

The County College of Monmouth



BROOKDALE



Campus Walkway Project Spring 2016

Report on Financial Statement Audit

Fiscal Year Ended June 30, 2015

**Annual
Financial Report**

of

Brookdale Community College

For the Year Ended June 30, 2015

Prepared by

Brookdale Community College

Finance Department

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable President and Members of the Board of Trustees of
Brookdale Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Brookdale Community College (the "College") (A Component Unit of the County of Monmouth), as of June 30, 2015 and for the year then ended, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 College'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 College'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 the College as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 to 10, the schedules on pages 37 to 42, and the Note to the Required Supplementary Information on page 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 about 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedules of expenditures of federal and State of New Jersey awards on pages 48 and 49 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and are not a required part of the basic financial statements. The schedules of expenditures of federal and State of New Jersey awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and State of New Jersey awards are fairly stated, in all material respects, in relation to the basic 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 December 17, 2015 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 the College's internal control over financial reporting and compliance.



Philadelphia, Pennsylvania
December 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management’s Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Management’s Discussion and Analysis (“MD&A”) presents the financial performance of Brookdale Community College (the “College”) during the fiscal year ended June 30, 2015. This MD&A will focus on the College and not the Foundation and will provide various financial analyses comparing fiscal year 2015 to fiscal year 2014, as well as fiscal year 2013 activity.

Enrollment

The College enrollment is comprised of credit and noncredit full-time equated students (“FTEs”). A full-time equated student represents a student or combination of students taking thirty (30) credits.

	2015	2014	2013	Change 2014-2015
Credit FTEs	10,184	10,575	10,814	(391)
Noncredit FTEs	541	672	680	(131)
Total FTEs	10,725	11,247	11,494	(522)

Full-time equated enrollment for credit and noncredit enrollment in fiscal year 2015 was 10,725, compared to fiscal year 2014 FTE enrollment of 11,247. This represents a 4.6 percent decrease.

- Credit enrollment decreased from 10,575 FTEs in fiscal year 2014 to 10,184 FTEs in fiscal year 2015, which represents a 3.7 percent decrease.
- Noncredit enrollment decreased from 672 FTEs in fiscal year 2014 to 541 FTEs in fiscal year 2015, which represents a 19.5 percent decrease.
- Enrollment decreases are not unexpected as they follow a national trend across the higher education sector.

General Financial Information

The College’s basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The financial statements are prepared in accordance with the accounting principles established by the Governmental Accounting Standards Board (“GASB”).

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Financial Highlights

Condensed Schedule of Net Position

The following represents assets, liabilities and net position of the College as of June 30, 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change 2014-2015</u>
Current assets	\$ 20,629,077	22,724,953	29,988,652	(2,095,876)
Noncurrent assets:				
Capital assets	<u>147,641,822</u>	<u>150,739,084</u>	<u>152,131,832</u>	<u>(3,097,262)</u>
Total assets	<u>\$ 168,270,899</u>	<u>173,464,037</u>	<u>182,120,484</u>	<u>(5,193,138)</u>
Deferred outflows of resources	<u>\$ 3,638,495</u>	<u>356,810</u>	<u>370,546</u>	<u>3,281,685</u>
Current liabilities	\$ 17,574,258	13,697,376	14,448,644	3,876,882
Noncurrent liabilities	<u>84,499,145</u>	<u>41,531,359</u>	<u>42,912,338</u>	<u>42,967,786</u>
Total liabilities	<u>\$ 102,073,403</u>	<u>55,228,735</u>	<u>57,360,982</u>	<u>46,844,668</u>
Deferred inflows of resources	<u>\$ 4,195,734</u>	<u>—</u>	<u>—</u>	<u>4,195,734</u>
Net position:				
Net investment in capital assets	\$ 96,216,950	99,199,495	100,592,243	(2,982,545)
Unrestricted	<u>(30,576,693)</u>	<u>19,392,617</u>	<u>24,537,805</u>	<u>(49,969,310)</u>
Total net position	<u>\$ 65,640,257</u>	<u>118,592,112</u>	<u>125,130,048</u>	<u>(52,951,855)</u>

Current assets decreased by \$2,095,876 primarily due to a decrease in cash and cash equivalents and short-term investments totaling \$6,946,647, offset by deposits held by trustees of \$3,884,789. The decrease in capital assets, net of accumulated depreciation, is attributed to additions of \$2,677,882, less depreciation of \$5,775,144. The College's long-term debt increased significantly due to implementing GASB Statement No. 68 ("GASB 68") and GASB Statement No. 71 ("GASB 71") which required the College to present its net pension liability (see note 8).

Net position as shown in the previously reported schedule decreased to \$65,640,257 in comparison to \$118,592,112 at the end of fiscal year 2014. This change included a restatement of net position at the beginning of the year in the amount of (\$44,726,670), which was a result of the College implementing GASB 68 and GASB 71 (see note 16).

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BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>2015</u>
Land	\$ 5,882,462	—	—	5,882,462
Building and improvements	229,913,140	2,355,016	—	232,268,156
Furniture and equipment	<u>9,103,160</u>	<u>322,866</u>	<u>(15,514)</u>	<u>9,410,512</u>
Total	244,898,762	2,677,882	(15,514)	247,561,130
Less accumulated depreciation	<u>(94,159,678)</u>	<u>(5,775,144)</u>	<u>15,514</u>	<u>(99,919,308)</u>
Capital assets, net	<u>\$ 150,739,084</u>	<u>(3,097,262)</u>	<u>—</u>	<u>147,641,822</u>

Capital improvement projects at Gorman Hall, Lincroft Campus (fascia, water main, energy efficiency lighting), Wall Higher Education Center and Neptune Higher Education Center (Poseidon) made up the majority of additions to buildings and building improvements. The College annually contracts with American Appraisal Associates, who provides the College with a detailed report on capital assets, related additions, retirements, and depreciation. The College also engages in a physical inventory every five years to ensure the integrity of the capital assets.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Summary of Revenues, Expenses, and Changes in Net Position

The College receives its revenue from three main sources: Tuition and Fees, State Aid, and County support. The balance of revenue was received from miscellaneous sources, which include Business and Community Development Grants, Investment Income, Other Fees, and Other Income.

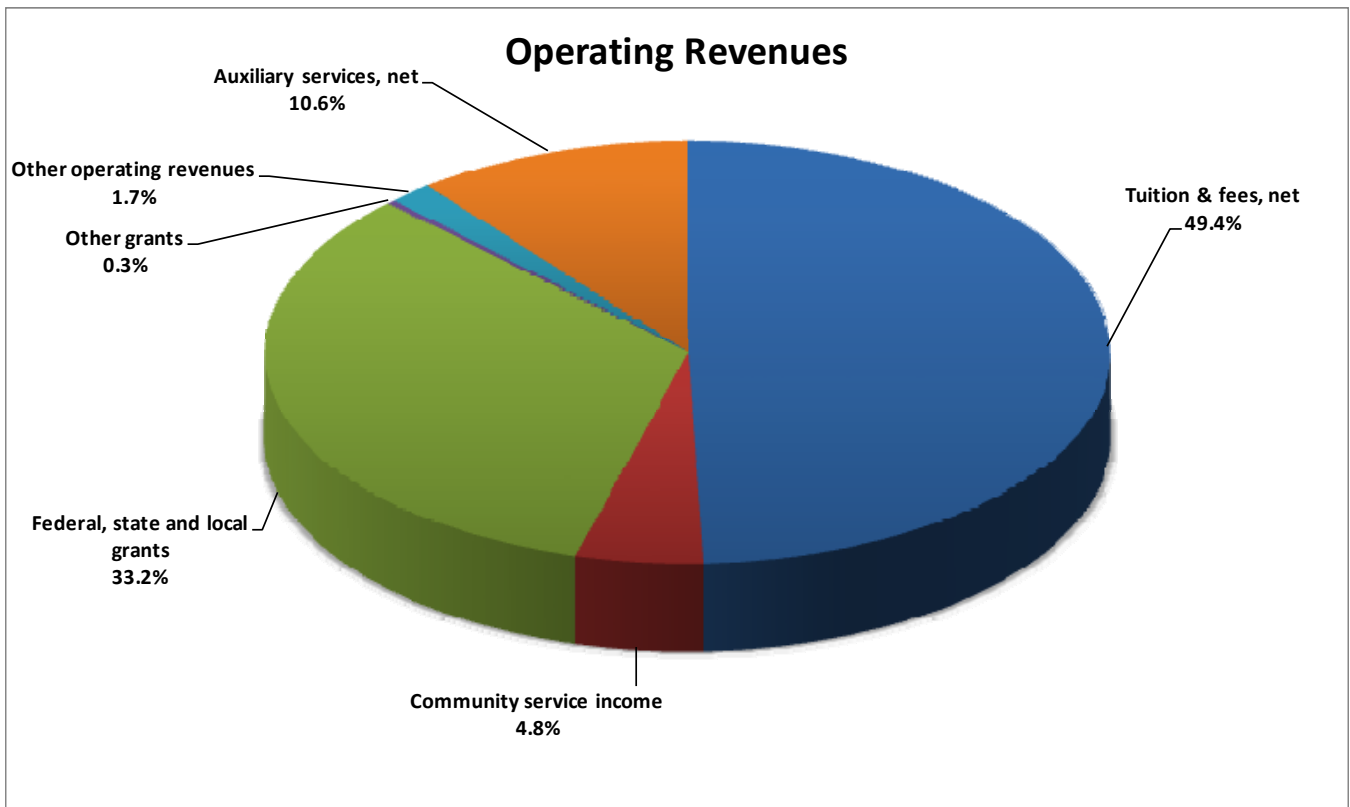
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change 2014-2015</u>
Operating revenues:				
Tuition, net	\$ 21,005,531	20,919,646	20,625,984	85,885
Fees	5,997,306	6,059,120	6,170,357	(61,814)
Chargebacks to other counties	315,482	321,439	334,283	(5,957)
Community service income	2,679,006	2,797,089	3,000,400	(118,083)
Federal, state and local grants	18,327,669	19,101,579	20,156,164	(773,910)
Other grants	178,537	138,678	70,632	39,859
Other operating revenues	934,289	936,515	886,414	(2,226)
Auxiliary services, net	<u>5,845,950</u>	<u>5,972,265</u>	<u>8,340,668</u>	<u>(126,315)</u>
Total operating revenues	55,283,770	56,246,331	59,584,902	(962,561)
Operating expenses	<u>113,747,225</u>	<u>115,550,667</u>	<u>119,224,224</u>	<u>(1,803,442)</u>
Operating loss	<u>(58,463,455)</u>	<u>(59,304,336)</u>	<u>(59,639,322)</u>	<u>840,881</u>
Nonoperating revenues (expenses):				
State appropriations	10,350,862	10,293,332	10,417,121	57,530
Local appropriations	20,027,019	21,456,909	21,456,909	(1,429,890)
Pell Grants	16,434,086	16,767,234	16,355,238	(333,148)
Investment income	47,450	96,904	152,299	(49,454)
Other nonoperating revenues	5,431,669	6,909,844	3,936,508	(1,478,175)
Other nonoperating expenses	(20,918)	(746,805)	(217,338)	725,887
Interest expense	<u>(2,031,898)</u>	<u>(2,011,018)</u>	<u>(2,068,211)</u>	<u>(20,880)</u>
Net nonoperating revenues	<u>50,238,270</u>	<u>52,766,400</u>	<u>50,032,526</u>	<u>(2,528,130)</u>
Decrease in net position	(8,225,185)	(6,537,936)	(9,606,796)	(1,687,249)
Net position as of beginning of year	<u>118,592,112</u>	<u>125,130,048</u>	<u>134,736,844</u>	<u>(6,537,936)</u>
Net position, restatement	<u>(44,726,670)</u>	<u>—</u>	<u>—</u>	<u>(44,726,670)</u>
Net position as of beginning of year, as restated	<u>73,865,442</u>	<u>125,130,048</u>	<u>134,736,844</u>	<u>(51,264,606)</u>
Net position as of end of year	<u>\$ 65,640,257</u>	<u>118,592,112</u>	<u>125,130,048</u>	<u>(52,951,855)</u>

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BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management’s Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Revenues

In fiscal years 2015 and 2014, the College charged \$118.75 and \$115.50, respectively, per student credit hour (“SCH”) to a maximum of \$1,781.25 and \$1,732.50, respectively, per term. In addition, the College charged a General Service Fee of 24% of tuition during fiscal years 2015 and 2014, or \$28.50 and \$27.72, respectively, per student credit hour to a maximum of \$427.50 and \$415.80, respectively. These fees help fund technology enhancements, student life and activities, capital improvements and debt service obligations.



Tuition, fee, and chargeback revenue increased by \$1,882,782; this increase was primarily due to an increase in scholarship allowances of \$1,864,668, for an overall net increase of \$18,114. Lower enrollment, which also impacts general service fees, accounts for the lower revenue figures.

The Bookstore, Event Management and Dining Services operations make up the main components of the College’s Auxiliary Services. In FY14, the College began outsourcing its Dining Services operation to a third-party service provider. Subsequently, the College experienced a decrease in revenue and expenses associated with the Dining Services operation; however, the College saved approximately \$225,000 in average losses per year from FY09 through FY13.

Nonoperating revenues

State aid increased by \$57,530 due to a reallocation of funding to the 19 community colleges based on audited FY14 enrollment data. Overall State aid funding to the sector remained flat in FY15.

Total County aid of \$20,027,019 decreased in 2015 by \$1,429,890.

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BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

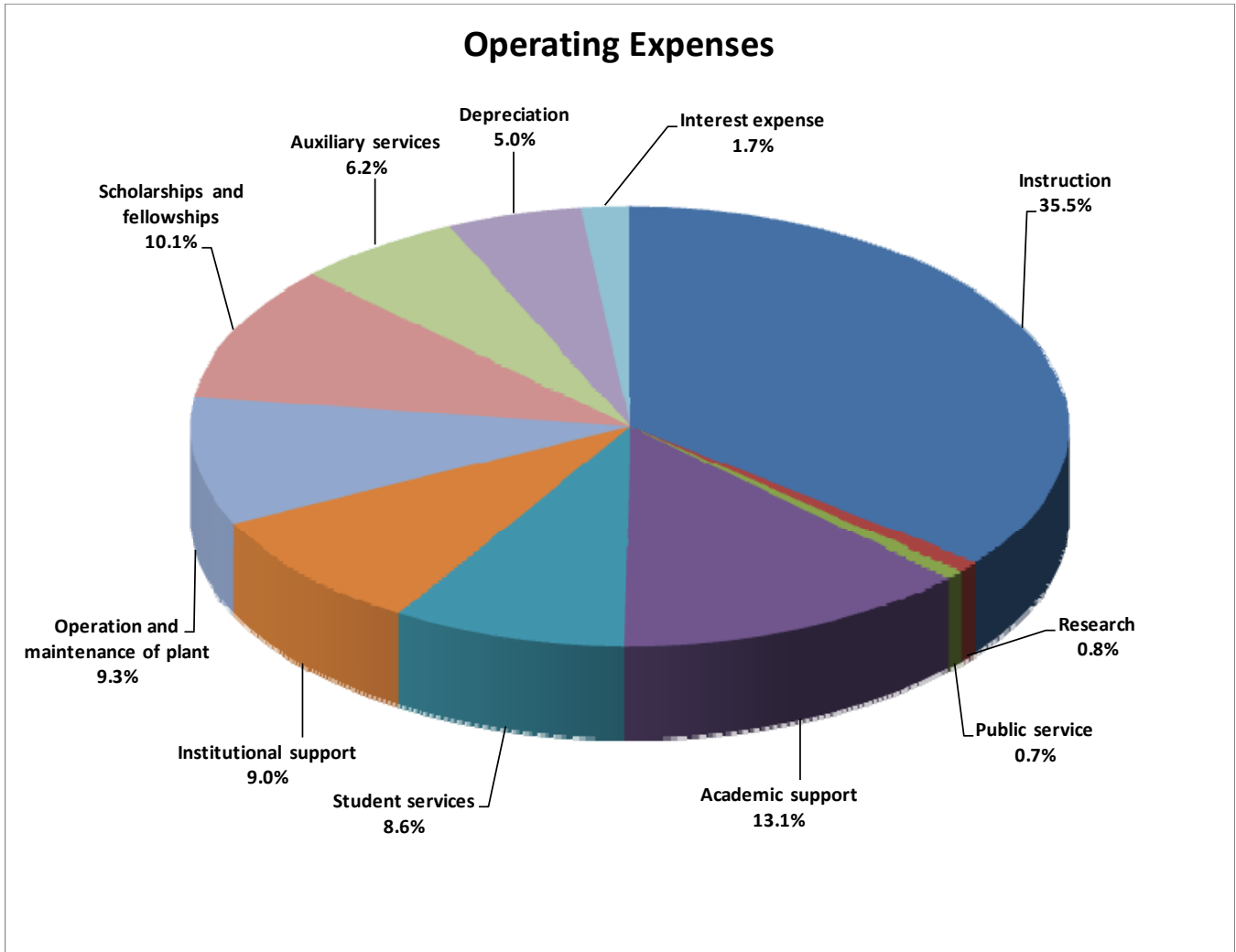
Expenses

Operating expenses are those expenses paid by the College to acquire or produce goods and services to fulfill its mission. Naturally, the majority of expense can be attributed to the College's core mission – student success. The College had total operating and interest expenses of \$115,779,123 in FY15 compared with \$117,561,685 in FY14. The College's operating expenses by functional classification for the years ended June 2015, 2014 and 2013 were:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change 2014-2015</u>
Operating expenses:				
Instruction	\$ 41,130,964	40,982,407	41,509,176	148,557
Research	960,852	1,285,182	1,164,037	(324,330)
Public service	804,930	875,539	666,969	(70,609)
Academic support	15,193,478	14,991,154	15,302,941	202,324
Student services	9,947,405	11,208,272	11,402,603	(1,260,867)
Institutional support	10,394,589	10,358,548	11,068,248	36,041
Operation and maintenance of plant	10,765,512	10,225,535	10,085,169	539,977
Scholarships and fellowships	11,642,815	12,109,431	12,274,160	(466,616)
Auxiliary services	7,131,536	7,776,990	10,162,734	(645,454)
Depreciation	<u>5,775,144</u>	<u>5,737,609</u>	<u>5,588,187</u>	<u>37,535</u>
Total operating expenses	113,747,225	115,550,667	119,224,224	(1,803,442)
Interest expense	<u>2,031,898</u>	<u>2,011,018</u>	<u>2,068,211</u>	<u>20,880</u>
Total operating and interest expenses	<u>\$ 115,779,123</u>	<u>117,561,685</u>	<u>121,292,435</u>	<u>(1,782,562)</u>

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014



Operating and interest expenses decreased \$1,782,562 in fiscal year 2015 from fiscal year 2014. This decrease is primarily the result of the College continuing to focus on ways to reduce expenditures, in an effort to decrease reliance on self-funding the annual budget. Campus-wide savings were realized through strategic realignment of personnel following staff retirements and resignations, offset by increases to the cost of health benefits and pension obligations.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2015 and 2014

Summary of Net Position

The College had the following net position as of June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Change 2014-2015</u>
Net position:				
Unrestricted	\$ 14,339,693	19,392,617	24,537,805	(5,052,924)
Impact of GASB 68	<u>(44,916,386)</u>	<u>—</u>	<u>—</u>	<u>(44,916,386)</u>
	(30,576,693)	19,392,617	24,537,805	(49,969,310)
Net investment in capital assets	<u>96,216,950</u>	<u>99,199,495</u>	<u>100,592,243</u>	<u>(2,982,545)</u>
Total net position	<u>\$ 65,640,257</u>	<u>118,592,112</u>	<u>125,130,048</u>	<u>(52,951,855)</u>

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BASIC FINANCIAL STATEMENTS

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Statement of Net Position
As of June 30, 2015

	<u>Brookdale Community College</u>	<u>Brookdale Community College Foundation</u>
Assets		
Current assets:		
Cash and cash equivalents (notes 1 and 2)	\$ 10,596,714	349,111
Short-term investments (note 2)	—	3,190,417
Accounts receivable, net of allowance of \$946,166 (note 3)	4,096,926	100,604
Deposits held by trustees (note 2)	3,884,789	—
Inventories	804,841	—
Prepaid expenses	1,245,807	—
Total current assets	<u>20,629,077</u>	<u>3,640,132</u>
Noncurrent assets:		
Cash restricted for long-term purposes	—	78,023
Endowment investments (note 2)	—	1,998,800
Capital assets, net of accumulated depreciation of \$99,919,308 (note 5)	147,641,822	—
Total noncurrent assets	<u>147,641,822</u>	<u>2,076,823</u>
Total assets	<u>168,270,899</u>	<u>5,716,955</u>
Deferred Outflows of Resources		
Deferred loss on bond refinancing (note 6)	329,095	—
Related to pensions (note 8)	3,309,400	—
Total deferred outflows of resources	<u>3,638,495</u>	<u>—</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (notes 4 and 10)	9,528,501	35,423
Unearned student tuition and fees	3,140,951	—
Unearned grant revenue	123,448	—
Unearned revenue other	3,275,323	—
Long-term debt, current portion (note 6)	1,506,035	—
Total current liabilities	<u>17,574,258</u>	<u>35,423</u>
Noncurrent liabilities:		
Long-term debt, net of current portion (note 6)	40,469,094	—
Net pension liability (note 8)	44,030,051	—
Total noncurrent liabilities	<u>84,499,145</u>	<u>—</u>
Total liabilities	<u>102,073,403</u>	<u>35,423</u>
Deferred Inflows of Resources		
Related to pensions (note 8)	4,195,734	—
Net Position		
Net investment in capital assets	96,216,950	—
Restricted:		
Nonexpendable:		
Scholarships	—	1,177,096
Library	—	899,727
Expendable:		
Scholarships	—	2,493,745
Unrestricted (note 7)	(30,576,693)	1,110,964
Total net position	<u>\$ 65,640,257</u>	<u>5,681,532</u>

See accompanying notes to financial statements

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Statement of Revenues, Expenses and Changes in Net Position
For the fiscal year ended June 30, 2015

	Brookdale Community College	Brookdale Community College Foundation
Operating revenues:		
Student revenues:		
Tuition, net of scholarship allowances of \$20,099,733	\$ 21,005,531	—
Chargebacks to other counties	315,482	—
	21,321,013	—
Auxiliary services, net of scholarships of \$1,756,322	5,845,950	—
Fees	5,997,306	—
Net student revenues	33,164,269	—
Community service income	2,679,006	—
Federal grants	13,508,407	—
State grants	4,514,470	—
Local grants	304,792	—
Other grants	178,537	—
Special events	—	208,033
Other operating revenues	934,289	—
Total operating revenues	55,283,770	208,033
Operating expenses:		
Instruction	41,130,964	—
Research	960,852	—
Public service	804,930	—
Academic support	15,193,478	—
Student services	9,947,405	—
Institutional support	10,394,589	182,307
Operation and maintenance of plant	10,765,512	—
Scholarships and fellowships	11,642,815	416,401
Auxiliary services	7,131,536	—
Depreciation	5,775,144	—
Total operating expenses	113,747,225	598,708
Operating loss	(58,463,455)	(390,675)
Nonoperating revenues (expenses):		
State appropriations	10,350,862	—
Local appropriations	20,027,019	—
Pell Grants	16,434,086	—
Contributions	—	298,715
Investment income (loss)	47,450	(3,459)
Other nonoperating revenues	5,431,669	—
Other nonoperating expenses	(20,918)	—
Interest expense	(2,031,898)	—
On-behalf payments - Alternate Benefit Program:		
Revenues	2,203,705	—
Expenses	(2,203,705)	—
On-behalf payments - Police and Fireman's Retirement System:		
Revenues	62,350	—
Expenses	(62,350)	—
Net nonoperating revenues	50,238,270	295,256
Decrease in net position	(8,225,185)	(95,419)
Net position as of beginning of year	118,592,112	5,776,951
Net position, restatement	(44,726,670)	—
Net position as of beginning of year, as restated	73,865,442	5,776,951
Net position as of end of year	\$ 65,640,257	5,681,532

See accompanying notes to financial statements

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Statement of Cash Flows
For the fiscal year ended June 30, 2015

	Brookdale Community College	Brookdale Community College Foundation
Cash flows from operating activities:		
Student tuition and fees (including chargebacks to other counties)	\$ 27,704,242	—
Noncredit revenue	2,678,036	—
Grants and contracts	18,316,371	—
Grant payments	(34,940,292)	—
Payments to suppliers	(6,604,636)	(91,020)
Payments to employees	(49,070,308)	(79,990)
Payments for scholarships and fellowships	(9,886,493)	(416,401)
Auxiliary services:		
Bookstore and dining services receipts	5,887,394	—
Bookstore and dining services payments	(5,322,968)	—
Other auxiliary services payments	(1,785,218)	—
Special events receipts	—	191,861
Other operating receipts	934,289	(4,438)
Net cash used in operating activities	<u>(52,089,583)</u>	<u>(399,988)</u>
Cash flows from noncapital financing activities:		
State appropriations	10,350,862	—
Local appropriations	20,027,019	—
Pell Grants	16,463,295	—
Contributions	—	302,593
Net cash provided by noncapital financing activities	<u>46,841,176</u>	<u>302,593</u>
Cash flows from capital financing activities:		
Deposits held with trustees	(3,884,789)	—
Payments on capital debt	2,240,773	—
Capital appropriations	4,442,832	—
Interest paid on capital debt	(2,042,889)	—
Purchases of capital assets	(2,537,191)	—
Net cash used in capital financing activities	<u>(1,781,264)</u>	<u>—</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	22,596,714	270,934
Interest and dividends on investments	83,024	87,178
Purchases of investments	(10,596,714)	(272,204)
Net cash provided by investing activities	<u>12,083,024</u>	<u>85,908</u>
Net increase (decrease) in cash and cash equivalents	5,053,353	(11,487)
Cash and cash equivalents as of beginning of year	5,543,361	438,621
Cash and cash equivalents as of end of year	<u>\$ 10,596,714</u>	<u>427,134</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (58,463,455)	(390,675)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	5,775,144	—
Net pension expense	190,747	—
Changes in assets and liabilities:		
Grants and other receivables	101,679	(16,171)
Inventories	25,243	—
Prepaid expenses	(189,767)	—
Accounts payable and accrued expenses	207,394	(80)
Due to Brookdale Community College	—	11,376
Deposits held in custody of others	—	(4,438)
Unearned student tuition and fees	252,388	—
Unearned grant revenue	11,044	—
Net cash used in operating activities	<u>\$ (52,089,583)</u>	<u>(399,988)</u>

See accompanying notes to financial statements

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies

Organization

Brookdale Community College (the “College”) was established in 1967 as a unit of the New Jersey Master Plan for Higher Education and became part of a statewide network of 19 county colleges. The College offers pre-baccalaureate preparation (A.S. and A.A. degrees) as well as programs and certificates which are designed to prepare students for employment (A.A.S. degrees). The College also maintains a comprehensive Outreach, Business and Community Development operation which provides lifelong learning opportunities to the citizens and businesses of the County of Monmouth (the “County”). The College opened its doors to students on September 29, 1969.

The work of the College is centered on the main campus in Lincroft, New Jersey, on the site of the former Brookdale Farm. The main campus is spread across more than 200 acres of woodlands and rolling hills and includes 27 buildings comprised of classrooms, library, theatre/auditorium, student center, bookstore, sports arena, dining facilities, administrative offices, maintenance shop, day care center, and the Monmouth Museum.

The College also operates the Brookdale at Freehold Campus, as well as four Higher Education Centers (“HECs”) located throughout the County in Neptune, Long Branch, Hazlet and Wall. Offerings at these sites include GED preparation, Adult Basic Education, English as a Second Language, and a variety of credit courses. Additionally, the College leads the Communiversity, an alliance of six New Jersey higher education institutions offering select associate, bachelors and masters degree programs in the County.

Financial Reporting and Summary of Significant Accounting Policies

Component Unit

The College organized Brookdale Community College Foundation (the “Foundation”), a legally separate component unit, in 1973, under the laws of the State of New Jersey, for the sole benefit of the College, faculty, and students. The purpose of the Foundation is to receive, hold, invest, administer, encourage, and solicit contributions from the general public for the benefit of Brookdale Community College. The Foundation’s efforts benefit the College in the undertaking of projects which foster and promote educational philosophy, mission and goals of the College; in providing funds for the development of curriculum and education media; and in the creation of scholarships. The financial statements of the Brookdale Community College Foundation are presented discretely in the College’s financial statements because of the nature and significance of its relationship with the College, including its ongoing financial support of the College. Copies of the Foundation’s financial statements can be obtained by writing to Brookdale Community College Foundation, Lincroft, New Jersey.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

Financial Reporting and Summary of Significant Accounting Policies (continued)

Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by Governmental Accounting Standards Board (“GASB”) standards. The College is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the College’s proportion of expenses and liabilities to the pension as a whole, differences between the College’s pension contribution and its proportionate share of contributions, and the College’s pension contributions subsequent to the pension valuation measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System (“PERS”) and Police and Fire Retirement System (“PFRS”) and additions to/deductions from PERS’s and PFRS’s fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Standards Adopted

During the fiscal year ended June 30, 2015, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. As a result of adopting such Statements, the College was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to its defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled (\$44,726,670), and was recognized as a restatement of the College’s June 30, 2014 net position on the statement of revenues, expenses and changes in net position (see note 16).

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

Financial Reporting and Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus in accordance with *Government Auditing Standards*. The College reports its financial statements 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.

Net Position

The College classifies its resources into three net position categories:

- *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 College.
 - Expendable* – Net position whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted:* Net 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.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

Financial Reporting and Summary of Significant Accounting Policies (continued)

Other

Other significant accounting policies followed in the preparation of the accompanying financial statements are outlined below:

- (a) Cash and cash equivalents consist of cash on deposit with banks and money market funds with original maturities of three months or less when purchased.
- (b) Inventories consist of food service items, books, clothing, and other bookstore merchandise and are recorded at the lower of cost or market using the average cost.
- (c) Investments are stated at fair value, which is based upon quoted market prices, and consist of certificates of deposit, equities, bonds and notes, and mutual funds. Interest, dividends and change in the fair value of investments consisting of both realized and unrealized gains or losses, are reported as investment income on the statement of revenues, expenses and changes in net position.
- (d) Capital assets are recorded at historical cost and include land, buildings and building improvements and furniture and equipment over \$5,000. The costs of normal maintenance and repairs that do not add value to the asset are not capitalized. Major outlays for capital assets are capitalized as the projects are constructed and transferred to the appropriate asset category upon completion. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Useful Lives
Buildings and building improvements	10 - 45 years
Furniture and equipment	5 - 10 years

- (e) The County of Monmouth is generally responsible for the issuance of certain bonds and notes for the College's capital expenditures which are financed by County bond ordinances; unexpended bond ordinances are available for capital expenditures in subsequent years. The County is also responsible for the payment of interest on this issued debt and the retirement of such obligations. Accordingly, this debt is reported in the financial statements of the County of Monmouth and is not included in the accompanying financial statements of the College. However, The Monmouth County Improvement Authority has issued Lease Revenue Bonds for which the College is responsible for future debt service payments (see note 6).
- (f) Student tuition and fees and auxiliary services are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarship expense and are recognized in the period incurred. Student tuition and fees collected for courses that are held subsequent to fiscal year-end are recorded as unearned student tuition and fees in the accompanying statement of net position.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

Financial Reporting and Summary of Significant Accounting Policies (continued)

Other (continued)

- (g) Grants receivable represent amounts awarded to, but not yet received by, the College. Revenues are recognized as the grants are expended. Amounts received from grants which have not yet been earned under the terms of the agreements are recorded as unearned grant revenue in the accompanying statement of net position.
- (h) Revenue from State of New Jersey and County appropriations is recognized in the fiscal years during which the State of New Jersey and County of Monmouth appropriate the funds to the College.
- (i) Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts.
- (j) Auxiliary services expenses include direct and indirect administration and general costs related to their operations.
- (k) Chargebacks to other counties represent the amount the College charges the counties in which out-of-county students reside for their portion of the College's operating expenses, as provided by the criteria and procedures specified in the Statement of Auditing and Accounting Standards for County Colleges recommended by the Council of County Colleges and for use by the Department of Treasury pursuant to New Jersey Statutes Annotated ("N.J.S.A.") 18A:64A-22 and 29.
- (l) The College receives appropriations from the State of New Jersey and the County of Monmouth. The College is economically dependent on these appropriations to carry on its operations and is considered to be a component unit of the County of Monmouth.
- (m) Grants and contributions are recorded as unrestricted revenue or restricted net position depending on the absence or existence of any donor restrictions. Unconditional grants and contributions are recognized as revenue when the related promise to give is disclosed.

Donor-restricted grants and contributions whose restrictions are satisfied in the same period as funds are recognized are reported as unrestricted support in the statement of revenues, expenses and changes in net position.
- (n) The College's policy defines operating activities in the statement of revenues, expenses, and changes in net position as those that serve the College's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary services and (3) most federal, state, and local grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State of New Jersey and County of Monmouth, contributions and investment income. Interest expense is reported as a nonoperating expense.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(1) Organization and Summary of Significant Accounting Policies (continued)

Financial Reporting and Summary of Significant Accounting Policies (continued)

Other (continued)

- (o) The College is exempt from federal income taxes under Internal Revenue Code Section 115. The Foundation is an organization described under Section 501(c)(3) of the Internal Revenue Code (“Code”) and therefore is exempt from federal income taxes under 501(a) of the Code.
- (p) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(2) Cash and Cash Equivalents, Investments and Deposits Held by Trustees

Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College’s deposits may not be returned to it. Although the College does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. As of June 30, 2015, the College’s and Foundation’s combined bank balances of \$11,023,848 were insured, collateralized or uninsured as follows:

	Brookdale Community College	Brookdale Community College Foundation
Insured	\$ 250,000	427,134
Collateralized under GUDPA	10,331,018	—
Uninsured	15,696	—
	\$ 10,596,714	427,134

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(2) Cash and Cash Equivalents, Investments and Deposits Held by Trustees (continued)

Investments

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, or are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. The College held no investments as of June 30, 2015. As of June 30, 2015, the Foundation held investments totaling \$5,189,217 in mutual funds, bonds and notes, and equities at various financial institutions.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the College does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, to mitigate this risk, the majority of investments purchased have a maturity date of no more than one year. The Foundation does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. does not limit the investment types that County colleges may purchase and the College has no investment policy that limits its investment choices. The Foundation's investment policy establishes guidelines for permissible investments, which include certificates of deposits, mutual funds, equities and bonds.

Concentration of Credit Risk

The College does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2015, the College held no investments.

The Foundation does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2015, the Foundation had the following investments and maturities:

Investment	Maturity	Credit Rating	Fair Value
Mutual funds	N/A	N/A	\$ 9,953
Equities	N/A	N/A	2,728,060
Bonds and notes	various	various	2,451,204
			\$ 5,189,217

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(2) Cash and Cash Equivalents, Investments and Deposits Held by Trustees (continued)

Deposits Held by Trustees

Deposits held by trustees represent assets held by trustees under the terms of various agreements with the New Jersey Educational Facilities Authority (“NJEFA”). Deposits held by trustees are carried in the financial statements at fair value and consist entirely of cash and cash equivalents. As of June 30, 2015, the College’s deposits held by trustees are \$3,884,789.

(3) Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2015:

	<u>Brookdale Community College</u>	<u>Brookdale Community College Foundation</u>
Federal, state and local grants receivable	\$ 2,384,277	—
Student accounts receivable	1,719,702	—
Community development receivables	302,215	—
Other receivables	636,898	100,604
	<u>5,043,092</u>	<u>100,604</u>
Less allowance for doubtful accounts	946,166	—
	<u>\$ 4,096,926</u>	<u>100,604</u>

(4) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of June 30, 2015:

	<u>Brookdale Community College</u>	<u>Brookdale Community College Foundation</u>
Vendors	\$ 694,781	—
Construction	960,159	—
Payroll	2,652,294	—
Compensated absences - vacation	2,352,556	—
State of New Jersey unemployment	550,000	—
Other	2,318,711	35,423
	<u>\$ 9,528,501</u>	<u>35,423</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(5) Capital Assets

The fiscal year 2015 activity in capital assets and accumulated depreciation was as follows:

	Brookdale Community College			Balance, June 30, 2015
	Balance, July 1, 2014	Additions	Retirements	
Depreciable assets:				
Buildings and building improvements	\$ 229,913,140	2,355,016	—	232,268,156
Furniture and equipment	9,103,160	322,866	(15,514)	9,410,512
	<u>239,016,300</u>	<u>2,677,882</u>	<u>(15,514)</u>	<u>241,678,668</u>
Less accumulated depreciation:				
Buildings and building improvements	(87,692,139)	(5,182,299)	—	(92,874,438)
Furniture and equipment	(6,467,539)	(592,845)	15,514	(7,044,870)
	<u>(94,159,678)</u>	<u>(5,775,144)</u>	<u>15,514</u>	<u>(99,919,308)</u>
Depreciable assets, net	144,856,622	(3,097,262)	—	141,759,360
Nondepreciable asset, land	5,882,462	—	—	5,882,462
Capital assets, net	<u>\$ 150,739,084</u>	<u>(3,097,262)</u>	<u>—</u>	<u>147,641,822</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(6) Long-Term Debt

The activity in long-term debt for the year ended June 30, 2015 was as follows:

	Brookdale Community College			June 30, 2015
	July 1, 2014	Increase	Decrease	
Lease revenue bonds - Series 2008 issue:				
Serial bonds (interest rates from 3.25% to 5.25%; due on various dates through fiscal year 2025)	\$ 7,265,000	—	(515,000)	6,750,000
Term bonds (interest rate from 5.25% to 6.00%; due in fiscal years 2027, 2029, 2032 and 2039)	18,380,000	—	—	18,380,000
Lease revenue bonds - Series 2009 issue:				
Serial bonds (interest rates from 2.0% to 5.125%; due on various dates through fiscal year 2023)	4,105,000	—	(390,000)	3,715,000
Term bonds (interest rate from 3.5% to 4.0%; due in fiscal years 2025 to 2032)	5,695,000	—	—	5,695,000
Lease revenue bonds - Series 2012 issue:				
Serial bonds (interest rates from 2.0% to 5.0%; due on various dates through fiscal year 2026)	6,760,000	—	(425,000)	6,335,000
Equipment leasing fund	—	609,466	(114,717)	494,749
Bond premium	656,359	—	(50,979)	605,380
	<u>\$ 42,861,359</u>	<u>609,466</u>	<u>(1,495,696)</u>	<u>41,975,129</u>
Less current portion				<u>(1,506,035)</u>
				<u>40,469,094</u>

A. The lease revenue bonds – Series 2008 were issued by The Monmouth County Improvement Authority (“MCIA”) pursuant to an agreement with the College for the purpose of funding for the Big Four Projects, which was comprised of renovations to the Collins Arena, Fitness Center, Autotech and the Freehold campus. The agreement with MCIA requires the pledging of certain revenues to meet the sinking fund requirements of the issue. The College’s mortgage obligation to MCIA is collateralized by certain land, buildings and building improvements, and equipment.

Except for extraordinary optional redemption as described in the debt agreement, the Series 2008 bonds are not subject to redemption prior to August 1, 2018, and are redeemable thereafter at par plus accrued interest.

Bond principal payments are due August 1 of each year starting in the year 2009 and ending in the year 2038. Bond principal payments of \$515,000 were made on August 1, 2014, and \$535,000 is due on August 1, 2015; subsequent bond principal payments incrementally increase to a maximum of \$1,880,000 on August 1, 2038.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(6) Long-Term Debt (continued)

- B. The lease revenue bonds – Series 2009 were issued by The Monmouth County Improvement Authority pursuant to an agreement with the College for the purpose of refinancing the funding for construction of a multi-purpose student life center on the Lincroft campus of the College. The agreement with MCIA requires the pledging of certain revenues to meet the sinking fund requirements of the issue. The College’s mortgage obligation to MCIA is collateralized by certain land, buildings and building improvements, and equipment.

Except for extraordinary optional redemption as described in the debt agreement, the Series 2009 bonds are not subject to redemption prior to August 1, 2019, and are redeemable thereafter at par plus accrued interest.

Bond principal payments are due August 1 of each year starting in the year 2010 and ending in the year 2029. Bond principal payments of \$390,000 were made on August 1, 2014, and \$405,000 is due on August 1, 2015; subsequent bond principal payments incrementally increase thereafter to a maximum of \$730,000 on August 1, 2031.

- C. The lease revenue bonds – Series 2012 were issued by The Monmouth County Improvement Authority pursuant to an agreement with the College for the purpose of providing funds to MCIA to fund an escrow, the proceeds of which were used for the purpose of refunding all of MCIA’s outstanding Lease Revenue Bonds - Series 2003, and paying certain costs in connection with the issuance of the bonds. As a result, the Series 2003 was considered to be defeased and the liability has been removed from the financial statements. The agreement with MCIA requires the pledging of certain rental revenues to meet the sinking fund requirements of the issue. The College’s mortgage obligation to MCIA is collateralized by certain land, buildings and building improvements.

Except for extraordinary optional redemption as described in the debt agreement, the Series 2012 bonds are not subject to redemption prior to August 1, 2022, and are redeemable thereafter at par plus accrued interest.

Bond principal payments are due August 1 of each year starting in the year 2012 and ending in the year 2026. Bond principal payments of \$425,000 were made on August 1, 2014, and \$435,000 is due on August 1, 2015; subsequent bond principal payments incrementally increase thereafter to a maximum of \$635,000 on August 1, 2026.

- D. During fiscal year 2015, the College entered into a commitment with NJEFA to lease certain equipment. The State’s Equipment Leasing Fund (“ELF”) provides funds to support the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for public and private institutions of higher education. The equipment, which will be procured beginning in fiscal year 2016, will be purchased with the proceeds of an NJEFA bond issuance. The total amount of equipment to be financed is \$2,724,217. The College’s basic rent as set forth in the loan schedule is equal to approximately 22% of the debt service on the bonds, consisting of principal of \$609,466 and interest of \$101,124.

The bonds issued by NJEFA are tax exempt and require annual principal and semiannual and interest payments, which commence on November 1, 2014 for interest and May 1, 2015 for principal. Final payment to include principal, interest, and other expenses is due on May 1, 2020. At the completion of the lease term in fiscal year 2020, title to the equipment will be transferred to the College.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(6) Long-Term Debt (continued)

The following is a schedule, by year, of future minimum payments under long-term debt as of June 30, 2015:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,506,035	1,984,550	3,490,585
2017	1,567,645	1,916,026	3,483,671
2018	1,629,256	1,839,507	3,468,763
2019	1,599,997	1,772,199	3,372,196
2020	1,661,816	1,699,815	3,361,631
2021-2025	9,195,000	7,382,910	16,577,910
2026-2030	9,315,000	5,224,517	14,539,517
2031-2035	8,010,000	2,966,065	10,976,065
2036-2039	6,885,000	685,125	7,570,125
	<u>\$ 41,369,749</u>	<u>25,470,714</u>	<u>66,840,463</u>

Interest charges incurred in fiscal year 2015 were \$ \$2,031,898.

In connection with the refinancing of the Lease Revenue Bonds - Series 2003 with the Lease Revenue Bonds - Series 2012, the premium on the bond refinancing was \$764,690 and deferred loss on the bond refinancing was \$415,734. Bond premium and deferred loss on the bond refinancing are amortized over 15 years (the life of the bond). The balance of the bond premium as of June 30, 2015 was \$605,380, and the deferred loss as of June 30, 2015 was \$329,095. The premium on the bond is included in long-term debt on the statement of net position. Deferred loss on the bond refinancing is included in deferred outflows of resources on the statement of net position. The amount of premium charged as a reduction of interest expense for fiscal year 2015 was \$50,979, and the amount of deferred loss charged as a reduction of interest expense for fiscal year 2015 was \$27,715.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(7) Designations of Unrestricted Net Position

As of June 30, 2015, the College had designated portions of its unrestricted net position as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Designated:			
Auxiliary services	\$ 5,472,371	—	5,472,371
Risk management	—	116,348	116,348
Campus construction projects/minor capital	—	5,798,772	5,798,772
Appropriation to succeeding fiscal years' budgets	<u>2,952,202</u>	<u>—</u>	<u>2,952,202</u>
	8,424,573	5,915,120	14,339,693
Impact of GASB 68 adjustments	<u>(44,916,386)</u>	<u>—</u>	<u>(44,916,386)</u>
	<u>\$ (36,491,813)</u>	<u>5,915,120</u>	<u>(30,576,693)</u>

(8) Retirement Plans

Plan Descriptions

The College participates in four major retirement plans for its employees – the State of New Jersey Public Employees’ Retirement System (“PERS”), Police and Firemen’s Retirement System (“PFRS”), Defined Contribution Retirement Program (“DCRP”) and Alternate Benefit Program (“ABP”). ABP presently makes contributions to Teachers Insurance and Annuity Association – College Retirement Equities Fund (“TIAA/CREF”), ING Life Insurance, AXA Equitable Life Insurance, The Hartford Life Insurance, Metlife, VALIC and Prudential Retirement. ABP alternatives are administered by a separate Board of Trustees. PERS and PFRS are cost-sharing, multi-employer defined benefit pension plans administered by the State of New Jersey. Generally, all employees, except certain part-time employees, participate in one of these plans. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information.

PERS and PFRS Information

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 of New Jersey or public agency, provided the employee is not a member of another State of New Jersey-administered retirement system. PFRS was established under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State of New Jersey firemen appointed after June 30, 1994.

PERS Funding Policy

PERS members were required to contribute 6.92% for the period from July 1, 2014 to June 30, 2015 of their annual covered salary and the College was required to contribute at an actuarially determined rate for the year ended June 30, 2015. During the year ended June 30, 2015, the College’s annual contribution to PERS was \$1,622,450. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

PFRS Funding Policy

PFRS members were required to contribute 10% of their annual covered salary for the year ended June 30, 2015. The College contribution is based upon annual actuarially determined percentages of total compensation of all active members. The College's annual contribution approximates the actuarially determined pension cost for the year and is included in the accompanying financial statements. During fiscal year 2015, the College's contribution to PFRS was \$263,729. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

DCRP Information

In September 2010, the State of New Jersey mandated that employees otherwise eligible to enroll in PERS, who do not work the minimum required number of hours per week for PERS, but who earn salary of at least \$5,000 annually, are now being enrolled in a defined contribution retirement program ("DCRP"). DCRP members are required to contribute 5.5% of their annual base salary and the College is required to contribute 3%. The contribution requirements of the plan are established and may be amended by the State of New Jersey.

Alternate Benefit Program Information

ABP provides the choice of seven 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. 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% and may contribute voluntary additional contributions of salary up to the maximum federal statutory limit, on a pre-tax basis. Employer contributions, some of which are reimbursed by the State of New Jersey, are 8% of base salary.

During the year ended June 30, 2015, ABP contributions, based upon participating employee salaries of \$27,546,317, were \$1,501,583 from employees and \$2,398,520 from the College. The State of New Jersey reimbursed the College \$2,203,705 for qualified employees and this amount is included in the accompanying financial statements as on-behalf payments.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of net pension liability	\$	—
State of New Jersey proportionate share of net pension liability associated with the College		<u>492,089</u>
	\$	<u><u>492,089</u></u>

The following information is related to the PERS and PFRS retirement plans.

As of June 30, 2015, the College reported a liability of \$44,030,051 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2015, the College's proportion of PERS was .2107%, which was a decrease of .03% from its proportion measured as of June 30, 2014. As of June 30, 2015, the College's proportion of PFRS was .0363%, which was a decrease of .05% from its proportion measured as of June 30, 2014.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between expected and actual experience	\$ —	—	—	—	—	—
Changes of assumptions	1,240,842	171,565	1,412,407	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	—	—	2,351,617	466,332	2,817,949
Changes in proportion and difference between College's contributions and proportionate share of contributions	—	—	—	1,176,955	200,830	1,377,785
College's contributions subsequent to the measurement date	<u>1,629,195</u>	<u>267,798</u>	<u>1,896,993</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 2,870,037</u>	<u>439,363</u>	<u>3,309,400</u>	<u>3,528,572</u>	<u>667,162</u>	<u>4,195,734</u>

\$1,896,993 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	PERS	PFRS	Total
2015	\$ (741,054)	(140,219)	(881,273)
2016	(741,054)	(140,219)	(881,273)
2017	(741,054)	(140,219)	(881,273)
2018	(741,054)	(140,219)	(881,273)
2019	469,782	55,794	525,576
Thereafter	<u>206,704</u>	<u>9,485</u>	<u>216,189</u>
	<u>\$ (2,287,730)</u>	<u>(495,597)</u>	<u>(2,783,327)</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation	3.01%	3.01%
Salary increases:		
2012 - 2021	2.15% - 4.40% based on age	3.95% - 8.62% based on age
Thereafter	3.15% - 5.40% based on age	4.95% - 9.62% based on age
Investment rate of return	7.90%	7.90%
Mortality rate table	RP-2000	RP-2000
Period of actuarial experience study upon which actuarial assumptions were based	July 1, 2008 - June 30, 2011	July 1, 2007 - June 30, 2010

Adjustments for mortality improvements are based on Society of Actuaries Scale AA.

As a result of the 2012 and 2011 actuarial experience studies, the expectation of life after disability was adjusted in the June 30, 2015 actuarial valuation to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 (see the discussion of the pension plans investment policy) are summarized in the following table.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

Actuarial Assumptions (continued)

Asset Class	PERS		PFRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%	6.00%	0.80%
Core Bonds	1.00%	2.49%	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%	11.20%	2.26%
Mortgages	2.50%	2.17%	2.50%	2.17%
High Yield Bonds	5.50%	4.82%	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%	6.50%	9.91%
Private Equity	8.25%	13.02%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%	3.20%	5.80%
Commodities	2.50%	5.35%	2.50%	5.35%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan is 5.39% and of the PFRS plan is 6.32% as of June 30, 2014. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following represents the College's proportionate share of the net pension liability calculated using a discount rate of 5.39% for the PERS plan and 6.32% for the PFRS plan as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(8) Retirement Plans (continued)

Discount Rate (continued)

	PERS		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
College's proportionate share of the net pension liability	\$ 49,642,354	39,460,262	30,909,897
	PFRS (Non-Special Funding Situation)		
	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
College's proportionate share of the net pension liability	\$ 5,748,593	4,569,789	2,727,580
	PFRS (Special Funding Situation)		
	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
College's proportionate share of the net pension liability	\$ —	—	—
State's proportionate share of the net pension liability	619,026	492,089	293,714
	\$ 619,026	492,089	293,714

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated above.

Payables to the Pension Plan

Brookdale Community College remits the legally required employee contributions on a monthly basis to the New Jersey Division of Pensions and Benefits. The New Jersey Division of Pensions and Benefits requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. As of June 30, 2015, the College owed \$186,892 for the contributions withheld in the month of June 2015.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(9) Commitments and Contingencies

Commitments

The College leases the Neptune Higher Education building. Effective July 1, 2014, the College entered into an additional lease agreement for the second floor at the Neptune Higher Education building. Net rental expenses were \$317,070 for the year ended June 30, 2015. The leases are noncancelable and have been classified as operating leases which will expire in June 2017. Minimum annual rental commitments, net of sublease rentals, approximate the following as of June 30, 2015:

<u>Year Ending June 30</u>	
2016	\$ 324,762
2017	<u>332,647</u>
	<u>\$ 657,409</u>

Contingencies

The College is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. The College has insurance to cover all buildings, contents or related risks in case of loss, and insures its vehicles and equipment for claims and assessments arising from bodily injury, property damages and other perils. Unfavorable judgments, claims or losses incurred by the College are covered by these policies.

(10) Compensated Absences

The College has recorded a liability for compensated absences in the amount of \$2,352,556 as of June 30, 2015, which is included in accounts payable and accrued expenses in the accompanying statement of net position. The liability is based upon employees' accrued vacation leave as of fiscal year-end. No amounts are recorded for accrued sick leave as the College does not make payments for accrued sick leave to employees upon termination.

(11) Other Postemployment Benefits

Plan Description - The College contributes to the New Jersey State Health Benefits Program (“SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the N.J.S.A., Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(11) Other Postemployment Benefits (continued)

Funding Policy - P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State's contribution rate is based on the *annual required contribution* ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a school district or county college with 25 years of service. Employees who attained 20 years of service on June 28, 2011 and continue to work for a total of 25 years will be eligible for State-paid health benefits. Employees who did not have 20 years of service on June 28, 2011 pay the full premium for retiree health benefits.

(12) Related Party Transactions

The Foundation utilized office space and received certain administrative assistance from the College at no charge during the year ended June 30, 2015. The fair value of this space and these services is estimated at \$152,706 and is included in the Foundation's statement of revenues, expenses, and changes in net position for the year ended June 30, 2015.

During the fiscal year of 2015, certain services and expenses are received and paid between the Foundation and the College. All such expenses are put on account and settled periodically between the two parties. As of June 30, 2015, the Foundation was indebted to the College in the amount of \$35,423, representing student scholarships and operating expenses paid by the College on behalf of the Foundation. This amount is noninterest-bearing and is currently payable.

(13) Litigation

The College is also a party to various legal actions arising in the ordinary course of business. Although it is not possible to predict the outcome of these actions, it is the opinion of management that there is no exposure to such matters that, if decided adversely, would be material to the College's financial position or are not adequately covered by insurance.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(14) Subsequent Events

The College has evaluated subsequent events through December 17, 2015, which is the date the financial statements were available to be issued.

(15) Subsequent Pronouncements

In February 2015, GASB Statement No. 72, *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the College's financial statements.

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The College expects the pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The College expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77, *Tax Abatement Disclosures*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The College is still evaluating how this pronouncement will affect the financial statements.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
June 30, 2015

(16) Prior Period Adjustment

As indicated in Note 1 to the financial statements, in fiscal year 2015, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. As a result of implementing this new GASB statement, it was necessary to adjust unrestricted net position for the College's proportionate share of the Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position as Previously Reported, June 30, 2014	Net Pension Liability (1)		Deferred Outflows (2)		Net Position as Restated, June 30, 2014
		PERS	PFRS	PERS	PFRS	
Net investment in capital assets	\$ 99,199,495	—	—	—	—	99,199,495
Unrestricted (deficit)	<u>19,392,617</u>	<u>(41,673,961)</u>	<u>(5,069,222)</u>	<u>1,737,485</u>	<u>279,028</u>	<u>(25,334,053)</u>
Total net position	\$ <u>118,592,112</u>	<u>(41,673,961)</u>	<u>(5,069,222)</u>	<u>1,737,485</u>	<u>279,028</u>	<u>73,865,442</u>

(1) Represents the College's proportionate share of the Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) June 30, 2013, net pension liability, totaling (\$46,743,183).

(2) Represents the College's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015, totaling \$2,016,513.

REQUIRED SUPPLEMENTARY INFORMATION

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability
 Public Employees' Retirement System ("PERS")

	2015
College's proportion of the net pension liability	0.10%
College's proportionate share of the net pension liability	\$ 39,460,262
College's covered-employee payroll	\$ 12,617,839
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	312.73%
Plan fiduciary net position as a percentage of the total pension liability	44.46%

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability
 Police and Firemen's Retirement System ("PFRS")

	2015
College's proportion of the net pension liability	0.03%
College's proportionate share of the net pension liability	\$ 4,569,789
College's covered-employee payroll	\$ 676,551
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	675.45%
Plan fiduciary net position as a percentage of the total pension liability	19.51%

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Police and Firemen's Retirement System ("PFRS")
(special funding)

	2015
College's proportion of the net pension liability	0.04%
College's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the College	492,089
Total	\$ 492,089
College's covered-employee payroll	\$ 676,551
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.73%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Required Supplementary Information
 Schedule of Contributions
 Public Employees' Retirement System ("PERS")

	2015
Contractually required contributions	\$ 1,629,195
Contributions in relation to the contractually required contribution	(1,629,195)
Contribution deficiency (excess)	\$ -
College's covered-employee payroll	\$ 12,617,839
Contributions as a percentage of covered-employee payroll	12.91%

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Required Supplementary Information
 Schedule of Contributions
 Police and Firemen's Retirement System ("PFRS")

	2015
Contractually required contributions	\$ 267,798
Contributions in relation to the contractually required contribution	(267,798)
Contribution deficiency (excess)	\$ -
College's covered-employee payroll	\$ 676,551
Contributions as a percentage of covered-employee payroll	39.58%

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Required Supplementary Information
 Schedule of Contributions
 Police and Firemen's Retirement System ("PFRS")
 (special funding)

	2015
Contractually required contributions	\$ 20,433
Contributions in relation to the contractually required contribution	(20,433)
Contribution deficiency (excess)	\$ -
College's covered-employee payroll	\$ 676,551
Contributions as a percentage of covered-employee payroll	3.02%

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Note to the Required Supplementary Information
June 30, 2015

(1) General

The State of New Jersey Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS") eligibility benefits changes in recent years are described in the Retirement Plans footnote in the financial statements (see note 8).

The amounts presented in the required supplementary information schedules were determined as of June 30. These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the College will present information for those years for which information is available.

SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' 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

To the Honorable President and Members of the Board of Trustees of Brookdale Community College

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 business-type activities and the discretely presented component unit of Brookdale Community College (A Component Unit of the County of Monmouth), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brookdale Community College'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brookdale Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Brookdale Community College'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 organization'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 Brookdale Community College'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 Brookdale Community College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brookdale Community College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "EisnerAmper LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
December 17, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE OF NEW JERSEY PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND STATE OF NEW JERSEY OMB CIRCULAR 04-04

To the Honorable President and Members of the Board of Trustees of
Brookdale Community College

Report on Compliance for Each Major Federal and State of New Jersey Program

We have audited Brookdale Community College's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and State of New Jersey *State Grant Compliance Supplement* that could have a direct and material effect on each of Brookdale Community College's major Federal and State of New Jersey programs for the year ended June 30, 2015. Brookdale Community College's major Federal and State of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Brookdale Community College's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and State of New Jersey programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brookdale Community College's major Federal and State of New Jersey 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 State of New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Federal OMB Circular A-133 and New Jersey OMB Circular 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 or State of New Jersey program occurred. An audit includes examining, on a test basis, evidence about Brookdale Community College'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 of New Jersey program. However, our audit does not provide a legal determination of Brookdale Community College's compliance.

Opinion on Compliance for Each Major Federal and State of New Jersey Program

In our opinion, Brookdale Community College 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 of New Jersey programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Brookdale Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered Brookdale Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State of New Jersey 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 of New Jersey program and to test and report on internal control over compliance in accordance with Federal OMB Circular A-133 and State of New Jersey OMB Circular 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 Brookdale Community College'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 or State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 or State of New Jersey 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 or State of New Jersey 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Federal OMB Circular A-133 and State of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "EisnerAmper LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
December 17, 2015

BROOKDALE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<u>Federal grantor/ pass-through grantor/ program or cluster title</u>	<u>CFDA/grant number</u>	<u>Current year expenditures</u>
U.S. Department of Education:		
Student Financial Assistance Cluster:		
Federal Direct Student Loans	84.268	\$ 10,755,471
Federal Supplemental Educational Opportunity Grant (including administrative cost allowance of \$15,871)	84.007	506,827
Federal Pell Grant Program	84.063	16,436,175
Federal Work-Study Program (including administrative cost allowance of \$7,212)	84.033	212,200
Federal Work-Study Program - Job Location and Development	84.033	40,848
		<hr/>
Total Student Financial Assistance Cluster		27,951,521
Passed through State of New Jersey Department of Labor & Workforce Development:		
Adult Education - Basic Grants to States	84.002	485,361
Passed through State of New Jersey Department of Education:		
Career and Technical Education - Basic Grants to States	84.048	623,849
Other Federal Programs:		
U.S. Department of Labor Employment Training Administration:		
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	39,866
U.S. National Aeronautics and Space Administration:		
Passed through Rutgers University:		
Education	43.008	5,287
National Science Foundation:		
Education and Human Resources	47.076	156,631
U.S. Small Business Administration:		
Small Business Administration and Seminars	59.XXX	5,923
Passed through Rutgers University:		
Small Business Development Center	59.037	153,825
Entrepreneurial Development Disaster Assistance (Disaster Relief Appropriations Act)	59.064	117,789
U.S. Department of Health and Human Services:		
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	404,529
		<hr/>
Total expenditures of federal awards		\$ 29,944,581
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BROOKDALE COMMUNITY COLLEGE
Schedule of Expenditures of State of New Jersey Awards
Year ended June 30, 2015

State of New Jersey grantor/program or cluster title	Grant number/ State of New Jersey account number	Award amount	Grant period	Current year expenditures
State of New Jersey grants – restricted:				
N.J. Department of Treasury:				
Student Financial Assistance Cluster:				
Educational Opportunity Fund Summer and Regular Awards	12-100-074-2401-001	\$ 332,662	07/01/14-06/30/15	\$ 257,728
N.J. Urban Scholars	100-074-2405-278	1,000	07/01/14-06/30/15	1,000
Tuition Aid Grant	12-100-074-2405-007	3,434,203	07/01/14-06/30/15	3,279,956
NJ Stars	12-100-074-2405-313	390,518	07/01/14-06/30/15	358,457
Total Student Financial Assistance Cluster				<u>3,897,141</u>
Educational Opportunity Fund – Article IV:				
Educational Opportunity Fund Summer-OSHE Special Act		3,000	07/01/14-06/30/15	3,000
Educational Opportunity Fund Summer	2401-100-074-2401-002-KKK-6140	19,227	07/01/14-06/30/15	19,362
Educational Opportunity Fund Regular	2401-100-074-002-KKK-6140	195,886	07/01/14-06/30/15	195,886
N.J. Department of Education:				
Career Tech Ed Prov Teacher Pilot (Yr 4)	14E00059	195,000	10/01/13-09/30/14	72,783
Career Tech Ed Prov Teacher Pilot (Yr 5)	15E00086	210,000	10/01/14-09/30/15	126,688
N.J. Department of Human Services:				
Displaced Homemaker	15XINW	120,575	07/01/14-06/30/15	120,575
Family Friendly	15ASNP	45,463	07/01/14-06/30/15	42,776
Displaced Homemaker-Sandy	14ZPNZ	34,452	07/01/14-06/30/15	34,097
Total State of New Jersey grants – restricted				<u>4,512,308</u>
State of New Jersey appropriations – unrestricted:				
N.J. Department of Treasury:				
Operational Costs – County Colleges	12-100-082-2155-015	10,660,107	07/01/14-06/30/15	10,350,862
Alternate Benefit Program	12-100-082-2155-017	2,066,580	07/01/14-06/30/15	2,203,705
Total expenditures of State of New Jersey awards				<u><u>\$ 17,066,875</u></u>

BROOKDALE COMMUNITY COLLEGE

Notes to Schedules of Expenditures of Federal and State of New Jersey Awards June 30, 2015

(1) General

The accompanying schedules of expenditures of Federal and State of New Jersey awards present the activities of all Federal awards and State of New Jersey financial assistance programs of Brookdale Community College. The College is defined in the notes to the College's basic financial statements. All Federal awards and State of New Jersey financial assistance received directly from Federal or State of New Jersey agencies, as well as Federal awards and State of New Jersey financial assistance passed through other government agencies, are included in the schedules of expenditures of Federal and State of New Jersey awards.

(2) Basis of Accounting

The accompanying schedules of expenditures of Federal and State of New Jersey awards are presented using the accrual basis of accounting.

(3) Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules of expenditures of Federal and State of New Jersey awards agree with amounts reported in the College's basic financial statements.

(4) Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules of expenditures of Federal and State of New Jersey awards agree with the amounts reported in the related Federal and State of New Jersey financial reports.

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section I – Summary of Auditors’ Results (continued)

Federal Programs (continued)

Dollar threshold used to distinguish
between type A and type B programs:

Type A Federal Program Threshold \geq \$300,000

Type B Federal Program Threshold $<$ \$300,000

Auditee qualified as low-risk auditee under
OMB Circular A-133?

_____ yes x no

State of New Jersey Programs

Internal control over major State of New Jersey programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x 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 State of New Jersey
OMB Circular 04-04 and listed in
Section IV of this schedule?

_____ yes x no

Identification of major state programs:

<i>State of New Jersey Account/Grant</i>	<i>Name of State Program or Cluster</i>
12-100-082-2155-015	Operational Costs – County Colleges

Program threshold determination:

Type A State Program Threshold \geq \$512,006

Type B State Program Threshold $<$ \$512,006

Auditee qualified as low-risk auditee under State of
New Jersey OMB Circular 04-04?

 x yes _____ no

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section II – Financial Statement Findings

NONE

Section III – Federal Award Findings and Questioned Costs

NONE

Section IV –New Jersey Award Findings and Questioned Costs

NONE