence and the renovation of the G-Wing building. The Salameno School of American and International Studies recently has been renamed as The Salameno School of Humanities and Global Studies.

Ramapo College of New Jersey is listed in the February 2014 issue of *Kiplinger's Personal Finance Magazine* as among the "100 Best Values in Public Colleges" for 2014. This is the ninth consecutive year Ramapo has been included in the "100 Best Values in Public Colleges." The college was ranked #66 for in-state tuition and fees, one of three public institutions of higher education in New Jersey included.

Ramapo College also is one of 226 institutions recommended by The Princeton Review in the "Best in the Northeast" section in the 2014 edition of *2014 Best Colleges: Region By Region*.

Ramapo College has achieved accreditation of its business degree program by the Board of Directors of The Association to Advance Collegiate Schools of Business-AACSB International, the largest global accrediting body for business schools offering undergraduate, masters and doctoral degrees in business and accounting. Ramapo College joins an elite group of institutions with less than 5% of business schools worldwide earning the distinction.

Dr. Peter Philip Mercer became the College's fourth president on July 1, 2005. The College is governed by a Board of Trustees appointed by the Governor of the State. The chairman of the board is George C. Ruotolo, Jr.

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.

The Board of Trustees approved the College's new Strategic Plan 2014-2018 which will provide the College with a blueprint for the immediate future. The Board of Trustees also endorsed a new Campus Facilities Master Plan that will guide the College's renewal and replacement of facilities over the next 10-15 years.

Using the Financial Statements

The College's financial report includes three basic financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, 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.

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Management's Discussion and Analysis
June 30, 2014 and 2013

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

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reports 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 position. When the reverse occurs, the result is a decrease in net position. 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 Position

The Statement of Net Position 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 position is the residual interest in the College's assets after liabilities are deducted (the difference between total assets and total liabilities). Net position is one indicator of the financial condition of the College, while the change in net position 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.

Net position is classified into three categories: Invested in capital assets, 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 positions consist of nonexpendable and expendable net positions. Nonexpendable net positions are subject to externally imposed stipulations that may be maintained permanently by the College. Expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expires by the passage of time. All of the College's restricted net positions are expendable.

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Unrestricted net positions 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 positions are designated for academic programs and initiatives, debt service and capital programs.

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

	<u>June 30, 2014</u>	<u>June 30, 2013*</u>	<u>June 30, 2012*</u>
Assets			
Current assets	\$113,644	\$132,007	\$133,829
Capital assets, net	299,349	272,080	266,075
Other assets	<u>6,717</u>	<u>6,645</u>	<u>761</u>
Total assets	<u>419,710</u>	<u>410,732</u>	<u>400,665</u>
Liabilities			
Current liabilities	34,382	30,517	25,485
Noncurrent liabilities	<u>265,206</u>	<u>271,599</u>	<u>276,890</u>
Total liabilities	<u>299,588</u>	<u>302,116</u>	<u>302,375</u>
Net Position			
Invested in capital assets, net of related debt	\$ 32,396	\$ 27,457	\$ 33,487
Expendable restricted	2,502	3,808	3,870
Unrestricted Capital Projects	84,867	56,940	49,145
Unrestricted Current	<u>357</u>	<u>20,411</u>	<u>11,788</u>
Total net position	<u>\$120,122</u>	<u>\$108,616</u>	<u>\$ 98,290</u>

*As restated to conform to GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*

During fiscal year 2014, RCNJ's total assets increased \$9.0 million. Current assets decreased by \$18.4 million primarily due to continued investment in capital assets thus shifting assets from current assets to capital assets. Capital assets increased by \$27.3 million due to the ongoing capital projects and renovations on campus as the G building and Adler Center for Nursing Excellence continued. The 2012B bond issued in June 2012 for \$48 million will continue to fund projects on campus for the next 12-24 months.

Total liabilities decreased by \$2.5 million in fiscal year 2014. There was a \$6.4 million reduction in noncurrent liabilities. This decrease was primarily a result of the college paying down the principal of its long term debt.

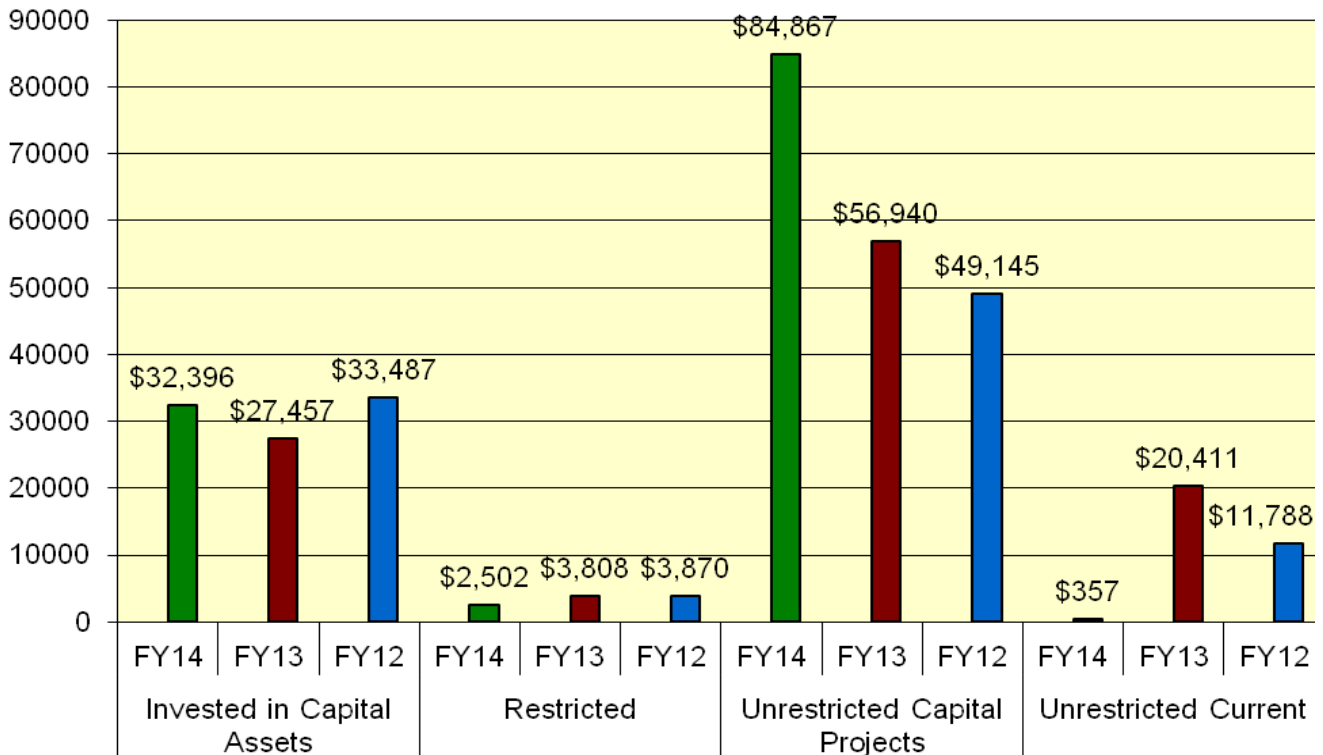
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June 30, 2014 and 2013

During fiscal year 2014, total net position increased \$11.5 million of which a \$5.9 million of the increase was from operating surplus. Unrestricted net position decreased \$20.1 million. The decrease in unrestricted net position was due to the transfer of cash to the trustee to be used in the defeasance of the \$15.3 million 2003H and \$10.7 million 2004E bonds that took place on July 1, 2014. If we combine the \$5.9 million surplus with the \$20.1 million decrease in net position we get the \$26 million used in the defeasance.

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

COLLEGE NET ASSETS



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position 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 position.

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Revenues

Operating revenues are earned from providing goods and services to the various customers and constituencies of the College. Non-operating 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, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating revenues			
Student revenues, net	\$ 90,808	\$ 89,240	\$ 89,577
Grants and contracts	13,403	13,928	13,598
Other	<u>1,874</u>	<u>3,384</u>	<u>1,858</u>
Total operating revenues	<u>106,085</u>	<u>106,552</u>	<u>105,033</u>
Non-operating revenue			
State appropriation	40,112	36,869	32,974
Transactions with affiliates	4,118	3,748	3,373
Investment and other	<u>343</u>	<u>135</u>	<u>56</u>
Total non-operating revenue	<u>44,573</u>	<u>40,752</u>	<u>36,403</u>
Capital grants and gifts	<u>0</u>	<u>0</u>	<u>618</u>
Total revenues	<u>\$150,658</u>	<u>\$147,304</u>	<u>\$142,054</u>

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.

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Student revenues increased \$1.6 million in 2014 from 2013. The increase from 2013 to 2014 was primarily the result of a small tuition increase and slightly higher enrollments. Ramapo applied \$21.2, \$20.3 and \$20.4 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2014, 2013 and 2012 respectively. The main source of these allowances comes from the College, and federal and state grants. Sources for these scholarship allowances for 2014 were the College \$9.0 million, federal \$6.4 million and the state and others of \$5.8 million.

Federal, State & Local Grants and Contracts

Federal, state and local grant and contract revenue includes student financial aid. For fiscal year 2014 grant revenue from all sources was \$525,000 less than fiscal year 2013. Federal grants were down a total of \$189,000 due to the winding down of the NSF grant for labs in 2014. State grants were down \$336,000 this was mostly due to timing in receiving EOF summer grant revenue. Last year had both 2012 and 2013 summer revenue.

Other

For fiscal year 2014 there was a decrease of \$1.5 million over 2013 in other revenue. Last year the college recorded some extraordinary items including the college writing off accruals for worker's compensation of \$370,000, AFT raises of \$388,000 that never materialized, and a legal reserve of \$81,000 all from prior years. There were also some insurance and FEMA claims for Hurricane Sandy that totaled around \$150,000, 2014 did not see the same amount of extraordinary items.

Non-operating Revenues

New Jersey State Appropriation

State appropriations, including fringe benefits, which are paid directly by the State, increased \$3.2 million in fiscal year 2014. The direct appropriation to College operations remained flat at \$16.1 million. The increase in the payment for fringe benefits by the state of New Jersey was a direct result of the change in the composite fringe benefit rate to 49.43% of gross salary representing a 12.6% increase over 2013.

Transactions with Affiliates

This category represents funds received from the Ramapo College Foundation to help fund scholarships, programs and capital expansion. For fiscal year 2014 there was an increase of \$370,000, while in fiscal year 2013 there was an increase of \$375,000. These consistent increases show the Foundation's commitment to fund operating as well as capital initiatives at the College.

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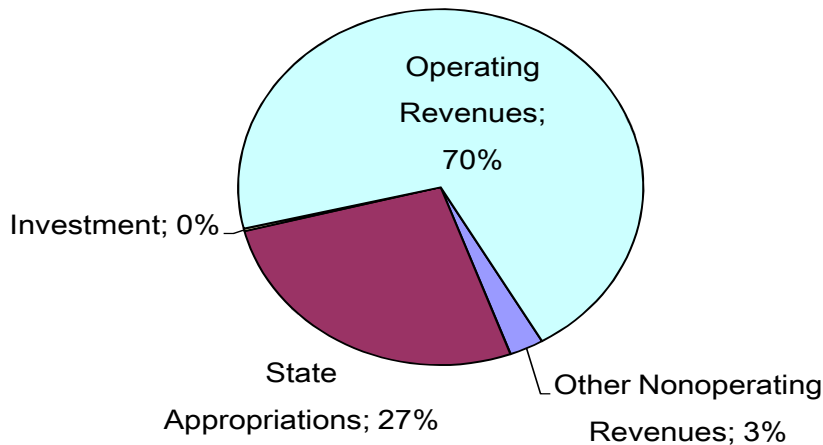
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Investment and Other

In 2014 there were earnings of \$343,000, after a gain of \$135,000 in 2013, an increase of \$208,000. This gain is attributable to the increased investment earnings on the deposits with trustee.

The following provides a graphical breakdown of each category's percentage of total revenues for the College for the fiscal year ended June 30, 2014:

TOTAL COLLEGE REVENUES



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 2014, salaries and benefits comprised approximately 70.5% of the College's total operating expenses. Operating expenses increased \$4.5 million from 2013. Employee benefits increased \$3.2 million alone due to the state of New Jersey's benefit reimbursement rate increasing to 49.43% over the 2013 rate of 43.91%, of which the college received \$3.2 million in revenue offset.

Non-operating expenses (interest on debt service) increased \$1.1 million to \$11.4 million.

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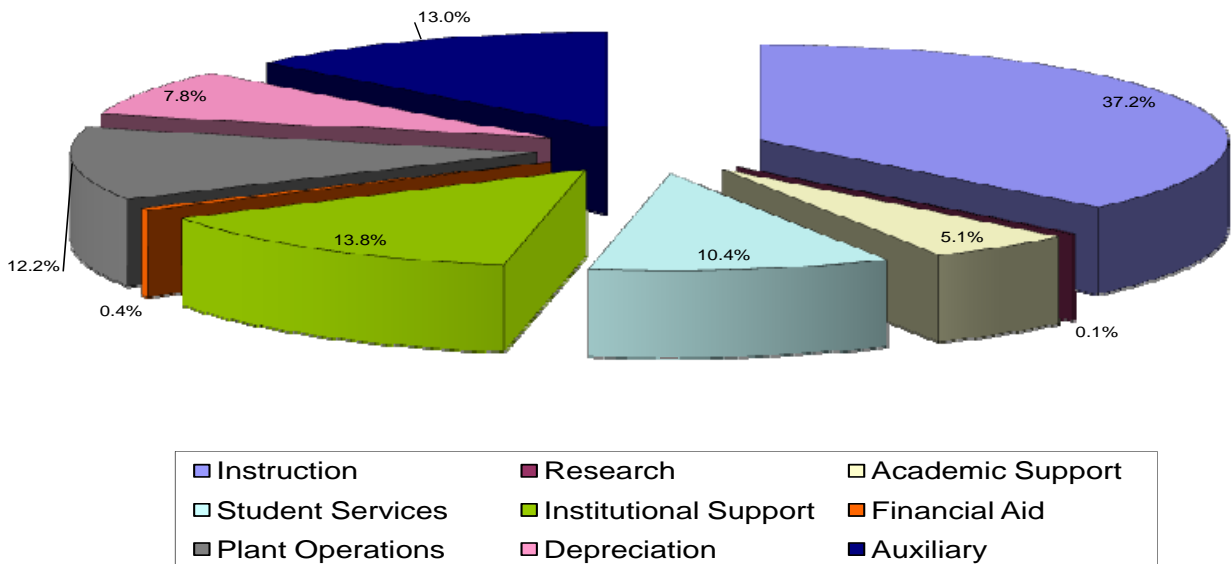
Management's Discussion and Analysis
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**Summary Comparison of College Expenses
for the Fiscal Years Ended
(dollars in thousands)**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating expenses			
Instruction	\$ 47,673	\$ 45,492	\$ 43,736
Research and Public Service	32	31	39
Academic support	6,501	6,237	5,969
Student services	13,319	12,978	11,519
Institutional support	17,682	16,608	16,069
Student financial aid	475	425	439
Operations and maintenance of plant	15,545	14,556	14,496
Depreciation	9,914	9,784	10,427
Auxiliary	<u>16,632</u>	<u>17,182</u>	<u>18,427</u>
Total operating expenses	<u>127,773</u>	<u>123,293</u>	<u>121,121</u>
Non-operating expenses	<u>11,379</u>	<u>10,327</u>	<u>9,193</u>
Total expenses	<u>\$139,152</u>	<u>\$133,620</u>	<u>\$130,314</u>

The following graph shows each functional area as a percentage of total operating expenses for the fiscal year ended June 30, 2014:

PERCENTAGE OF OPERATING EXPENSES



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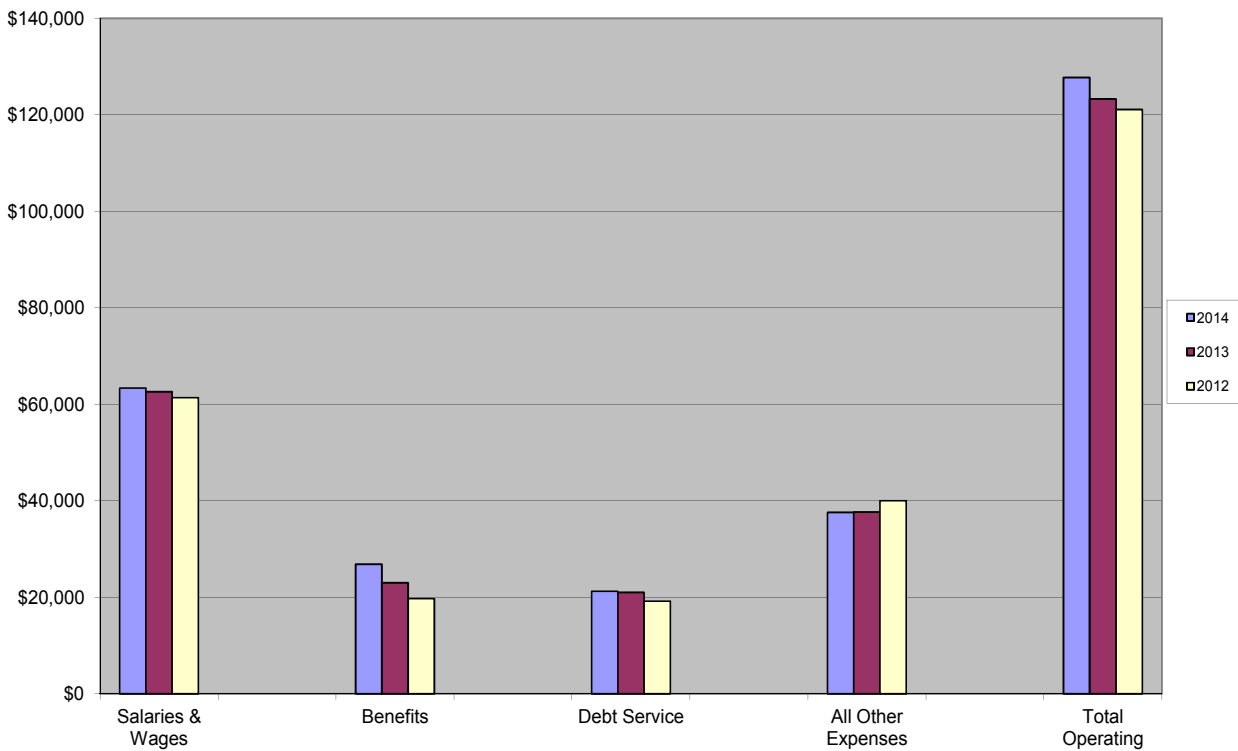
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Natural Classification Expenses:

The natural classification of expenses is the way one normally thinks of expenses when not done by program. As the following graph illustrates salaries and wages increased slightly from \$62.6 million to \$63.3 million, benefits increased from \$23 million to \$26.8 million, debt service increased from \$21 to \$21.2 million, and all other expenses declined slightly going from \$37.7 million to \$37.6 million in 2014. Salary and benefits are mostly negotiated by the state therefore the college only controls the number of employees related to the expense. Benefit rates are set by the state so the increased costs for benefits are somewhat uncontrollable to the college as they are negotiated and set by the state.

The following is an illustration of operating expenses by natural classification for the fiscal years ended June 30, 2014, 2013 and 2012 (amounts in thousands):

NATURAL CLASSIFICATION OPERATING EXPENSES



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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 a decrease in cash of \$19.9 million in 2014. The decrease in cash was due to a large amount capital financing activities or construction on campus. Capital financing activities mostly includes purchases of capital assets, and principal and interest payments on debt and leases. Noncapital financing activities is mostly comprised of state appropriations of \$40.1 million.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Net cash provided (used) by			
operating activities	\$ (5,988)	\$ (4,803)	\$ (6,082)
Noncapital financing activities	44,230	40,617	35,665
Capital financing activities	(58,436)	(30,082)	(21,935)
Investing activities	<u>343</u>	<u>135</u>	<u>212</u>
Net increase (decrease) in cash	(19,851)	5,867	7,860
Cash – beginning of year	<u>72,649</u>	<u>66,782</u>	<u>58,922</u>
Cash – end of year	<u>\$52,798</u>	<u>\$ 72,649</u>	<u>\$ 66,782</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 into its capital assets to maintain adequate facilities for these programs. The College has updated its Campus Master Plan in conjunction with its new Strategic Plan (2014-2018) to further identify and prioritize capital needs for the future. The master plan was approved in the fall of 2013.

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At June 30, 2014, the College had \$299.3 million invested in capital assets, net of accumulated depreciation of \$128.9 million. Depreciation charges totaled to \$9.9 million in fiscal year 2014 and \$9.8 million for fiscal year 2013.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	3,611	3,887	4,178
Infrastructure	10,116	10,283	10,607
Buildings and improvements	225,242	231,307	237,910
Equipment	2,158	2,036	2,195
Library collection	1,377	1,100	1,418
Construction in progress	<u>53,614</u>	<u>20,236</u>	<u>6,536</u>
Total	<u>\$299,349</u>	<u>\$272,080</u>	<u>\$266,075</u>

Construction in progress increased to \$53.6 million attributable to G Building renovations and the Adler Center for Nursing Excellence addition of \$37.7 million, College Park Apartment renovations of \$5.1 million, Academic roof replacement of \$2.6 million, and A, B, D, E Building renovations of \$5.6 million along with several other smaller projects.

At June 30, 2014, the College had \$269.8 million in debt outstanding versus \$277.9 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, 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 Ramapo's operating revenue have changed over time. State support, as a percentage of the total revenues has been declining over the last several years. The state appropriation was flat again this year as it has been for the last several years. Operations at the college are negatively impacted by constrained state support. The state's benefit contribution did increase but was offset by increased benefit costs. The college faces limited expense flexibility as the state controls salary and benefit negotiations for a majority of employees at the college. New Jersey continues to face challenging economic times including a possible state pension underfunding. These economic factors 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. Enrollment is expected to grow modestly over the next few years. It is important Ramapo continue to sustain strong operating cash flows in order to meet its future debt obligations. 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 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 Position
June 30, 2014
(dollars in thousands)

	Business- Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 52,798	\$ 1,179	\$ 53,977
Short term investments	-	16	16
Receivables			
Students, less allowance of \$653	872	-	872
Loans, less allowance of \$103	193	-	193
Gifts and grants, less allowance of \$180	605	1,261	1,866
Contributions, net	-	1,863	1,863
Due from Ramapo College Foundation (Due to College)	1,658	(1,658)	-
Other	904	52	956
Total Receivables	<u>4,232</u>	<u>1,518</u>	<u>5,750</u>
Restricted deposits held by Trustees	56,565	-	56,565
Other current assets	49	53	102
Total Current Assets	<u>113,644</u>	<u>2,766</u>	<u>116,410</u>
Noncurrent Assets			
Restricted deposits held by Trustees	5,900	-	5,900
Investments, at fair value	-	15,876	15,876
Student loan receivables, less allowance of \$529	730	-	730
Other	87	-	87
Contributions receivable, net	-	4,072	4,072
Capital assets, net	299,349	-	299,349
Total Noncurrent Assets	<u>306,066</u>	<u>19,948</u>	<u>326,014</u>
Total Assets	<u>419,710</u>	<u>22,714</u>	<u>442,424</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	18,102	52	18,154
Long-term debt - current portion	8,982	-	8,982
Unearned tuition, fees, and deposits	4,170	107	4,277
Compensated absences - current portion	1,914	-	1,914
Deposits	1,214	64	1,278
Total Current Liabilities	<u>34,382</u>	<u>223</u>	<u>34,605</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	260,877	-	260,877
Other liabilities	100	237	337
Unearned revenue from grantors	2,017	-	2,017
Compensated absences - noncurrent portion	1,172	-	1,172
Assets held on behalf of Federal government loan programs	1,040	-	1,040
Total Noncurrent Liabilities	<u>265,206</u>	<u>237</u>	<u>265,443</u>
Total Liabilities	<u>299,588</u>	<u>460</u>	<u>300,048</u>
NET POSITION			
Net investment in capital assets	32,396	-	32,396
Restricted			
Nonexpendable	-	11,081	11,081
Expendable			
Grants	-	9,726	9,726
Renewal and replacement	2,502	-	2,502
Unrestricted			
Capital projects	84,867	-	84,867
Current	357	1,447	1,804
Total Net Position	<u>\$ 120,122</u>	<u>\$ 22,254</u>	<u>\$ 142,376</u>

See notes to financial statements

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Net Position
June 30, 2013
(dollars in thousands)

	Business- Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 72,649	\$ 1,089	\$ 73,738
Short term investments	-	30	30
Receivables			
Students, less allowance of \$431	441	-	441
Loans, less allowance of \$102	202	-	202
Gifts and grants, less allowance of \$141	1,978	1,400	3,378
Contributions, net	-	1,767	1,767
Due from Ramapo College Foundation (Due to College)	1,163	(1,163)	-
Other	824	38	862
Total Receivables	<u>4,608</u>	<u>2,042</u>	<u>6,650</u>
Restricted deposits held by Trustees	54,750	-	54,750
Other current assets	-	36	36
Total Current Assets	<u>132,007</u>	<u>3,197</u>	<u>135,204</u>
Noncurrent Assets			
Restricted deposits held by Trustees	5,900	-	5,900
Investments, at fair value	-	13,507	13,507
Student loan receivables, less allowance of \$469	745	-	745
Contributions receivable, net	-	4,305	4,305
Capital assets, net	272,080	-	272,080
Total Noncurrent Assets	<u>278,725</u>	<u>17,812</u>	<u>296,537</u>
Total Assets	<u>410,732</u>	<u>21,009</u>	<u>431,741</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	14,719	21	14,740
Long-term debt - current portion	8,663	-	8,663
Unearned tuition, fees, and deposits	4,101	102	4,203
Compensated absences - current portion	1,826	-	1,826
Deposits	1,208	104	1,312
Total Current Liabilities	<u>30,517</u>	<u>227</u>	<u>30,744</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	269,255	-	269,255
Other liabilities	100	240	340
Compensated absences - noncurrent portion	1,260	-	1,260
Assets held on behalf of Federal government loan program	984	-	984
Total Noncurrent Liabilities	<u>271,599</u>	<u>240</u>	<u>271,839</u>
Total Liabilities	<u>302,116</u>	<u>467</u>	<u>302,583</u>
NET POSITION			
Net investment in capital assets	27,457	-	27,457
Restricted			
Nonexpendable	-	10,628	10,628
Expendable			
Grants	-	8,582	8,582
Renewal and replacement	3,808	-	3,808
Unrestricted			
Capital projects	56,940	-	56,940
Current	20,411	1,332	21,743
Total Net Position	<u>\$ 108,616</u>	<u>\$ 20,542</u>	<u>\$ 129,158</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 Position
Year Ended June 30, 2014
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	\$ 73,504	\$ -	\$ 73,504
Less: tuition scholarship allowances	(18,213)	-	(18,213)
Net Student Tuition and Fees	55,291	-	55,291
Auxiliary enterprises	38,520	-	38,520
Less: auxiliary allowances	(3,003)	-	(3,003)
Net Auxiliary Enterprises	35,517	-	35,517
Federal grants and contracts	7,096	-	7,096
State and local grants and contracts	6,307	1,786	8,093
Contributions	-	1,859	1,859
Other operating revenues	1,874	542	2,416
Total Operating Revenues	106,085	4,187	110,272
EXPENSES			
Operating Expenses			
Instruction	47,673	-	47,673
Research and Public Service	32	-	32
Academic support	6,501	-	6,501
Student services	13,319	-	13,319
Institutional support	17,682	775	18,457
Student financial aid and scholarships	475	-	475
Operations and maintenance of plant	15,545	-	15,545
Depreciation	9,914	-	9,914
Auxiliary	16,632	-	16,632
Total Operating Expenses	127,773	775	128,548
Operating (Loss) Income	(21,688)	3,412	(18,276)
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	16,130	-	16,130
State of New Jersey paid fringe benefits	23,982	-	23,982
Investment income, net	343	2,418	2,761
Interest expense	(11,379)	-	(11,379)
Transactions with affiliates	4,118	(4,118)	-
Net Nonoperating Revenue (Expenses)	33,194	(1,700)	31,494
Increase in Net Position	11,506	1,712	13,218
NET POSITION			
Beginning of year	108,616	20,542	129,158
End of year	\$ 120,122	\$ 22,254	\$ 142,376

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 Position
Year Ended June 30, 2013
(dollars in thousands)

	Business-Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
REVENUE			
Operating Revenues			
Student tuition and fees	\$ 71,902	\$ -	\$ 71,902
Less: tuition scholarship allowances	(17,595)	-	(17,595)
Net Student Tuition and Fees	54,307	-	54,307
Auxiliary enterprises	37,676	-	37,676
Less: auxiliary allowances	(2,743)	-	(2,743)
Net Auxiliary Enterprises	34,933	-	34,933
Federal grants and contracts	7,285	-	7,285
State and local grants and contracts	6,643	1,965	8,608
Contributions	-	2,252	2,252
Other operating revenues	3,384	665	4,049
Total Operating Revenues	<u>106,552</u>	<u>4,882</u>	<u>111,434</u>
EXPENSES			
Operating Expenses			
Instruction	45,492	-	45,492
Research and public service	31	-	31
Academic support	6,237	-	6,237
Student services	12,978	-	12,978
Institutional support	16,608	1,606	18,214
Student financial aid and scholarships	425	-	425
Operations and maintenance of plant	14,556	-	14,556
Depreciation	9,784	-	9,784
Auxiliary	17,182	-	17,182
Total Operating Expenses	<u>123,293</u>	<u>1,606</u>	<u>124,899</u>
Operating (Loss) Income	<u>(16,741)</u>	<u>3,276</u>	<u>(13,465)</u>
Nonoperating Revenue (Expenses)			
State of New Jersey appropriations	16,130	-	16,130
State of New Jersey paid fringe benefits	20,739	-	20,739
Investment income, net	135	1,414	1,549
Interest expense	(10,327)	-	(10,327)
Transactions with affiliates	3,748	(3,748)	-
Net Nonoperating Revenue (Expenses)	<u>30,425</u>	<u>(2,334)</u>	<u>28,091</u>
Increase in Net Position	13,684	942	14,626
NET POSITION			
Beginning of year	98,290	19,600	117,890
Effect of adoption of GASB 65	(3,358)	-	(3,358)
Beginning of year, as restated	<u>94,932</u>	<u>19,600</u>	<u>114,532</u>
End of year	<u>\$ 108,616</u>	<u>\$ 20,542</u>	<u>\$ 129,158</u>

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)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 54,935	\$ 55,012
Grants and contracts	16,793	12,933
Payments to suppliers	(24,563)	(25,044)
Payments to employees	(63,328)	(62,574)
Payments for employee benefits	(26,821)	(23,023)
Auxiliary enterprise charges	35,517	34,933
Other	1,479	2,960
Net Cash from Operating Activities	(5,988)	(4,803)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	40,112	36,869
Gifts and grants	4,118	3,748
Net Cash from Noncapital Financing Activities	44,230	40,617
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	(37,183)	(15,789)
Proceeds from the issuance of long-term debt	604	-
Principal paid on capital debt and leases	(8,663)	(5,998)
Interest paid on capital debt and leases	(11,379)	(10,327)
Decrease (Increase) in deposits held by trustees	(1,815)	2,032
Net Cash from Capital Financing Activities	(58,436)	(30,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	343	135
Net Increase in Cash	(19,851)	5,867
CASH		
Beginning of year	72,649	66,782
End of year	\$ 52,798	\$ 72,649
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (21,688)	\$ (16,741)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation expense	9,914	9,784
Changes in assets and liabilities		
Receivables, net	391	(227)
Other	(136)	-
Accounts payable and accrued expenses	3,383	1,986
Unearned tuition, fees, and deposits	69	384
Unearned revenue from grantors	2,017	-
Deposits	6	(34)
Compensated absences	-	19
Government grants refundable	56	26
Net Cash from Operating Activities	\$ (5,988)	\$ (4,803)

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, 2014 and 2013

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.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the College conform to U.S. generally accepted accounting principles as applicable to colleges and universities. The College's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Interpretations, Accounting Principles Board Opinion, and Accounting Review Boards of the Committee on Accounting Procedures.

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.

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

Notes to Financial Statements
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *Net investment in capital assets:* 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 position subject to externally-imposed stipulations that must be maintained permanently by the University.
 - Expendable* – Net position 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 position 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 position 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 College'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. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Use of Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

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

Notes to Financial Statements
June 30, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

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

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 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 position.

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

Notes to Financial Statements
June 30, 2014 and 2013

2. 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 position 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.

Reclassification

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

Recently Adopted Accounting Standards

The College has implemented the provisions of GASB Statement No.65 *Items Previously Reported as Assets and Liabilities*, which (a) properly classifies items previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No 4, *Elements of Financial Statements*. The implementation of GASB 65 is the reduction of beginning net position by \$3.4 million.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2014 and 2013 (dollars in thousands):

	2014	2013
Cash and money market accounts	\$ 51,671	\$71,523
State of New Jersey Cash Management Fund	1,127	1,126
Total Cash and Cash Equivalents	\$ 52,798	\$72,649

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.

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

Notes to Financial Statements
June 30, 2014 and 2013

3. Cash and Cash Equivalents (continued)

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. During 2013, the College entered into an irrevocable standby letter of Credit agreement with TD Bank N.A. and the Federal Home Loan Bank of Pittsburgh acting as the custodian. This agreement secures payment of uninsured deposits to the College. As of June 30, 2014 and 2013, cash and cash equivalents were held by depositories and amounted to \$52.8 million and \$72.6 million, respectively.

As of June 30, 2014, \$2.0 million was FDIC insured, \$14.0 million was collateralized according to the irrevocable standby letter of credit agreement and \$36.8 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. As of June 30, 2013, \$1.9 million was FDIC insured, \$38.5 million was collateralized according to the irrevocable standby letter of credit agreement and \$38.5 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, 2014 and 2013 was \$1,127,000 and \$1,126,000, respectively. These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes. The Cash Management Fund is unrated.

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

4. 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).

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

Notes to Financial Statements
June 30, 2014 and 2013

4. Restricted Deposits Held by Trustees (continued)

	2014	2013
Construction fund	\$ 19,594	\$ 42,992
Debt service fund for principal and interest	13,321	13,826
Debt service reserve funds	-	5
Redemption fund	26,363	-
Renewal and replacement fund	2,499	3,807
Rental pledge fund	679	11
Other investments	9	9
	62,465	60,650
Less: current portion	56,565	54,750
Noncurrent Deposits Held by Trustees	\$ 5,900	\$ 5,900

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. The following table summarizes restricted deposits held by trustees maturities as of June 30, 2014 and 2013:

Investment Type	Fair Value	2014		
		Investment maturities		
		(in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 18,896	\$ 18,896	\$ -	\$ -
U.S. Treasury notes and government securities	11,306	11,306	-	-
Fixed Income	32,263	26,363	-	5,900
	\$ 62,465	\$ 56,565	\$ -	\$ 5,900

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

Notes to Financial Statements
June 30, 2014 and 2013

4. Restricted Deposits Held by Trustees (continued)

Investment Type	Fair Value	2013		
		Investment maturities		
		(in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 14,601	\$ 14,601	\$ -	\$ -
U.S. Treasury notes and government securities	30,161	30,161	-	-
Fixed Income	<u>15,888</u>	<u>9,988</u>	<u>-</u>	<u>5,900</u>
	<u>\$ 60,650</u>	<u>\$ 54,750</u>	<u>\$ -</u>	<u>\$ 5,900</u>

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, 2014 and 2013, restricted deposits held by trustees were invested in cash management fund, U.S. Treasury bills or fixed income securities.

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.

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

Notes to Financial Statements
June 30, 2014 and 2013

5. Capital Assets

Capital assets activity for the years ended June 30, 2014 is comprised of the following (dollars in thousands):

	2014			Ending Balance
	Beginning Balance	Additions	Reductions	
Non Depreciable Capital Assets				
Land	\$ 3,231	\$ -	\$ -	3,231
Construction in progress	20,236	34,056	(678)	53,614
	<u>23,467</u>	<u>34,056</u>	<u>(678)</u>	<u>56,845</u>
Depreciable Capital Assets				
Land improvements	7,061	16	-	7,077
Buildings and improvements	324,652	2,180	-	326,832
Equipment	11,238	789	(129)	11,898
Library collection	9,130	619	(19)	9,730
Infrastructure	15,683	239	-	15,922
	<u>367,764</u>	<u>3,843</u>	<u>(148)</u>	<u>371,459</u>
Total Capital Assets	<u>391,231</u>	<u>37,899</u>	<u>(826)</u>	<u>428,304</u>
Accumulated Depreciation				
Land improvements	3,174	292	-	3,466
Buildings and improvements	93,345	8,245	-	101,590
Equipment	9,202	629	(91)	9,740
Library collection	8,030	342	(19)	8,353
Infrastructure	5,400	406	-	5,806
Total Accumulated Depreciation	<u>119,151</u>	<u>9,914</u>	<u>(110)</u>	<u>128,955</u>
Capital Assets, Net	<u>\$ 272,080</u>	<u>\$ 27,985</u>	<u>\$ (716)</u>	<u>\$ 299,349</u>

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

Notes to Financial Statements
June 30, 2014 and 2013

5. Capital Assets (continued)

Capital assets activity for the years ended June 30, 2013 is comprised of the following (dollars in thousands):

	2013			Ending Balance
	Beginning Balance	Additions	Reductions	
Non Depreciable Capital Assets				
Land	\$ 3,231	\$ -	\$ -	\$ 3,231
Construction in progress	6,536	13,700	-	20,236
	<u>9,767</u>	<u>13,700</u>	<u>-</u>	<u>23,467</u>
Depreciable Capital Assets				
Land improvements	7,061	-	-	7,061
Buildings and improvements	323,119	1,533	-	324,652
Equipment	10,876	476	(114)	11,238
Library collection	9,717	3	(590)	9,130
Infrastructure	15,606	77	-	15,683
	<u>366,379</u>	<u>2,089</u>	<u>(704)</u>	<u>367,764</u>
Total Capital Assets	<u>376,146</u>	<u>15,789</u>	<u>(704)</u>	<u>391,231</u>
Accumulated Depreciation				
Land improvements	2,883	291	-	3,174
Buildings	85,209	8,136	-	93,345
Equipment	8,681	635	(114)	9,202
Library collection	8,299	321	(590)	8,030
Infrastructure	4,999	401	-	5,400
	<u>110,071</u>	<u>9,784</u>	<u>(704)</u>	<u>119,151</u>
Total Accumulated Depreciation	<u>110,071</u>	<u>9,784</u>	<u>(704)</u>	<u>119,151</u>
Capital Assets, Net	<u>\$ 266,075</u>	<u>\$ 6,005</u>	<u>\$ -</u>	<u>\$ 272,080</u>

As of June 30, 2014, estimated costs to complete the projects classified as construction in progress are approximately \$29,905,000 and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues. During 2014, the College capitalized interest expense of \$2.4 million.

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

Notes to Financial Statements
June 30, 2014 and 2013

6. Accounts Payable and Accrued Expenses

As of June 30, 2014 and 2013, accounts payable and accrued expenses consist of the following (dollars in thousands):

	<u>2014</u>	<u>2013</u>
Vendors	\$ 4,077	\$ 4,268
Capital projects	6,529	2,935
Employees	1,820	1,707
Interest payable	<u>5,676</u>	<u>5,809</u>
	<u>\$ 18,102</u>	<u>\$ 14,719</u>

7. Noncurrent Liabilities

Activity in noncurrent liabilities for the year ending June 30, 2014 was as follows (dollars in thousands):

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Other liabilities	\$ 1,002	\$ 456	\$ (566)	\$ 892	\$ 792
Compensated absences	3,086	232	(232)	3,086	1,914
U.S. Government grants refundable	984	56	-	1,040	-
Long-term debt	<u>277,918</u>	<u>604</u>	<u>(8,663)</u>	<u>269,859</u>	<u>8,982</u>
	<u>\$ 282,990</u>	<u>\$ 1,348</u>	<u>\$ (9,461)</u>	<u>\$ 274,877</u>	<u>\$ 11,688</u>

Activity in noncurrent liabilities for the year ending June 30, 2013 was as follows (dollars in thousands):

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Other liabilities	\$ 253	\$ 1,325	\$ (576)	\$ 1,002	\$ 902
Compensated absences	2,986	302	(202)	3,086	1,826
U.S. Government grants refundable	958	26	-	984	-
Long-term debt	<u>283,916</u>	<u>-</u>	<u>(5,998)</u>	<u>277,918</u>	<u>8,663</u>
	<u>\$ 288,113</u>	<u>\$ 1,653</u>	<u>\$ (6,776)</u>	<u>\$ 282,990</u>	<u>\$ 11,391</u>

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

Notes to Financial Statements
June 30, 2014 and 2013

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 following principal payments due the Authority were outstanding at June 30, 2014 and 2013 (dollars in thousands):

NJ Educational Facilities Authority Revenue Bonds:	<u>Interest Rate</u>	<u>2014</u>	<u>2013</u>
Series 2003 F, due serially to 2013	1.50% to 3.50%	\$ -	\$ 255
Series 2003 G, due serially to 2013	2.00% to 3.71%	-	800
Series 2003 H, due serially to 2029	4.25% to 5.00%	16,020	16,705
Series 2004 E, due serially to 2024	3.00% to 4.38%	11,645	12,395
Series 2005 A, due serially to 2019	3.00% to 5.00%	1,329	-
Series 2006 A, due serially to 2022	4.00% to 4.50%	1,212	-
Series 2006 D, due serially to 2032	3.75% to 4.50%	32,725	33,845
Series 2006 I, due serially to 2036	4.00% to 5.00%	105,130	105,490
Series 2011 A, due serially to 2021	3.00% to 5.00%	15,720	17,470
Series 2012 B, due serially to 2042	2.00% to 5.00%	78,430	80,670
Series 2014 A, due serially to 2033	3.00% to 4.00%	279	-
Higher Education Capital Improvement Fund			
Series 2000 B, due serially to 2021	4.50% to 5.75%	-	1,337
Higher Education Dormitory Safety Trust Fund			
Series 2001 A, due serially to 2016	3.50% to 5.00%	138	206
Higher Education Capital Improvement Fund			
Series 2002 A, due serially to 2023	3.00% to 5.25%	30	1,412
2014 Higher Education Equipment Leasing Fund Program 042-01	1.75% to 3.50%	163	-
2014 Higher Education Equipment Leasing Fund Program 042-05	3.00% to 3.50%	117	-
Other	5.10% to 6.50%	48	131
		<u>262,986</u>	<u>270,716</u>
Plus: Bond premiums		<u>6,873</u>	<u>7,202</u>
		269,859	277,918
Less: noncurrent portion		<u>260,877</u>	<u>269,255</u>
Total long-term debt, current portion		<u>\$ 8,982</u>	<u>\$ 8,663</u>

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

Notes to Financial Statements
June 30, 2014 and 2013

8. Long-Term Debt (continued)

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, 2014 (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 8,624	\$ 11,036
2016	8,938	10,637
2017	9,423	10,222
2018	10,018	9,791
2019	10,491	9,322
2020-2024	57,604	39,432
2025-2029	65,439	26,206
2030-2034	59,919	12,262
2035-2039	22,605	3,905
2040-2043	<u>9,925</u>	<u>775</u>
	<u>\$ 262,986</u>	<u>\$ 133,588</u>

The College transferred cash to the trustee to be used in the defeasance of the \$15.3 million 2003H and \$10.7 million 2004E bonds that took place on July 1, 2014.

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, 2014 and 2013, such benefits amounted to approximately \$23,982,000 and \$20,739,000 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.

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

Notes to Financial Statements
June 30, 2014 and 2013

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.

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

Notes to Financial Statements
June 30, 2014 and 2013

10. Retirement Plans (continued)

PERS Funding Policy

PERS members were required to contribute 6.78% and 6.64% of their annual covered salary for the years ended June 30, 2014 and 2013, 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 2014 or 2013 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 College 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, 2014 and 2013, ABP received employer and employee contributions that approximated the following from the College (dollars in thousands):

	2014	2013
Employer contribution	\$ 3,201	\$ 3,115
Employee contribution	4,301	4,223
 Basis for contributions		
Participating employee salaries	40,009	38,938

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

Notes to Financial Statements
June 30, 2014 and 2013

10. Retirement Plans (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, 2014 and 2013 Prudential received employee contribution that approximated the following from College (dollars in thousands):

	2014	2013
Employer contribution	\$ 6	\$ 2
Employee contribution	12	3
 Basis for contributions		
Participating employee salaries	217	57

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

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

Notes to Financial Statements
June 30, 2014 and 2013

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, 2014 and 2013 amounted to approximately \$1,914,000 and \$1,827,000, 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 liability for unused sick time of \$1,172,000 and \$1,260,000 for June 30, 2014 and 2013, respectively. The College has made payments of approximately \$129,000 and \$86,000 for unused sick time in fiscal year 2014 and 2013.

12. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2014 and 2013, are not included in the financial statements. The College has approved contracts in fiscal 2014 and 2013 of approximately \$27,581,000 and \$45,469,000, 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, 2014 and 2013.

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

Notes to Schedules of Expenditures of Federal Awards
and New Jersey State Financial Assistance

June 30, 2014 and 2013

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, 2014 and 2013, the Foundation distributed \$4,118,000 and \$3,748,000, respectively, 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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Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA (1) Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Non - ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Expenditures</u>
Student Financial Assistance Cluster:					
Direct Programs:					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ 111,271	\$ -	\$ 111,271
Federal Direct Student Loans	84.268		30,659,334	-	30,659,334
Federal Work-Study Program (including administrative cost allowance of \$11,008)	84.033		245,015	-	245,015
Federal Perkins Loan Program	84.038		141,400	-	141,400
Federal Pell Grant Program	84.063		6,079,615	-	6,079,615
Total Student Financial Assistance Cluster			<u>37,236,635</u>	<u>-</u>	<u>37,236,635</u>
Research and Development Cluster:					
Direct Programs:					
National Science Foundation					
Phase II Expansion Project	47.076		70,631	-	70,631
U.S. Department of Health and Human Services					
NIMH Small Research Grant	93.242		31,704	-	31,704
Total Research and Development Cluster			<u>102,335</u>	<u>-</u>	<u>102,335</u>
Trio Cluster:					
Direct Programs:					
U.S. Department of Education					
Student Support Services Program	84.042A		243,476	-	243,476
Upward Bound	84.047M		258,062	-	258,062
Total Trio Cluster			<u>501,538</u>	<u>-</u>	<u>501,538</u>
Other Federal Awards:					
Direct Programs:					
National Endowment for the Humanities					
The Hudson River in the 19th Century and the Modernization of America	45.163		64,803	-	64,803
Total Expenditures of Federal Awards			<u>\$ 37,905,311</u>	<u>\$ -</u>	<u>\$ 37,905,311</u>

(1) Catalog of Federal Domestic Assistance number

(2) American Recovery and Reinvestment Act

See independent auditors' report and accompanying notes to schedules of expenditures of Federal awards and New Jersey State financial assistance

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Schedule of Expenditures of New Jersey Financial Assistance
Year Ended June 30, 2014

State of New Jersey Grantor/ Pass-Through Grantor/Program or Cluster Title	Grant/Account or Other I.D. Number	Grant Amount	Grant Period	State Expenditures
Major Programs:				
N.J. Department of Treasury – Office of Student Assistance				
Student Financial Assistance Cluster:				
Tuition Aid Grant	10-100-082-2150-007	\$ 5,217,830	July 1, 2013 to June 30, 2014	\$ 5,217,830
N.J. Department of State				
Student Financial Assistance Cluster:				
Educational Opportunity Fund - Financial Aid FY 2014	10-100-084-2601-001	423,200	July 1, 2013 to June 30, 2014	423,200
Educational Opportunity Fund - Academic Year 2014	10-100-074-2601-003	209,458	July 1, 2013 to June 30, 2014	209,458
Educational Opportunity Fund - Summer Program 2014	2601-100-074-2601-004	311,190	June 1, 2013 to August 31, 2013	6,618
Educational Opportunity Fund - Summer Program 2015	2601-100-074-2601-004	365,422	June 1, 2014 to August 31, 2014	365,422
Total Student Financial Assistance Cluster				<u>6,222,528</u>
N.J. Department of Treasury				
State of New Jersey Fringe Benefits on State Positions	-	16,629,845	July 1, 2013 to June 30, 2014	19,775,162
FICA-State Colleges and Universities Reimbursement Program	100-082-2155-2062	4,206,348	July 1, 2013 to June 30, 2014	4,206,348
State of New Jersey Appropriations	10-100-074-2475	16,130,000	July 1, 2013 to June 30, 2014	16,130,000
Total Major Programs				<u>46,334,038</u>
Non-Major Programs				
Distinguished Citizen Scholarship	10-100-084-2601-002	465	July 1, 2013 to June 30, 2014	465
Urban Scholarships	-	5,000	July 1, 2013 to June 30, 2014	5,000
New Jersey Stars	-	78,576	July 1, 2013 to June 30, 2014	78,576
New Jersey Higher Education				
Adult Degree Completion Program	100-074-2400-050-kkkk-6140-9CAC	67,954	July 1, 2013 to June 30, 2014	67,954
Total Non-Major Programs				<u>151,995</u>
Total Expenditures of New Jersey Financial Assistance				<u>\$ 46,486,033</u>

See independent auditors' report and accompanying notes to schedules of expenditures of Federal awards and New Jersey financial assistance

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

Notes to Schedules of Expenditures of Federal Awards
and New Jersey State Financial Assistance

June 30, 2014 and 2013

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and New Jersey State Financial Assistance (the "Schedules") have been prepared in the format required under OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Office of Management and Budget Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The purpose of these Schedules is to present a summary of those activities of the College for the year ended June 30, 2014 which have been financed by the Federal government and State of New Jersey. For purposes of these Schedules, Federal awards and New Jersey State Financial Assistance include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other non-cash assistance. Because these Schedules present only a selected portion of the activities of the College, they are not intended to, and do not, present the financial position, changes in fund balances or the current funds revenues, expenditures, and other changes of the College in conformity with generally accepted accounting principles.

The accounting practice followed by the College in preparing the accompanying Schedules is as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. The College Administers the Following Federal Loan Programs

	<u>CFDA Number</u>	<u>Loans extended for the year ended June 30, 2014</u>	<u>Outstanding principal balance at June 30, 2014</u>
Perkins Loan Program	84.038	\$ 141,400	\$ 1,264,487

During the fiscal year ended June 30, 2014, the College processed the following amount of new loans under the Stafford Student Loans program (which includes Stafford Loans and Parents' Loans for Undergraduate Students):

	<u>CFDA Number</u>	<u>Value of Loans</u>
Federal Direct Loans	84.268	
Subsidized		\$ 11,023,868
Unsubsidized		<u>13,351,290</u>
		<u>\$ 24,375,158</u>
Parent Loans for Undergraduate Students (PLUS)		<u>\$ 6,284,176</u>

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditors' Report

**Board of Trustees of
Ramapo College of New Jersey**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ramapo College of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Ramapo College of New Jersey's basic financial statements, and have issued our report thereon dated September 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ramapo College of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ramapo College of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Ramapo College of New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ramapo College of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ramapo College of New Jersey's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

Paramus, New Jersey
September 8, 2014

**Report on Compliance for Each Major Program and Report on Internal Control Over
Compliance Required by OMB Circular A-133 and NJ OMB Circular Letter 04-04**

Independent Auditors' Report

**Board of Trustees of
Ramapo College of New Jersey**

Report on Compliance for Each Major Federal and State Program

We have audited Ramapo College of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Ramapo College of New Jersey's major federal and state programs for the year ended June 30, 2014. Ramapo College of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ramapo College of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Ramapo College of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Ramapo College of New Jersey's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Ramapo College of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Ramapo College of New Jersey is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ramapo College of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ramapo College of New Jersey's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

Paramus, New Jersey
September 8, 2014

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014 and 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Assistance Cluster

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014 and 2013

Section I - Summary of Auditor's Results *(continued)*

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified? _____ Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____ Yes No

Grant Number

Name of State Program or Cluster

Various "Grant number unknown"	Student Financial Assistance Cluster New Jersey State Financial Assistance Fringe Benefits on State Positions
100-082-2155-2062	FICA-State Colleges and Universities Reimbursement Program
10-100-074-2475	New Jersey State Financial Assistance Appropriation

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000 (federal awards)
\$1,300,221 (New Jersey financial assistance)

Auditee qualified as low-risk auditee? Yes _____ No

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2014.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

During our audit, we noted no material instances of non-compliance for the year ended June 30, 2014.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014 and 2013

None noted.