

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

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2013 and 2012

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

Financial Statements
June 30, 2013 and 2012

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Independent Auditors' Report

The Board of Trustees of Ramapo College of New Jersey

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Ramapo College of New Jersey (the College), a component unit of the State of New Jersey, as of and for the years ended June 30, 2013 and 2012, 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.

Opinions

In our opinion, based on our audits, 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, 2013 and 2012, 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 15 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.

O'Connor Davies, LLP

September 13, 2013

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

Management's Discussion and Analysis
June 30, 2013 and 2012

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, 2013 and 2012 and comparative amounts for the year ended June 30, 2011. Since the management's discussion and analysis is designed to focus on current activities and currently known facts, it should be read in conjunction with the College's basic financial statements and related footnote disclosures, which follow this section.

College Overview

Ranked by *U.S. News & World Report* as sixth in the Best Regional Universities North category for public institutions, Ramapo College of New Jersey is sometimes mistaken for a private college. This is, in part, due to its unique interdisciplinary academic structure, its size of approximately 6,000 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 six 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 700 course offerings and 40 academic programs. Ramapo College boasts an average student/faculty ratio of 18:1 and average class size of 23, affording students the opportunity to develop close ties to the College's exceptional faculty.

The College's mission is focused on international, intercultural, interdisciplinary and experiential (hands on), all of which are incorporated throughout the curricula and extra-curricula's. 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.

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Management's Discussion and Analysis
June 30, 2013 and 2012
(Continued)

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.

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.

Ramapo College of New Jersey is listed in the January 2013 issue of *Kiplinger's Personal Finance Magazine* as among the "100 Best Values in Public Colleges" for 2013. This is the eighth consecutive year Ramapo has been included in the "100 Best Values in Public Colleges." The college was ranked #48 for in-state tuition and fees, one of three public institutions of higher education in New Jersey included.

Ramapo College also is one of 226 institutions ranked 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 who is 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.

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.

RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
June 30, 2013 and 2012
(Continued)

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 report information on the College as a whole and on its activities. When revenues and other support exceed expenses, the result is an increase in net 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 are the residual interest in the College's assets after liabilities are deducted (the difference between total assets and total liabilities). Net position are 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 are classified into three categories: Investment in capital Restricted and Unrestricted.

Investment in capital assets 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.

RAMAPO COLLEGE OF NEW JERSEY
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(Continued)

Restricted net position consist of nonexpendable and expendable net position. Nonexpendable net position are subject to externally imposed stipulations that may be maintained permanently by the College. Expendable net position are 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 position are expendable.

Unrestricted net position are not subject to externally imposed stipulations. They may be designated for 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 position are designated for academic programs and initiatives, debt service and capital programs.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets			
Current assets	\$132,007	\$133,829	\$ 84,428
Capital assets, net	272,080	266,075	262,693
Other assets	<u>6,645</u>	<u>761</u>	<u>811</u>
Total assets	<u>410,732</u>	<u>400,665</u>	<u>347,932</u>
Liabilities			
Current liabilities	30,352	25,485	25,338
Noncurrent liabilities	<u>268,406</u>	<u>276,890</u>	<u>236,044</u>
Total liabilities	<u>298,758</u>	<u>302,375</u>	<u>261,382</u>
Net position			
Investment in capital assets	\$ 30,815	\$ 33,487	\$ 32,608
Expendable restricted	3,808	3,870	4,400
Unrestricted Capital Projects	56,940	49,145	33,308
Unrestricted Current	<u>20,411</u>	<u>11,788</u>	<u>16,234</u>
Total net position	<u>\$111,974</u>	<u>\$ 98,290</u>	<u>\$ 86,550</u>

RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
June 30, 2013 and 2012
(Continued)

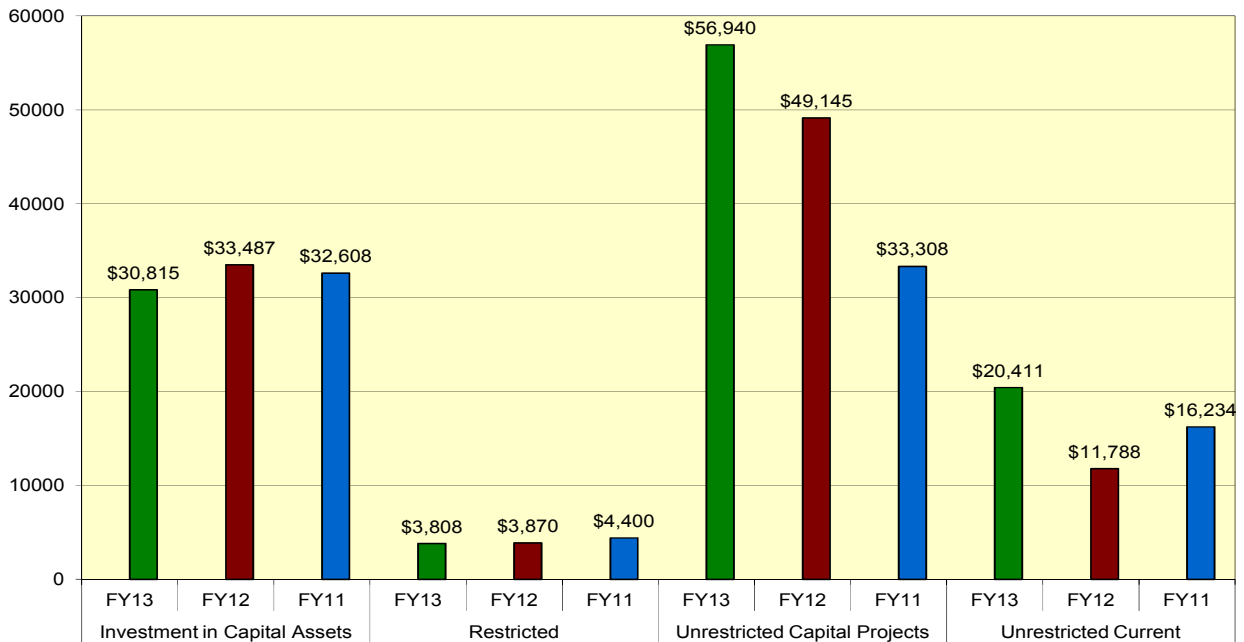
During fiscal year 2013, RCNJ's total assets increased \$10.1 million. Noncapital assets increased by \$4.1 million primarily due to cost savings and some small revenue growth. Salary and non-salary expenditure savings was a major reason for the increase in noncapital assets. Utility savings of \$732 thousand resulted from a new 10 month electric contract. Capital assets increased by \$6.0 million primarily as a result of ongoing capital projects and renovation on campus. Unrestricted capital projects increased \$7.8 million as renovation and addition to the G building continued. The 2012B bond issued in June 2012 for \$48 million will continue to fund projects on campus for the next 18-24 months.

Total liabilities decreased by \$3.6 million in fiscal year 2013. There was an \$8.5 million reduction in noncurrent liabilities. This decrease was primarily a result of the college paying down its long term debt.

During fiscal year 2013, total net position increased \$13.7 million. Unrestricted capital projects increased by \$7.8 million and unrestricted current assets increased by \$8.6 million.

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

COLLEGE NET POSITION



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

Management's Discussion and Analysis
June 30, 2013 and 2012
(Continued)

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.

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, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating revenues			
Student revenues, net	\$ 89,240	\$ 89,577	\$ 85,728
Grants and contracts	13,928	13,598	14,120
Other	<u>3,384</u>	<u>1,858</u>	<u>1,778</u>
Total operating revenues	<u>106,552</u>	<u>105,033</u>	<u>101,626</u>
Non-operating revenue			
State appropriation	36,869	32,974	33,648
Transactions with affiliates	3,748	3,373	3,565
Investment and other	<u>135</u>	<u>56</u>	<u>(49)</u>
Total non-operating revenue	<u>40,752</u>	<u>36,403</u>	<u>37,164</u>
Capital grants and gifts	<u>-</u>	<u>618</u>	<u>-</u>
Total revenues	<u>\$ 147,304</u>	<u>\$ 142,054</u>	<u>\$ 138,790</u>

RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
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(Continued)

Operating Revenues

Student Revenues

Student revenues are comprised of three main sources: tuition, fees and auxiliary enterprises. Auxiliary enterprises are self-funding activities mostly consisting of Residence Life (housing rentals and board) and the Student Center (Student Center Fee and bookstore). Student revenues are reflected net of scholarship and auxiliary allowances. These allowances represent scholarships and financial aid applied to student accounts for tuition, fees, and room and board. These scholarships are funded through federal and state grant programs, gifts raised by the Ramapo College Foundation and general College revenues.

Student revenues decreased \$337,000 in 2013 from 2012 and increased \$3.8 million in 2012 from 2011. The decrease from 2012 to 2013 was primarily the result of a slight enrollment decrease of about 115 FTE over all programs at the college in 2013.

Ramapo applied \$20.3, \$20.4 and \$20.8 million in scholarship allowances for tuition and fees and auxiliary charges directly to student accounts in fiscal year 2013, 2012 and 2011 respectively. The main source of these allowances comes from the College, and federal and state grants. Sources for these scholarship allowances for 2013 were the College \$8.3 million, federal \$6 million and the state and others of \$6 million.

Federal, State & Local Grants and Contracts

Federal, state and local grant and contract revenue includes student financial aid. For fiscal year 2013 grant revenue from all sources was \$330,000 more than fiscal year 2012 rebounding from a \$522,000 decline in 2012.

Other

For fiscal year 2013 there was an increase of \$1.5 million over 2012 in other revenue. Some of the major items in other revenue this year included 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. There was a small increase of \$80,000 in 2012 over 2011.

Nonoperating Revenues

New Jersey State Appropriation

State appropriations, including fringe benefits, which are paid directly by the State, increased \$3.9 million in fiscal year 2013. The direct appropriation to College operations was 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 increase in the composite fringe benefit rate to 43.91% of gross salary representing a 20.3% increase over 2012.

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Transactions with Affiliates

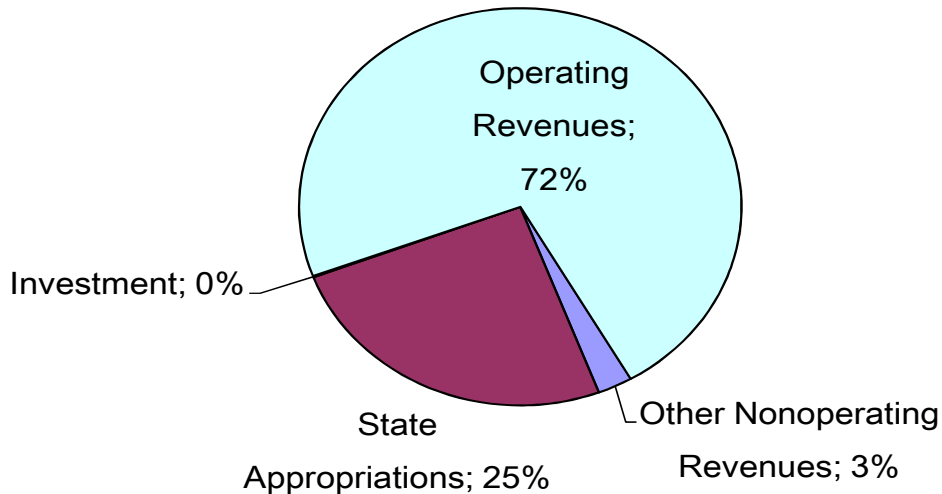
This category represents funds received from the Foundation to help fund scholarships, programs and capital expansion. For fiscal year 2013 there was an increase of \$375,000, while in fiscal year 2012 there was a \$192,000 decrease. This is due to timing differences of when funds were remitted to the college.

Investment and Other

In 2013 there were earnings of \$135,000, an increase of \$79,000 after a gain of \$56,000 in 2012.

The following provides a graphical breakdown of each category's percentage of total revenues for the College for the fiscal year ended June 30, 2013:

TOTAL COLLEGE REVENUES



RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
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(Continued)

Expenses

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

For fiscal year 2013, salaries and benefits comprised approximately 66% of the College's total operating expenses. Operating expenses increased \$2.2 million from 2012. Employee benefits increased \$3.9 million alone due to the state of New Jersey's benefit reimbursement rate increasing by 20.3% over the 2012 rate to 43.91%, of which the college received \$3.9 million in revenue offset. This large increase in benefits shows the college realized \$1.7 million in savings in other expenses during 2013.

Non-operating expenses increased \$1.1 million to \$10.3 million this is interest for debt service.

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

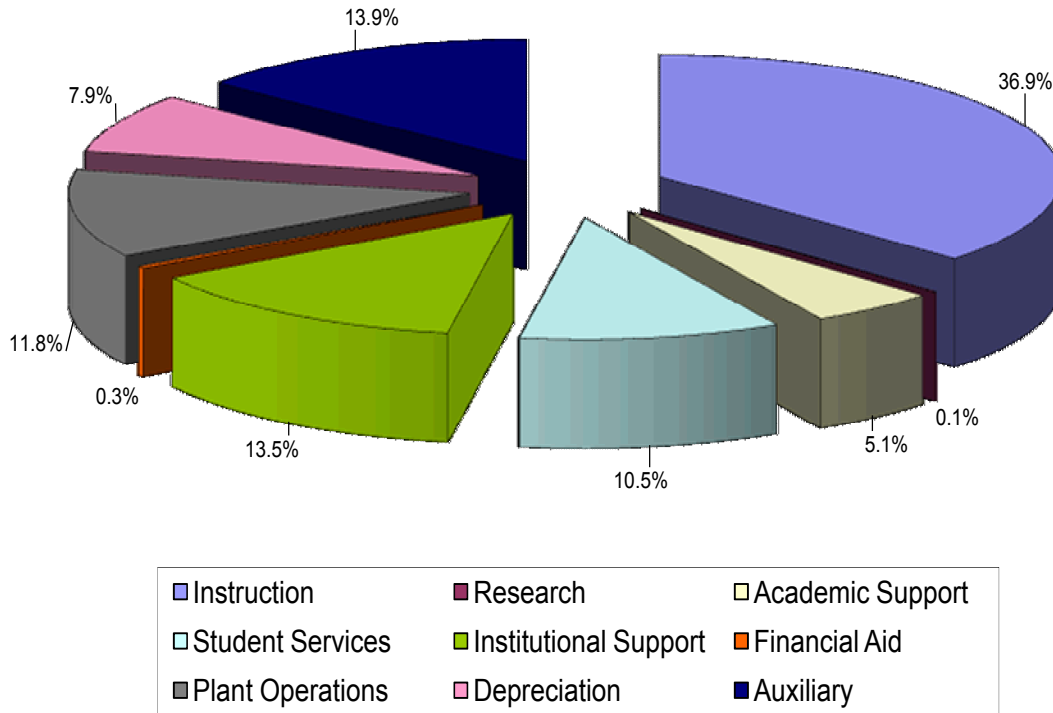
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating expenses			
Instruction	\$ 45,492	\$ 43,736	\$ 42,989
Research and Public Service	31	39	65
Academic support	6,237	5,969	6,058
Student services	12,978	11,519	11,537
Institutional support	16,608	16,069	16,389
Student financial aid	425	439	357
Operations and maintenance of plant	14,556	14,496	14,570
Depreciation	9,784	10,427	10,561
Auxiliary	<u>17,182</u>	<u>18,427</u>	<u>18,568</u>
Total operating expenses	<u>123,293</u>	<u>121,121</u>	<u>121,094</u>
Non-operating expenses	<u>10,327</u>	<u>9,193</u>	<u>10,021</u>
Total expenses	<u>\$ 133,620</u>	<u>\$ 130,314</u>	<u>\$ 131,115</u>

RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
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The following graph shows each functional area as a percentage of total operating expenses for the fiscal year ended June 30, 2013:

PERCENTAGE OF OPERATING EXPENSES

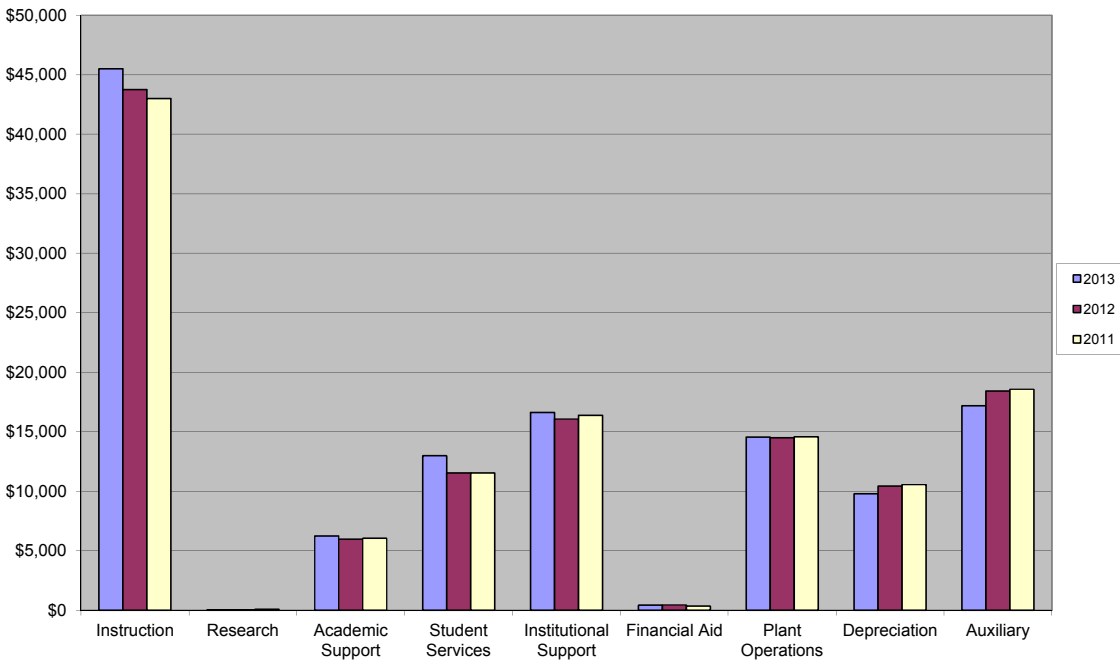


RAMAPO COLLEGE OF NEW JERSEY
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Management's Discussion and Analysis
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(Continued)

The following is an illustration of operating expenses by functional classification for the fiscal years ended June 30, 2013, 2012 and 2011 (amounts in thousands):

FUNCTIONAL OPERATING EXPENSES



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.

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There was an increase in cash of \$5.9 million in 2013. The increase in cash was due to expenses coming in under budget and total revenues slightly up even with a modest enrollment decline.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Net cash provided (used) by			
operating activities	\$ (4,803)	\$ (6,082)	\$ (8,154)
Noncapital financing activities	40,617	35,665	37,213
Capital financing activities	(30,082)	(21,935)	(18,536)
Investing activities	<u>135</u>	<u>212</u>	<u>74</u>
Net increase (decrease) in cash	5,867	7,860	10,597
Cash – beginning of year	<u>66,782</u>	<u>58,922</u>	<u>48,325</u>
Cash – end of year	<u>\$ 72,649</u>	<u>\$ 66,782</u>	<u>\$ 58,922</u>

Capital Assets and Debt Administration

In order to meet the needs of the College's academic and community activities, the College must continually reinvest resources in its capital assets to maintain adequate facilities for these programs. The College is updating its master plan and related capital plan to further identify and prioritize our capital needs for the future. The master plan should be approved in the fall of 2013.

At June 30, 2013, the College had \$272.1 million invested in capital assets, net of accumulated depreciation of \$119.2 million. Depreciation charges totaled to \$9.8 million in fiscal year 2013 and \$10.4 million for fiscal year 2012.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 3,231	\$ 3,231	\$ 3,231
Land improvements	3,887	4,178	4,426
Infrastructure	10,283	10,607	10,913
Buildings and improvements	231,307	237,910	239,730
Equipment	2,036	2,195	2,392
Library collection	1,100	1,418	1,693
Construction in progress	<u>20,236</u>	<u>6,536</u>	<u>308</u>
 Total	 <u>\$272,080</u>	 <u>\$266,075</u>	 <u>\$262,693</u>

Construction in progress increased to \$19.9 million attributable to Building G renovations/Adler addition of \$11.5 million, Phase II housing renovations of \$4.5 million, Academic roof replacement of \$2.6 million, and A, B, D, E Building renovations of \$826,000 along with several other smaller projects.

At June 30, 2013, the College had \$274.6 million in debt outstanding versus \$280.6 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 the Ramapo's operating revenue have changed as State support, as a percentage of the total revenues declined over the last several years. The state's benefit contribution to the college was up in 2013 as benefit costs increased but the state appropriation was flat. The State continues to face challenging economic times which may affect future appropriations to the College. Reduced appropriations in the future will place an increased burden on tuition and fees to fund the operating costs of the College. Ramapo will continue to seek new and enhanced revenue streams and operating efficiencies to maintain its ability to increase total net position to meet the growth and needs of its students. The College remains committed to its mission of serving the educational needs of New Jersey.

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Net 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 \$478	745	-	745
Contributions receivable, net	-	4,305	4,305
Plant facilities, 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	8,498	-	8,498
Deferred revenue	4,101	102	4,203
Compensated absences - current portion	1,826	-	1,826
Deposits	1,208	104	1,312
Total Current Liabilities	<u>30,352</u>	<u>227</u>	<u>30,579</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	266,062	-	266,062
Other liabilities	100	240	340
Compensated absences - noncurrent portion	1,260	-	1,260
Assets held on behalf of Federal government loan programs	984	-	984
Total Noncurrent Liabilities	<u>268,406</u>	<u>240</u>	<u>268,646</u>
Total Liabilities	<u>298,758</u>	<u>467</u>	<u>299,225</u>
NET POSITION			
Net investment in capital assets	30,815	-	30,815
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>\$ 111,974</u>	<u>\$ 20,542</u>	<u>\$ 132,516</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, 2012
(dollars in thousands)

	Business- Type Activities Ramapo College	Component Unit Ramapo College Foundation	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 66,782	\$ 1,570	\$ 68,352
Short term investments	-	11	11
Receivables			
Students, less allowance of \$470	796	-	796
Loans, less allowance of \$99	189	-	189
Gifts and grants, less allowance of \$126	983	1,326	2,309
Contributions, net	-	2,196	2,196
Due from Ramapo College Foundation (Due to College)	1,388	(1,388)	-
Other	1,009	44	1,053
Total Receivables	<u>4,365</u>	<u>2,178</u>	<u>6,543</u>
Restricted deposits held by Trustees	62,682	-	62,682
Other current assets	-	36	36
Total Current Assets	<u>133,829</u>	<u>3,795</u>	<u>137,624</u>
Noncurrent Assets			
Investments, at fair value	-	12,389	12,389
Student loan receivables, less allowance of \$469	761	-	761
Contributions receivable, net	-	3,880	3,880
Plant facilities, net	266,075	-	266,075
Total Noncurrent Assets	<u>266,836</u>	<u>16,269</u>	<u>283,105</u>
Total Assets	<u>400,665</u>	<u>20,064</u>	<u>420,729</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	12,733	49	12,782
Long-term debt - current portion	5,999	-	5,999
Deferred revenue	3,717	85	3,802
Compensated absences - current portion	1,794	-	1,794
Deposits	1,242	88	1,330
Total Current Liabilities	<u>25,485</u>	<u>222</u>	<u>25,707</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	274,559	-	274,559
Other liabilities	181	242	423
Compensated absences - noncurrent portion	1,192	-	1,192
Assets held on behalf of Federal government loan program	958	-	958
Total Noncurrent Liabilities	<u>276,890</u>	<u>242</u>	<u>277,132</u>
Total Liabilities	<u>302,375</u>	<u>464</u>	<u>302,839</u>
NET POSITION			
Net investment in capital assets	33,487	-	33,487
Restricted			
Nonexpendable	-	10,014	10,014
Expendable			
Grants	-	8,368	8,368
Debt service	-	-	-
Renewal and replacement	3,870	-	3,870
Unrestricted			
Capital projects	49,145	-	49,145
Current	11,788	1,218	13,006
Total Net Position	<u>\$ 98,290</u>	<u>\$ 19,600</u>	<u>\$ 117,890</u>

See notes to financial statements

Ramapo College of New Jersey
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenses and Changes in Net 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	106,552	4,882	111,434
EXPENSES			
Operating Expenses			
Instruction	45,492	(66)	45,426
Research and Public Service	31	-	31
Academic support	6,237	-	6,237
Student services	12,978	-	12,978
Institutional support	16,608	1,154	17,762
Student financial aid and scholarships	425	353	778
Operations and maintenance of plant	14,556	-	14,556
Fundraising	-	165	165
Depreciation	9,784	-	9,784
Auxiliary	17,182	-	17,182
Total Operating Expenses	123,293	1,606	124,899
Operating (Loss) Income	(16,741)	3,276	(13,465)
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)	30,425	(2,334)	28,091
Increase in Net Position	13,684	942	14,626
NET POSITION			
Beginning of year	98,290	19,600	117,890
End of year	\$ 111,974	\$ 20,542	\$ 132,516

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, 2012
(dollars in thousands)

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

See notes to financial statements

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

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 55,012	\$ 53,634
Grants and contracts	12,933	13,647
Payments to suppliers	(25,044)	(29,631)
Payments to employees	(62,574)	(61,627)
Payments for employee benefits	(23,023)	(19,727)
Auxiliary enterprise charges	34,933	35,764
Other	<u>2,960</u>	<u>1,858</u>
Net Cash from Operating Activities	<u>(4,803)</u>	<u>(6,082)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	36,869	32,974
Gifts and grants	3,748	2,691
Federal family education loan program receipts	33,815	35,501
Federal family education loan program disbursements	<u>(33,815)</u>	<u>(35,501)</u>
Net Cash from Noncapital Financing Activities	<u>40,617</u>	<u>35,665</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	-	618
Purchases of capital assets	(15,789)	(13,805)
Proceeds from the issuance of long-term debt	-	85,197
Principal paid on capital debt and leases	(5,998)	(43,890)
Interest paid on capital debt and leases	(10,327)	(9,956)
Decrease (Increase) in deposits held by trustees	<u>2,032</u>	<u>(40,099)</u>
Net Cash from Capital Financing Activities	<u>(30,082)</u>	<u>(21,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>135</u>	<u>212</u>
Net Increase in Cash	5,867	7,860
CASH		
Beginning of year	<u>66,782</u>	<u>58,922</u>
End of year	<u>\$ 72,649</u>	<u>\$ 66,782</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$ (16,741)	\$ (16,088)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation expense	9,784	10,427
Changes in assets and liabilities		
Receivables, net	(227)	(1,218)
Accounts payable and accrued expenses	1,986	1,122
Deferred revenue	384	(53)
Deposits	(34)	(8)
Compensated absences	19	(257)
Government grants refundable	<u>26</u>	<u>(7)</u>
Net Cash from Operating Activities	<u>\$ (4,803)</u>	<u>\$ (6,082)</u>

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, 2013 and 2012

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, 2013 and 2012

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, 2013 and 2012

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

Deferred Revenue

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

Deferred Financing Costs

The College capitalizes costs incurred in connection with its bonds payable and capital leases and amortizes these costs over the life of the respective obligations. These deferred financing costs are netted against debt in the accompanying statement of net position net of accumulated amortization of \$946,000 and \$781,000 for June 30, 2013 and 2012, respectively.

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.

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

Notes to Financial Statements
June 30, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

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.

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.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2013 and 2012 (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Cash and money market accounts	\$ 71,523	\$ 65,657
State of New Jersey Cash Management Fund	<u>1,126</u>	<u>1,125</u>
Total Cash and Cash Equivalents	<u>\$ 72,649</u>	<u>\$ 66,782</u>

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, 2013 and 2012

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, 2013 and 2012, cash and cash equivalents were held by depositories and amounted to \$72.6 million and \$66.7 million, respectively.

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 \$32.2 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, 2012, \$11.1 million was FDIC insured and \$55.6 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, 2013 and 2012 was \$1,126,000 and \$1,125,000, 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, 2013 and 2012

4. Restricted Deposits Held by Trustees (continued)

	2013	2012
Rebate fund	\$ -	\$ 11
Construction fund	42,992	48,620
Debt service fund for principal and interest	13,826	9,597
Debt service reserve funds	5	5
Cost of Issuance	-	46
Renewal and replacement fund	3,807	3,870
Rental pledge fund	11	465
Other investments	9	68
	60,650	62,682
Less: current portion	54,750	62,682
Noncurrent Deposits Held by Trustees	\$ 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, 2013 and 2012:

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	15,888	9,988	-	5,900
	\$ 60,650	\$ 54,750	\$ -	\$ 5,900

Investment Type	Fair Value	2012		
		Investment maturities		
		(in years)		
		Less than 1	1 to 2	More than 2
Money market funds	\$ 59,974	\$ 59,974	\$ -	\$ -
U.S. Treasury notes and government securities	2,708	2,708	-	-
	\$ 62,682	\$ 62,682	\$ -	\$ -

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

Notes to Financial Statements
June 30, 2013 and 2012

4. Restricted Deposits Held by Trustees (continued)

Assets held under bond indenture agreements are not governed by the College's investment policies, but rather by the investment policies of the New Jersey Educational Facilities Authority. As of June 30, 2013 and 2012, 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.

5. Capital Assets

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 and improvements	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
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>

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

Notes to Financial Statements
June 30, 2013 and 2012

5. Capital Assets (continued)

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

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

As of June 30, 2013, estimated costs to complete the projects classified as construction in progress are approximately \$50,900,000 and are expected to be funded primarily from New Jersey Educational Facility Authority Revenue Bonds and unrestricted revenues. During 2013, the College capitalized interest expense of \$2.5 million.

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

Notes to Financial Statements
June 30, 2013 and 2012

6. Accounts Payable and Accrued Expenses

As of June 30, 2013 and 2012, accounts payable and accrued expenses consist of the following (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Vendors	\$ 4,268	\$ 4,445
Capital projects	2,935	2,403
Employees	1,707	1,692
Interest payable	<u>5,809</u>	<u>4,193</u>
	<u>\$ 14,719</u>	<u>\$ 12,733</u>

7. Noncurrent Liabilities

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>280,558</u>	<u>-</u>	<u>(5,998)</u>	<u>274,560</u>	<u>8,498</u>
	<u>\$ 284,755</u>	<u>\$ 1,653</u>	<u>\$ (6,776)</u>	<u>\$ 279,632</u>	<u>\$ 11,226</u>

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

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

Ramapo College of New Jersey
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Notes to Financial Statements
June 30, 2013 and 2012

8. Long-Term Debt

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

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

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

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

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Notes to Financial Statements
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8. Long-Term Debt (continued)

The following principal payments due the Authority were outstanding at June 30, 2013 and 2012 (dollars in thousands):

NJ Educational Facilities Authority Revenue Bonds:	<u>Interest Rate</u>	<u>2013</u>	<u>2012</u>
Series 2003 F, due serially to 2013	1.50% to 3.50%	\$ 255	\$ 495
Series 2003 G, due serially to 2013	2.00% to 3.71%	800	1,575
Series 2003 H, due serially to 2029	4.25% to 5.00%	16,705	17,365
Series 2004 E, due serially to 2024	3.00% to 4.38%	12,395	13,140
Series 2006 D, due serially to 2032	3.75% to 4.50%	33,845	34,925
Series 2006 I, due serially to 2036	4.00% to 5.00%	105,490	105,835
Series 2011 A, due serially to 2021	3.00% to 5.00%	17,470	19,090
Series 2012 B, due serially to 2042	2.00% to 5.00%	80,670	80,670
Higher Education Capital Improvement Fund			
Series 2000 B, due serially to 2021	4.50% to 5.75%	1,337	1,468
Higher Education Dormitory Safety Trust Fund			
Series 2001 A, due serially to 2016		206	275
Higher Education Capital Improvement Fund			
Series 2002 A, due serially to 2023	3.00% to 5.25%	1,412	1,484
Other	5.10% to 6.50%	<u>131</u>	<u>227</u>
		270,716	276,549
Plus: Bond premiums		7,202	7,532
Less: Deferred cost on bond refunding		<u>(3,358)</u>	<u>(3,523)</u>
		274,560	280,558
Less: noncurrent portion		<u>266,062</u>	<u>274,559</u>
Total long-term debt, current portion		<u>\$ 8,498</u>	<u>\$ 5,999</u>

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Notes to Financial Statements
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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, 2013 (dollars in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 8,334	\$ 11,521
2015	8,595	11,192
2016	8,891	10,809
2017	9,375	10,405
2018	9,968	9,984
2019-2023	56,348	44,252
2024-2028	62,695	31,590
2029-2033	65,795	17,621
2034-2038	28,600	6,227
2039-2043	<u>12,115</u>	<u>1,877</u>
	<u>\$ 270,716</u>	<u>\$ 155,478</u>

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, 2013 and 2012, such benefits amounted to approximately \$20,739,000 and \$16,844,000 respectively, and are included as part of non-operating revenue under State of New Jersey paid fringe benefits and as operating expense in various functional expense categories in the accompanying financial statements.

10. Retirement Plans

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

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

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10. Retirement Plans (continued)

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.

PERS Funding Policy

PERS members were required to contribute 6.64% and 6.50% of their annual covered salary for the years ended June 30, 2013 and 2012, 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 2013 or 2012 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.

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Notes to Financial Statements
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10. Retirement Plans (continued)

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, 2013 and 2012, ABP received employer and employee contributions that approximated the following from the College (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Employer contribution	\$ 3,115	\$ 3,001
Employee contribution	4,223	4,081
Basis for contributions		
Participating employee salaries	38,938	37,509

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.

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Notes to Financial Statements
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10. Retirement Plans (continued)

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, 2013 and 2012 Prudential received employee contribution that approximated the following from College (dollars in thousands):

	2013	2012
Employer contribution	\$ 2	\$ 2
Employee contribution	3	4
Basis for contributions		
Participating employee salaries	57	78

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

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11. Compensated Absences

Vacation, Compensatory and Paid Leave Bank Time

The College's general policy states that employees are entitled, upon termination, to the current year's unused earned vacation, compensatory and paid leave bank time in addition to any unused vacation, compensatory and paid leave bank time carried over from the immediate prior year. The liability for unused vacation, compensatory and paid leave bank time at June 30, 2013 and 2012 amounted to approximately \$1,827,000 and \$1,794,000, 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 \$1,260,000 and \$1,192,000 for June 30, 2013 and 2012, respectively. The College has made payments of approximately \$86,000 and \$94,000 for unused sick time in fiscal year 2013 and 2012.

12. Commitments

Encumbrances representing outstanding purchase orders and other commitments for materials or services not received as of June 30, 2013 and 2012, are not included in the financial statements. The College has approved contracts in fiscal 2013 and 2012 of approximately \$45,469,000 and \$4,771,000, 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, 2013 and 2012.

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13. Contingencies (continued)

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

14. Component Unit

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

During the years ended June 30, 2013 and 2012, the Foundation distributed \$3,748,000 and \$3,373,000 to the College for both restricted and unrestricted purposes. Complete financial statements for the Ramapo College Foundation can be obtained from Office of Institutional Advancement at 505 Ramapo Valley Road, Mahwah, NJ 07430.

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

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