

Report of Audit

Fiscal Year Ended June 30, 2007



BROOKDALE
COMMUNITY COLLEGE



New Jersey's #1 Associate Degree College

BROOKDALE COMMUNITY COLLEGE
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INTRODUCTORY SECTION

**FOR THE FISCAL YEAR ENDING
JUNE 30, 2007**

BROOKDALE COMMUNITY COLLEGE
MEMBERS OF THE BOARD OF TRUSTEES

AS OF JUNE 30, 2007

<u>NAME</u>	<u>TERM EXPIRES</u>
Mr. Howard C. Birdsall, Chair	October 31, 2008
Mr. Jacob S. Elkes, Vice Chair	October 31, 2008
Dr. Lewis G. Anderson	October 31, 2007
Father Brian Butch	October 31, 2010
Dr. Paul M. DiLorenzo	October 31, 2007
Mr. Woodrow C. Holmes	October 31, 2009
Mrs. Sarah Lucille Jones	October 31, 2010
Mrs. Eugenia Lawson, County Superintendent of Schools	Ex-Officio Member
Mr. Richard M. Maser	October 31, 2008
Mr. Gene J. Mulroy	October 31, 2006 *
Ms. Joan Raymond	October 31, 2009
Mr. Matthew Koehler, Graduate Trustee	October 31, 2007

COLLEGE OFFICIALS

Dr. Peter F. Burnham, President and Secretary to the Board
Dr. Margaret McMenamin, Executive Vice President of Educational Services
Mr. Louis Goetting, Executive Vice President of Administration, Operations, and Information Technology Services
Mr. George J. Fehr, Vice President for Business and Finance
Dr. Linda Milstein, Vice President for Outreach, Business, and Community Development
Dr. Webster Trammell, Vice President for Development, Governmental, and Community Relations
Mrs. Louise Horgan, Executive Assistant to the President
Mrs. Jean Karl, Confidential Assistant to the Board of Trustees and President's Cabinet
Mr. Gorden Golum, Esq., College Attorney
Mr. Matthew J. Giacobbe, Esq., Labor Attorney
Mr. Martin M. Barger, Esq., Transition College Attorney
Mr. Robert E. Murray, Esq., Transition Labor Attorney

* Will remain on the Board until a new State appointee is named.

FINANCIAL SECTION

**FOR THE FISCAL YEAR ENDING
JUNE 30, 2007**



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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
Brookdale Community College
Lincroft, New Jersey 07738

We have audited the accompanying basic financial statements of Brookdale Community College (the College), State of New Jersey, a component unit of the County of Monmouth, State of New Jersey, as of and for the fiscal years ended June 30, 2007 and 2006. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Department of Treasury, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Brookdale Community College Foundation (a blended component unit) were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookdale Community College, State of New Jersey, as of June 30, 2007 and 2006 and the respective changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2007, on our consideration of the College's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis (MD&A) as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance 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 State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 27, 2007



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board of Trustees
Brookdale Community College
Lincroft, New Jersey 07738

We have audited the accompanying basic financial statements of Brookdale Community College (the College), State of New Jersey, a component unit of the County of Monmouth, State of New Jersey, as of and for the fiscal years ended June 30, 2007 and 2006, and have issued our report thereon dated September 27, 2007. We conducted our audit 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, and in compliance with audit requirements as prescribed by the Department of Treasury, State of New Jersey. The financial statements of Brookdale Community College Foundation (a blended component unit) were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Department of Treasury, State of New Jersey.

This report is intended solely for the information and use of the board of trustees and management of the College, the Department of Treasury, State of New Jersey, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 27, 2007

REQUIRED SUPPLEMENTARY INFORMATION

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Management's Discussion and Analysis (MD&A) presents Brookdale Community College's (the College) financial performance during the fiscal years ended June 30, 2007 and 2006. This MD&A will provide various financial analysis comparing FY07 to FY06 as well as FY05 activity.

Enrollment

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

	2007	2006	2005	Change 2006-2007
Credit FTEs	10,053	9,651	9,476	402
Noncredit FTEs	778	835	603	(57)
Total FTEs	10,831	10,486	10,079	345

Full Time Equated (FTE) Enrollment for credit and non-credit enrollment in FY07 was 10,831, compared to FY06 FTE enrollment of 10,486. This represents a 3.3 percent increase.

- Credit enrollment increased from 9,651 FTEs in FY06 to 10,053 in FY07, which represents a 4.2 percent increase.
- Non-credit enrollment went from 835 FTEs in FY06 to 778 FTEs in FY07, which represents a 6.8 percent decrease.

General Financial Information

The College's basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, 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).

Summary of Assets and Liabilities

Assets and liabilities for the periods ending June 30 were as follows:

	2007	2006	2005	Change 2006-2007
Current assets	\$ 32,396,754	33,893,450	28,130,654	(1,496,696)
Capital assets	130,302,096	121,229,490	118,130,349	9,072,606
Other noncurrent assets	2,067,388	2,057,708	2,021,620	9,680
Total noncurrent assets	132,369,484	123,287,198	120,151,969	9,082,286
Total assets	\$ 164,766,238	157,180,648	148,282,623	7,585,590
Current liabilities	12,501,168	15,754,564	10,649,544	(3,253,396)
Noncurrent liabilities	22,698,276	23,414,378	24,097,436	(716,102)
Total liabilities	\$ 35,199,444	39,168,942	34,746,980	(3,969,498)

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Summary of Assets and Liabilities (Cont'd)

The decrease in current assets of \$1,496,696 is due to the following:

- A net decrease of \$2,268,081, in cash, cash equivalents, investments and deposits held by trustees resulting from an increase in cash and cash equivalents of \$705,532, a decrease of \$3,043,256 in investments and an increase of \$69,643 in deposits held by trustees.
- An increase in accounts receivable of \$380,241 as a result of increased enrollment and a tuition increase.
- An increase in inventories of \$214,723 primarily due to an enrollment increase, and an increase in Auxiliary purchases.
- An increase in prepaid expenses of \$180,809 due to advance payment of \$444,811 in insurance premiums, the elimination of the prepayment in workers compensation, and various other decreases in the amount of \$264,002.
- A decrease in accrued interest receivable of \$4,388.

The increase in capital assets of \$9,072,606 is due to a net increase in the acquisition of capital assets of \$12,725,010, less a net increase in accumulated depreciation of \$3,652,404. The change in other noncurrent assets of \$9,680 is due to an increase in the long-term portion of deposits held by trustees.

The decrease in current liabilities of \$3,253,396 is due to the following:

- An increase of \$47,957 in accounts payable, and a decrease of \$281,308 in accrued expenses primarily due to the settlement of labor negotiations.
- A decrease of \$3,139,033 in deferred student tuition and fees, which were due mainly as the result of the elimination of the county prepayment in the prior year of \$3,117,816.
- An increase of \$33,044 in the current portion of long-term liabilities.
- An increase of \$78,677 in deposits held for others, which is held by the Foundation.
- An increase in various current liabilities of \$7,267.

The decrease in noncurrent liabilities of \$716,102 is due to payments made against the debt principle for the Warner Student Life Center, the Western Monmouth Higher Education Center, and payments made on the debt for the Equipment Leasing Fund.

Long-Term Debt

The College financed two capital ventures in 2001 and 2003, to fund renovations to the Warner Student Life Center, and the acquisition of the Western Monmouth Higher Education Center, respectively. Principal payments are due on August 1, and interest is payable twice a year on February 1, and August 1. The total original amount financed was \$25,280,000, with the annual debt service on both bonds totaling approximately \$1,760,000 a year.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning balance	Additions	Deletions	Ending balance
Land	\$ 5,318,392	864,975	—	6,183,367
Building and improvements	165,221,391	8,809,833	—	174,031,224
Furniture and equipment	10,056,635	3,498,364	(448,162)	13,106,837
Total	180,596,418	13,173,172	(448,162)	193,321,428
Less accumulated depreciation	(59,366,928)	(4,097,832)	445,428	(63,019,332)
Capital assets, net	\$ 121,229,490	9,075,340	(2,734)	130,302,096

Capital assets increased \$13,173,172, less deletions of \$448,162, which represents a net increase of \$12,725,010, due principally to renovations of the Natural and Applied Science Building (NAS), and Main Academic South (MAS), the acquisition of and renovations to the Northern Monmouth Higher Education Center. This increase was offset by \$3,652,404, of net accumulated depreciation.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Summary of Revenues, Expenses, and Changes in Net Assets

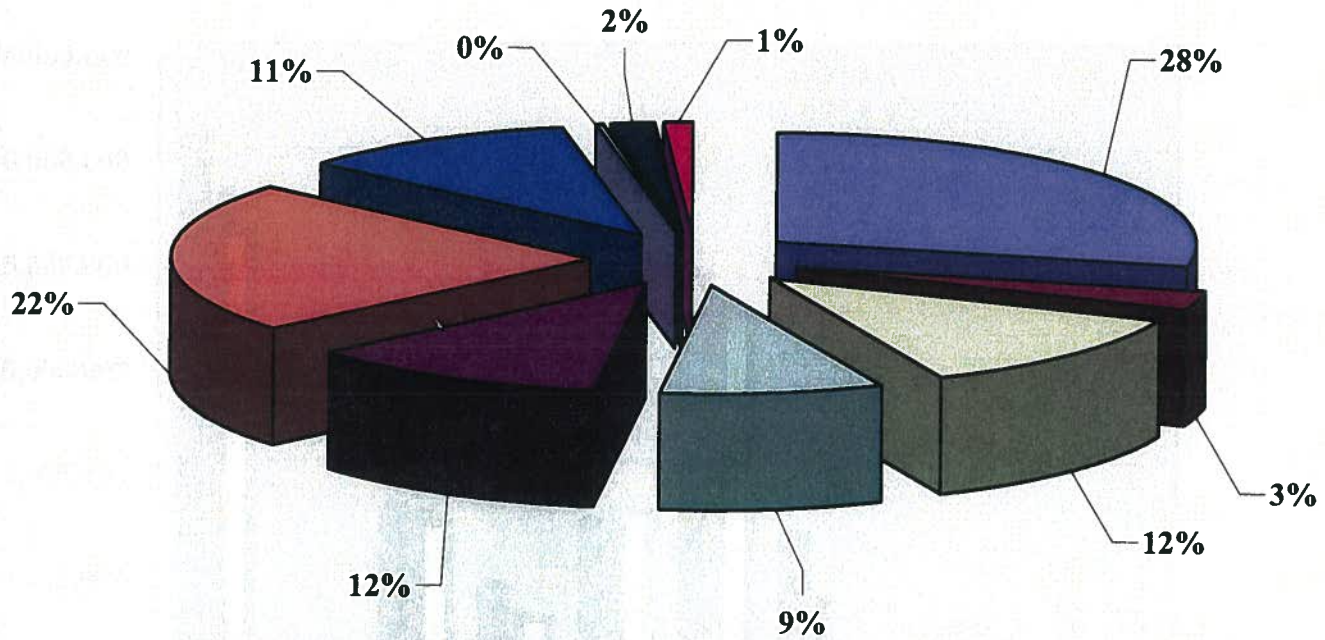
The College receives its revenue from three main sources: Tuition and Fees, State Aid, and County support. The balance of revenue was received from miscellaneous sources, which include Business and Community Development, Grants, Investment Income, Other Fees, and Other Income. The College also received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

	2007	2006	2005	Change 2006-2007
Operating revenues:				
Tuition, net	\$ 23,706,805	21,961,779	20,450,211	1,745,026
Fees	6,878,388	5,967,860	5,410,279	910,528
Chargebacks to other counties	404,875	387,600	429,546	17,275
Community service income	3,008,210	2,886,077	2,782,745	122,133
Federal, state, and local grants	13,221,860	12,728,734	12,286,466	493,126
Other grants	93,490	125,590	100,429	(32,100)
Other operating revenues	778,697	661,540	657,790	117,157
Auxiliary enterprises, net	9,494,183	8,075,105	7,829,812	1,419,078
Other	238,173	133,761	183,003	104,412
Total operating revenues	57,824,681	52,928,046	50,130,281	4,896,635
Operating expenses	96,541,236	(94,303,922)	(88,113,994)	190,845,158
Operating loss	(38,716,555)	(41,375,876)	(37,983,713)	2,659,321
Nonoperating revenues (expenses):				
State appropriations	12,652,501	13,123,834	13,041,595	(471,333)
Local appropriations	24,413,789	23,362,478	22,356,438	1,051,311
Contributions	427,726	458,698	325,893	(30,972)
Investment income	1,856,162	1,234,194	696,870	621,968
Other nonoperating revenues	60,322	72,886	2,832	(12,564)
Interest expense	(1,061,610)	(1,084,958)	(1,112,805)	23,348
Net nonoperating revenues	38,348,890	37,167,132	35,310,823	1,181,758
Loss before other revenues	(367,665)	(4,208,744)	(2,672,890)	3,841,079
Other revenues:				
Capital appropriations	11,922,753	8,684,807	3,271,402	3,237,946
Increase in net assets	11,555,088	4,476,063	598,512	7,079,025
Net assets as of beginning of year	118,011,706	113,535,643	112,937,131	4,476,063
Net assets as of end of year	\$ 129,566,794	118,011,706	113,535,643	11,555,088

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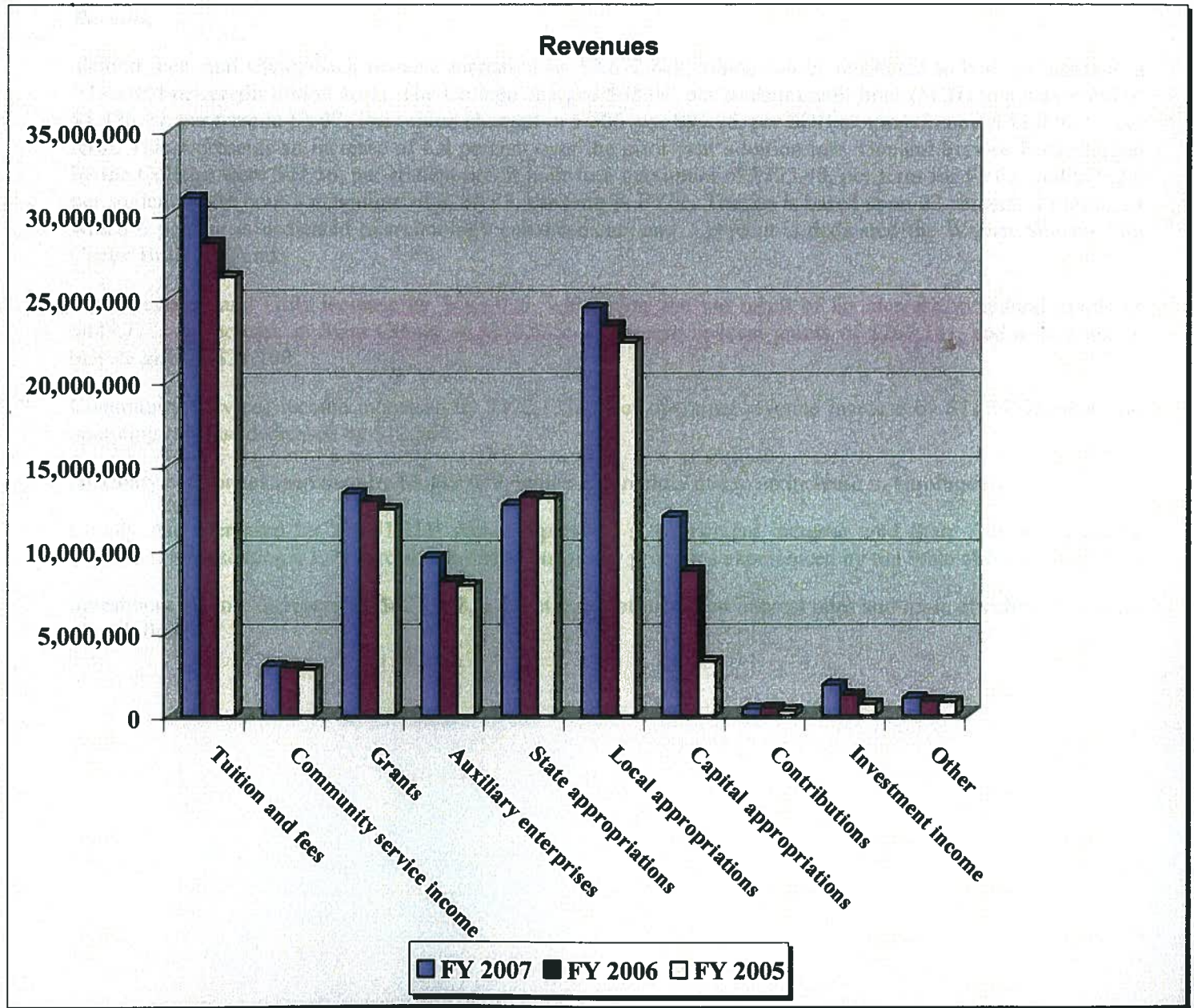
BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Management's Discussion and Analysis
 For the fiscal years ended June 30, 2007 and 2006

FY 2007 Revenues



 Tuition and fees	 Community service income	 Grants
 Auxiliary enterprises	 State appropriations	 Local appropriations
 Capital appropriations	 Contributions	 Investment income
 Other		

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006



(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Revenue

Tuition, Fee, and Chargeback revenue increased by \$2,672,829, which can be attributed to both an increase in FTEs and per credit tuition costs. The College charged \$98.00, per student credit hour (SCH) to a maximum of \$1,470.00, per term in FY07. The tuition charged in FY06 was \$91.75, per SCH to a maximum of \$1,376.25, per term. This represents an increase of 6.8 percent over the prior year's tuition rate. General Service Fees charged by the College were \$21.56, per student credit hour to a maximum of \$323.40, per term for FY07, and \$19.25, per student credit hour a maximum of \$288.75, per term in FY06. The fee is based upon 22 percent of tuition, of which 6 percent is dedicated to technology enhancements and 1 percent is dedicated the Warner Student Life Center Building Fund.

Grant revenue and Gifts increase by \$461,026, which was the net result of an increase in federal grants of \$443,772; an increase in State Grants of \$316,535; a decrease in local grants of \$267,181, and a decrease in private gifts of \$32,100.

Community Services income increased by \$122,133; other operating revenue increase by \$117,157; other non operating revenue decreased by \$12,564.

Auxiliary enterprises increased by \$1,419,078, which was mainly due to an increase in enrollment.

County Aid increased by \$1,051,311, which represents a 4.5 percent increase, and State Aid decreased by \$471,333, representing a 3.59 percent cut due to budgetary problems experienced by the State of New Jersey.

Investment income increased by \$621,968, a direct result of increased interest rates and more effective utilization of cash float.

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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, 2007 and 2006

Expenses

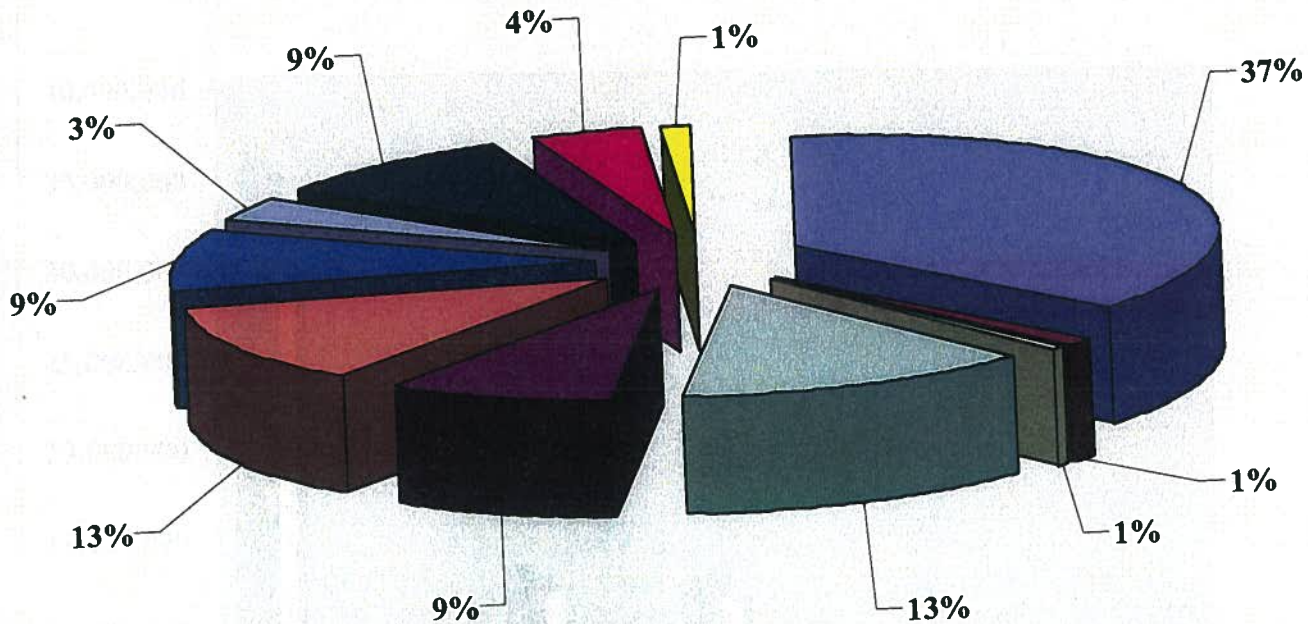
The College had total expenses of \$97,602,846 in 2007 compared with \$95,388,880 in FY06. This reflects an increase of \$2,213,966, primarily attributed to enrollment growth, negotiated salary and benefit increases, and the higher price of electricity and natural gas.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Change 2006-2007</u>
Operating expenses:				
Instruction	\$ 36,185,574	34,743,138	31,791,336	1,442,436
Research	896,388	867,858	818,648	28,530
Public service	585,237	1,189,180	1,226,498	(603,943)
Academic support	12,900,634	12,334,812	11,811,331	565,822
Student services	8,734,551	8,436,110	7,765,795	298,441
Institutional support	12,218,653	12,673,210	11,070,323	(454,557)
Operation and maintenance of plant	8,628,909	9,163,069	8,382,665	(534,160)
Scholarships and fellowships	3,313,846	3,089,461	3,363,687	224,385
Auxiliary enterprises	8,979,612	7,931,080	8,015,255	1,048,532
Depreciation	4,097,832	3,876,004	3,868,456	221,828
Total operating expenses	96,541,236	94,303,922	88,113,994	2,237,314
Interest expense	1,061,610	1,084,958	1,112,805	(23,348)
Total expenses	<u>\$ 97,602,846</u>	<u>95,388,880</u>	<u>89,226,799</u>	<u>2,213,966</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, 2007 and 2006

FY 2007 Expenses

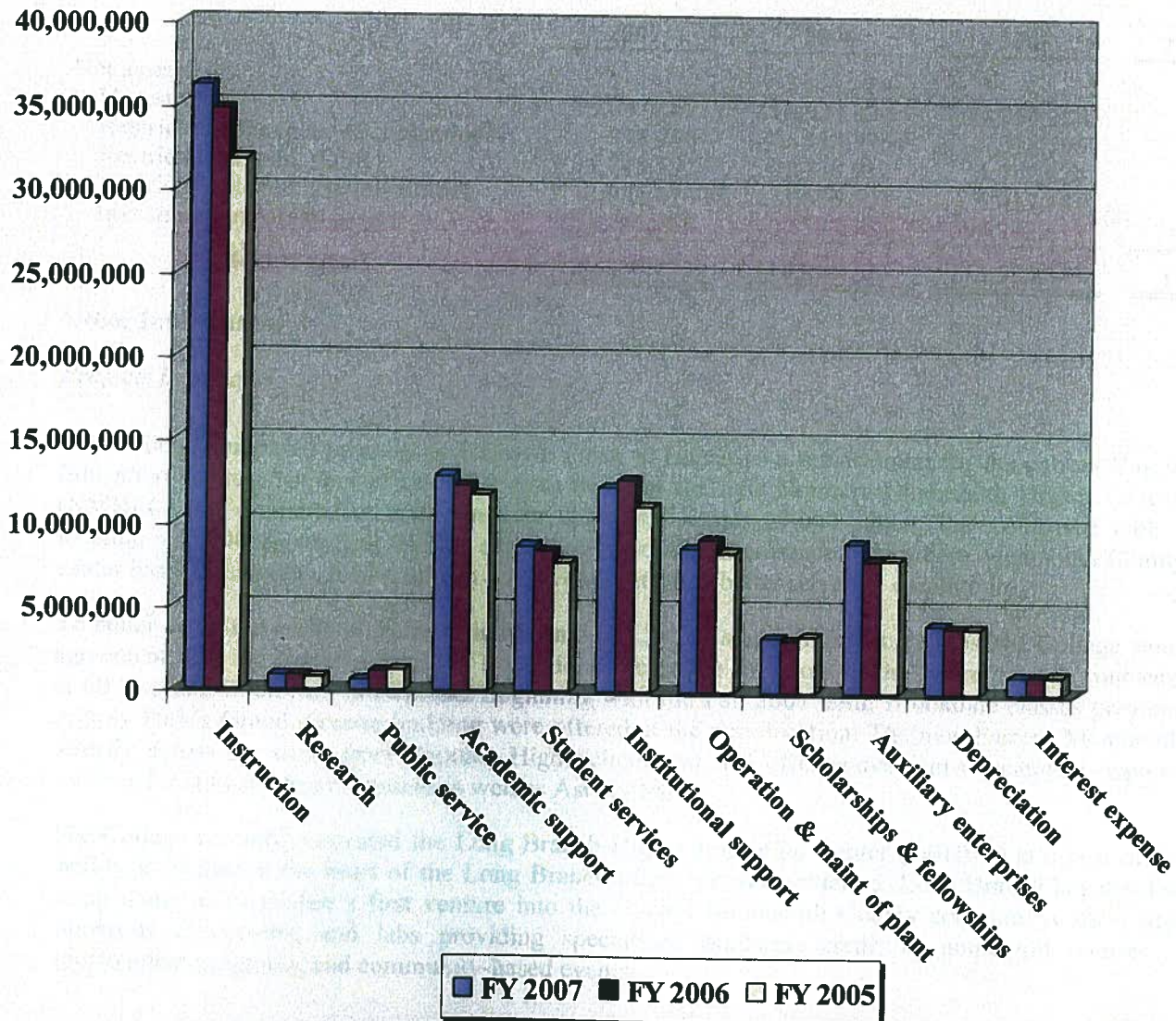


- | | | |
|------------------------------|------------------------------|-------------------------|
| ■ Instruction | ■ Research | □ Public service |
| □ Academic support | ■ Student services | ■ Institutional support |
| ■ Operation & maint of plant | ■ Scholarships & fellowships | ■ Auxiliary enterprises |
| ■ Depreciation | ■ Interest expense | |

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Expenses



(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2007 and 2006

Summary of Net Assets

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Change 2006-2007</u>
Net assets:				
Unrestricted	\$ 19,047,162	16,924,334	17,354,226	2,122,828
Restricted nonexpend (Scholarships)	318,796	318,796	318,796	—
Restricted expend. (DSR)	1,748,592	1,738,912	1,702,824	9,680
Restricted expend. (Scholarships)	1,986,476	1,636,502	1,417,184	349,974
Investment in capital assets	<u>106,465,768</u>	<u>97,393,162</u>	<u>92,742,613</u>	<u>9,072,606</u>
Total net assets	<u>\$ 129,566,794</u>	<u>118,011,706</u>	<u>113,535,643</u>	<u>11,555,088</u>

Other Information

Projects in Process

The College purchased property at 1 Crown Plaza in Hazlet as a replacement for the current Bayshore Higher Education Center. The acquisition and renovations at the new Northern Monmouth Higher Education Center (NMHEC) are estimated at approximately \$8M, and boasts 29,000 square feet compared with the current location's 20,000 square feet, thereby expanding Brookdale's presence in Northern Monmouth County. The new center has 9 classrooms, 6 labs, and an improved location to better serve the community.

To better serve the needs of students in Monmouth County's eastern municipalities, the College entered into an agreement with the Neptune Board of Education to lease the first floor of the Board's newly renovated property at 60 Neptune Boulevard in Neptune. Beginning with the Fall 2007 term, Brookdale classes previously held in Asbury Park's Grand Avenue building were offered at the new location. The new Eastern Monmouth Center is directly across the street from Neptune High School and will offer convenient educational opportunities and services for students from Neptune as well as Asbury Park.

The College recently renovated the Long Branch Higher Education Center (LBHEC) at a cost of \$1.3M. This facility is located at the heart of the Long Branch urban renewal initiative. Long Branch has the distinction of being home to Brookdale's first venture into the Greater Monmouth County community. The LBHEC boasts numerous classrooms, and labs providing specialized academic credit & non-credit courses, workforce development programs, and community-based events.

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BASIC FINANCIAL STATEMENTS

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)

Statements of Net Assets
As of June 30, 2007 and 2006

Assets	2007	2006
Current assets:		
Cash and cash equivalents (note 1 and 2)	\$ 16,857,062	16,151,530
Short-term investments (note 2)	8,562,983	11,606,239
Accounts receivable, net of allowance of approximately \$650,000 in 2007 and \$363,000 in 2006 (note 3)	4,132,782	3,752,541
Deposits held by trustees (note 2)	555,903	486,260
Inventories	1,194,931	980,208
Prepaid expenses	840,376	659,567
Accrued interest receivable	252,717	257,105
Total current assets	32,396,754	33,893,450
Noncurrent assets:		
Endowment investments (note 2)	318,796	318,796
Deposits held by trustees (note 2)	1,748,592	1,738,912
Capital assets, net of accumulated depreciation of \$63,019,332 in 2007 and \$59,366,928 in 2006 (note 5)	130,302,096	121,229,490
Total noncurrent assets	132,369,484	123,287,198
Total assets	164,766,238	157,180,648
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (notes 4 and 9)	8,417,004	8,650,355
Deferred student tuition and fees	2,459,267	5,598,300
Deferred grant revenue	341,821	334,554
Deposits held for others	566,974	488,297
Long-term debt, current portion (note 6)	716,102	683,058
Total current liabilities	12,501,168	15,754,564
Noncurrent liabilities:		
Long-term debt (note 6)	22,698,276	23,414,378
Total liabilities	35,199,444	39,168,942
Net Assets		
Invested in capital assets, net of related debt	106,465,768	97,393,162
Restricted:		
Nonexpendable:		
Scholarships and library	318,796	318,796
Expendable:		
Debt service reserve	1,748,592	1,738,912
Scholarships	1,986,476	1,636,502
Unrestricted	19,047,162	16,924,334
Total net assets	\$ 129,566,794	118,011,706

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE

(A Component Unit of the County of Monmouth)

Statements of Revenues, Expenses, and Changes in Net Assets

For the fiscal years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Student revenues:		
Tuition, net of scholarship allowances of \$7,188,752 for 2007 and \$6,083,835 for 2006	\$ 23,706,805	21,961,779
Chargeback's to other counties	404,875	387,600
	<u>24,111,680</u>	<u>22,349,379</u>
Auxiliary enterprises, net of scholarships of \$667,494 for 2007 and \$649,470 for 2006	9,494,183	8,075,105
Fees	6,878,388	5,967,860
Net student revenues	40,484,251	36,392,344
Community service income	3,008,210	2,886,077
Federal grants	8,523,486	8,079,714
State grants	4,275,419	3,958,884
Local grants	422,955	690,136
Other grants	93,490	125,590
Special events	238,173	133,761
Other operating revenues	778,697	661,540
Total operating revenues	<u>57,824,681</u>	<u>52,928,046</u>
Operating expenses:		
Instruction	36,185,574	34,743,138
Research	896,388	867,858
Public service	585,237	1,189,180
Academic support	12,900,634	12,334,812
Student services	8,734,551	8,436,110
Institutional support	12,218,653	12,673,210
Operation and maintenance of plant	8,628,909	9,163,069
Scholarships and fellowships	3,313,846	3,089,461
Auxiliary enterprises	8,979,612	7,931,080
Depreciation	4,097,832	3,876,004
Total operating expenses	<u>96,541,236</u>	<u>94,303,922</u>
Operating loss	<u>(38,716,555)</u>	<u>(41,375,876)</u>
Nonoperating revenues (expenses):		
State appropriations	12,652,501	13,123,834
Local appropriations	24,413,789	23,362,478
Contributions	427,726	458,698
Investment income	1,856,162	1,234,194
Other nonoperating revenues	60,322	72,886
Interest expense	(1,061,610)	(1,084,958)
On-behalf payments - alternative benefit program:		
Revenues	1,766,706	1,713,297
Expenses	(1,766,706)	(1,713,297)
Net nonoperating revenues	<u>38,348,890</u>	<u>37,167,132</u>
Loss before other revenues	<u>(367,665)</u>	<u>(4,208,744)</u>
Other revenues:		
Capital appropriations	11,922,753	8,684,807
Increase in net assets	11,555,088	4,476,063
Net assets as of beginning of year	<u>118,011,706</u>	<u>113,535,643</u>
Net assets as of end of year	<u>\$ 129,566,794</u>	<u>118,011,706</u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)

Statements of Cash Flows

For the fiscal years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Student tuition and fees (including chargeback's to other counties)	\$ 27,646,374	31,578,807
Noncredit revenue	3,066,090	2,765,681
Grants and contracts	13,347,979	12,882,463
Grant payments	(13,270,447)	(12,519,770)
Payments to suppliers	(8,498,654)	(10,683,736)
Payments to employees	(58,179,200)	(54,452,348)
Payments for scholarships and fellowships	(3,183,122)	(2,922,408)
Auxiliary enterprises:		
Bookstore and dining services receipts	8,193,076	8,011,804
Bookstore and dining services payments	(7,518,881)	(7,200,812)
Other auxiliary services receipts	1,086,384	720,322
Other auxiliary services payments	(1,490,505)	(1,458,307)
Other operating receipts	755,591	650,292
Net cash used in operating activities	<u>(38,045,315)</u>	<u>(32,628,012)</u>
Cash flows from noncapital financing activities:		
State appropriations	12,652,501	13,123,834
Local appropriations	24,413,789	23,362,478
Contributions	427,726	458,698
Net cash provided by noncapital financing activities	<u>37,494,016</u>	<u>36,945,010</u>
Cash flows from capital financing:		
Payments on capital debt	(716,101)	(683,059)
Capital appropriations	11,719,204	8,546,779
Interest paid on capital debt	(1,071,365)	(1,094,390)
Purchases of capital assets	(13,168,434)	(6,836,760)
Deposits held with trustees	(79,323)	(68,115)
Net cash used in capital financing activities	<u>(3,316,019)</u>	<u>(135,545)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	28,463,301	26,486,642
Interest and dividends on investments	1,529,594	1,158,306
Purchases of investments	(25,420,045)	(25,239,344)
Net cash provided by investing activities	<u>4,572,850</u>	<u>2,405,604</u>
Net increase in cash and cash equivalents	705,532	6,587,057
Cash and cash equivalents as of beginning of year	16,151,530	9,564,473
Cash and cash equivalents as of end of year	<u>\$ 16,857,062</u>	<u>16,151,530</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (38,716,555)	(41,375,876)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	4,097,832	3,876,004
Changes in assets and liabilities:		
Grants and other receivables	34,935	176,609
Inventories	(214,723)	(78,569)
Prepaid expenses	(180,809)	(292,505)
Accounts payable and accrued expenses	40,121	1,702,841
Deferred student tuition and fees	(3,139,033)	3,330,095
Deferred grant revenue	32,917	33,389
Net cash used by operating activities	<u>\$ (38,045,315)</u>	<u>(32,628,012)</u>

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(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 Monmouth County. The College opened its doors to students on September 29, 1969, and is currently celebrating its 40th Anniversary.

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, gymnasium, dining services, administrative offices, maintenance shop, day care center, and the Monmouth Museum.

The College also operates the Western Monmouth Branch Campus at Freehold, as well as three Higher Education Centers (HECs) located throughout Monmouth County in Asbury Park, Long Branch and Bayshore. Offerings at these sites include GED preparation, Adult Basic Education, English as a Second Language, and a variety of credit courses. The College also provides certain programs on-site at local military installations at Fort Monmouth and Sandy Hook. Additionally, the College leads the Communiversity, an alliance of six New Jersey higher education institutions offering select associate, bachelors and masters degree programs in Monmouth County.

Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. In addition to complying with all applicable Governmental Accounting Standards Board (GASB) pronouncements, the College's financial statements comply with the guidance provided by the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and the Committee on Accounting Procedure issued on or before November 30, 1989. GASB pronouncements take precedence when there is a conflict or contradiction between pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989.

Reporting Entity

The College organized Brookdale Community College Foundation (the Foundation) in 1973 for the sole benefit of the College, faculty, and students. The Chairman of the Board of Trustees of the College, with the approval of the Board of Trustees of the College, appoints trustees to the Board of the Foundation. Although the Foundation is a legally separate, not-for-profit organization, because of the significance of its operational and financial relationships with the College it is considered a component unit of the College and the College's financial statements include the financial statements of the Foundation. Copies of the Foundation's financial statements can be obtained by writing to Brookdale Community College Foundation, Lincroft, New Jersey.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(1) Organization and Summary of Significant Accounting Policies (cont'd)

Accrual Basis

The accompanying financial statements have been prepared on the accrual basis using the economic resources measurement focus. The College reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Net Assets

The College classifies its resources into three net asset categories:

- *Invested in capital assets, net of related debt:* Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted:*
 - Nonexpendable* – Net assets subject to externally-imposed stipulations that must be maintained permanently.
 - Expendable* – Net assets whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of College pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted:* Net assets that are not subject to externally-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic programs and initiatives and capital programs.

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

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 a maturity of three months or less.
- (b) Inventories consist of food service items, stockroom supplies, 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 and consist of U.S. Government and Agency obligations, certificates of deposit, money market funds and mutual funds.

(Continued)

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Notes to Financial Statements
 For the fiscal year ended June 30, 2007 and 2006

(1) Organization and Summary of Significant Accounting Policies (cont'd)

Other (Cont'd)

- (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 useful lives:

	<u>Useful lives</u>
Buildings and building improvements	10 – 45
Furniture and equipment	5 – 10

- (e) The County of Monmouth is generally responsible for the issuance of bonds and notes for the College's capital expenditures which are financed by 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) The College, as well as other colleges and universities in the State of New Jersey, have lease agreements with the New Jersey Educational Facilities Authority (NJEFA) for equipment purchased under the New Jersey Equipment Leasing Fund (ELF) program (see note 6). This program was funded by the proceeds of a NJEFA bond issue and, although the agreement with NJEFA is in the form of a lease, it is the policy of the College to treat their portion of the ELF obligation as long-term debt.
- (g) Grants receivable represent amounts awarded to, but not yet received by the College. Revenues are recognized as the grants are expended.
- (h) Student revenues are recognized in the period earned. Deferred student tuition and fees represent tuition and fees collected for courses that are held subsequent to June 30.
- (i) Auxiliary enterprises expenses include direct and indirect administration and general costs related to their operations.
- (j) 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 in the laws, and by the criteria and procedures specified by the State of New Jersey Department of Treasury, Office of Management and Budget.
- (k) 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.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(1) Organization and Summary of Significant Accounting Policies (cont'd)

Other (Cont'd)

- (l) The College's policy for defining operating activities in the statement of revenues, expenses, and changes in net assets are those that serve the College's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state, and local grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State of New Jersey and County of Monmouth, contributions and investment income.
- (m) The College is exempt from Federal income taxes under Internal Revenue Code Section 115.
- (n) 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, Endowment Investments and Deposits Held by Trustees
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. Any funds designate below as uninsured are assets of the Foundation. As of June 30, 2007 and 2006, the College's bank balances of \$14,815,203 and \$14,628,235 were insured, collateralized or uninsured as follows:

		<u>2007</u>	<u>2006</u>
Insured	\$	473,772	696,029
Collateralized under GUDPA		13,273,909	13,316,049
Uninsured		<u>1,067,522</u>	<u>616,157</u>
	\$	<u><u>14,815,203</u></u>	<u><u>14,628,235</u></u>

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, and are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. The College's investments for FY 2007 and FY 2006 are \$7,409,550 and \$9,767,284 in Certificates of Deposits at various banks, \$ -0- and \$1,000,000 in Federal Home Loan Bank Notes held by a counterparty, not in the name of the College and \$1,153,433 and \$1,157,751 in Mutual Funds.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(2) Cash and Cash Equivalents, Investments, Endowment Investments and Deposits Held by Trustees (Cont'd)

Investments (Cont'd)

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, in order to mitigate this risk, the majority of investments purchased have a maturity date of no more than one year.

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 would limit its investment choices.

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, 2007 and 2006, the College had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>FY 2007</u>	<u>FY 2006</u>
Certificates of Deposits	> 3 months	N/A	\$ 7,409,550	9,767,284
Mutual Funds	N/A	N/A	1,472,229	1,157,751
Federal Home Loan Bank Notes	12/15/06	N/A	-	1,000,000
			<u>\$ 8,881,779</u>	<u>11,925,035</u>

Deposits Held by Trustees

Deposits held by trustees represent assets held by trustees under the terms of various capital lease agreements. Deposits held by trustees are carried in the financial statements at fair value and consist entirely of cash and cash equivalents.

(3) Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Federal, state, and local grants receivable	\$ 2,679,942	2,204,132
Student accounts receivable	1,186,722	694,708
Community development receivables	276,641	334,521
Other receivables	639,752	882,796
	<u>4,783,057</u>	<u>4,116,157</u>
Less allowance for doubtful accounts	<u>650,275</u>	<u>363,616</u>
	<u>\$ 4,132,782</u>	<u>3,752,541</u>

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(4) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Vendors	\$ 653,283	613,162
Construction	1,575,484	1,586,279
Payroll	1,888,572	2,304,708
Vacation	2,226,304	2,156,003
State of New Jersey unemployment	506,533	537,691
Other	1,566,828	1,452,512
	<u>\$ 8,417,004</u>	<u>8,650,355</u>

(5) Capital Assets

The fiscal year 2007 and 2006 activity in capital assets and accumulated depreciation was as follows:

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Depreciable assets:				
Buildings and building improvements	\$ 165,221,391	8,809,833	—	174,031,224
Furniture and equipment	10,056,635	3,498,364	448,162	13,106,837
	<u>175,278,026</u>	<u>12,308,197</u>	<u>448,162</u>	<u>187,138,061</u>
Less accumulated depreciation:				
Buildings and building improvements	50,988,362	3,588,945	—	54,577,307
Furniture and equipment	8,378,566	508,887	445,428	8,442,025
	<u>59,366,928</u>	<u>4,097,832</u>	<u>445,428</u>	<u>63,019,332</u>
Depreciable assets, net	115,911,098	8,210,365	2,734	124,118,729
Nondepreciable asset - land	5,318,392	864,975	—	6,183,367
	<u>\$ 121,229,490</u>	<u>9,075,340</u>	<u>2,734</u>	<u>130,302,096</u>

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(5) Capital Assets (Cont'd)

	June 30, 2005	Additions	Retirements	June 30, 2006
Depreciable assets:				
Buildings and building improvements	\$ 158,722,574	6,498,817	—	165,221,391
Furniture and equipment	9,881,530	478,115	303,010	10,056,635
	<u>168,604,104</u>	<u>6,976,932</u>	<u>303,010</u>	<u>175,278,026</u>
Less accumulated depreciation:				
Buildings and building improvements	47,555,870	3,432,492	—	50,988,362
Furniture and equipment	8,236,277	443,512	301,223	8,981,012
	<u>55,792,147</u>	<u>3,876,004</u>	<u>301,223</u>	<u>59,969,374</u>
Depreciable assets, net	112,811,957	3,100,928	1,787	115,911,098
Nondepreciable asset - land	5,318,392	—	—	5,318,392
	<u>\$ 118,130,349</u>	<u>3,100,928</u>	<u>1,787</u>	<u>121,229,490</u>

(6) Long-Term Debt

The activity in long-term debt for the years ended June 30, 2007 and 2006 was as follows:

	June 30, 2006	Decrease	June 30, 2007
A. Lease revenue bonds – Series 2001 issue:			
Serial bonds (interest rates between 4.25% to 5.0% due on various dates through fiscal year 2025)	\$ 7,970,000	(275,000)	7,695,000
Term bonds (interest rate at 5.0% due in fiscal years 2027, 2030 and 2032)	5,260,000	—	5,260,000
B. Lease revenue bonds – Series 2003 issue:			
Serial bonds (interest rates between 3.5% to 4.7% due on various dates through fiscal year 2026)	10,645,000	(335,000)	10,310,000
C. Equipment Leasing Fund obligation	222,436	(73,058)	149,378
	<u>\$ 24,097,436</u>	<u>(683,058)</u>	23,414,378
Less current portion			<u>716,102</u>
			<u>\$ 22,698,276</u>

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(6) Long-Term Debt (Cont'd)

	<u>June 30,</u> <u>2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>2006</u>
A. Lease revenue bonds – Series 2001 issue:				
Serial bonds (interest rates between 4.25% to 5.0% due on various dates through fiscal year 2025)	\$ 8,235,000	—	(265,000)	7,970,000
Term bonds (interest rate at 5.0% due in fiscal years 2027, 2030 and 2032)	5,260,000	—	—	5,260,000
B. Lease revenue bonds – Series 2003 issue:				
Serial bonds (interest rates between 3.5% to 4.7% due on various dates through fiscal year 2026)	10,970,000	—	(325,000)	10,645,000
C. Equipment Leasing Fund obligation	292,883	—	(70,447)	222,436
	<u>\$ 24,757,883</u>	<u>—</u>	<u>(660,447)</u>	<u>24,097,436</u>
Less current portion				683,058
				<u>\$ 23,414,378</u>

- A. The lease revenue bonds – Series 2001 were issued by The Monmouth County Improvement Authority (MCIA) pursuant to an agreement with the College for the purpose of funding for the 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 2001 Bonds are not subject to redemption prior to August 1, 2010, and are redeemable thereafter at par plus accrued interest.

The term bonds mature in lump sum payments of \$1,325,000 in fiscal year 2027, \$2,245,000 in fiscal year 2030 and \$1,690,000 in fiscal year 2032.

- B. The lease revenue bonds – Series 2003 were issued by The Monmouth County Improvement Authority (MCIA) pursuant to an agreement with the College for the purpose of funding for the acquisition of the Western Monmouth Higher Education Center. 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, building and building improvements.

Except for extraordinary optional redemption as described in the debt agreement, the Series 2003 Bonds are not subject to redemption prior to August 1, 2013, and are redeemable thereafter at par plus accrued interest.

- C. New Jersey Educational Facilities Authority (NJEFA) has leased certain equipment to the College. The equipment was purchased with the proceeds of a NJEFA bond issuance. The College's share of the bonds are to be paid with the funds from the College's lease payments. At the completion of the lease term in fiscal year 2008, title to the equipment will be transferred to the College.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(6) Long-Term Debt (Cont'd)

The following is a schedule, by year, of future minimum payments under long-term debt as of June 30, 2007:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 716,102	1,052,938	1,769,040
2009	695,745	1,026,531	1,722,276
2010	727,531	996,009	1,723,540
2011	710,000	968,159	1,678,159
2012	740,000	939,309	1,679,309
2013-2017	4,185,000	4,202,745	8,387,745
2018-2022	5,185,000	3,173,559	8,358,559
2023-2027	6,520,000	1,783,262	8,303,262
2028-2032	3,935,000	511,125	4,446,125
	<u>\$ 23,414,378</u>	<u>14,653,637</u>	<u>38,068,015</u>

Interest charges incurred in fiscal years 2007 and 2006 were \$1,061,610 and \$1,112,805, respectively.

(7) Designations of Unrestricted Net Assets

As of June 30, 2007, the College had designated portions of its unrestricted net assets as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
June 30, 2007:			
Designated:			
Auxiliary enterprises	\$ 5,144,546	—	5,144,546
Risk management	—	233,340	233,340
Reserve for purchase orders	500,000	438,800	938,800
Campus construction projects	—	8,763,000	8,763,000
New telephone system	—	1,155,236	1,155,236
Early retirement initiative	1,000,000	—	1,000,000
Appropriation to succeeding fiscal years' budgets	2,497,605	—	2,497,605
Undesignated	250,000	150,000	400,000
	<u>\$ 9,392,151</u>	<u>10,740,376</u>	<u>20,132,527</u>
Foundation net assets			2,968,499
Invested in capital assets, net of related debt			106,465,768
			<u>\$ 129,566,794</u>

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(8) Retirement Plans

Plan Descriptions

The College participates in three major retirement plans for its employees – Public Employees' Retirement System (PERS), Police and Fireman's Retirement System (PFRS) and Alternate Benefit Program (ABP). ABP presently makes contributions to Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA/CREF), ING Life Insurance, Equitable Life Insurance, The Hartford Life Insurance, Metlife, and VALIC. ABP alternatives are administered by a separate board of trustees. PERS and PFRS are cost-sharing, multiple-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.

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

PERS Funding Policy

PERS members are required to contribute 5.5% of their annual covered salary and the College is required to contribute at an actuarially determined rate for the years ended June 30, 2007 and 2006. During the year ended June 30, 2007 and 2006, the College's annual contributions to PERS were \$828,000 and \$471,411, respectively. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

PFRS Funding Policy

PFRS members are required to contribute 8.5% of their annual covered salary for the years ended June 30, 2007 and 2006. 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 years 2007 and 2006, College contributions to PFRS were \$185,000 and \$120,702, respectively. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

Alternate Benefit Program Information

ABP provides the choice of six investment carriers all of which are privately operated defined contribution retirement plans. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements is 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.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal year ended June 30, 2007 and 2006

(8) Retirement Plans (Cont'd)

Alternate Benefit Program Information (Cont'd)

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 are 8%. During the year ended June 30, 2007, ABP received employer and employee contributions of approximately \$1,766,706 and \$1,227,665, which was based on participating employee salaries of approximately \$22,083,823. During the year ended June 30, 2006, ABP received employer and employee contributions of approximately \$1,713,297 and \$1,181,926 respectively, which was based on participating employee salaries of approximately \$21,416,210.

Most employer contributions to ABP are paid by the State of New Jersey and are not included in the accompanying financial statements. However, employer contributions for certain employees amounting to approximately \$218,746 and \$203,521 for the years ended June 30, 2007 and 2006 are paid by the College and are included in the accompanying financial statements.

(9) Commitments and Contingencies

Commitments

The College leases certain buildings used in general operations. Net rental expenses were approximately \$161,167 and \$141,968 in 2007 and 2006, respectively. The leases are noncancelable and have been classified as operating leases which will expire in 2012. Minimum annual rental commitments, net of sublease rentals, approximate the following:

	<u>Amount</u>
Year ending June 30:	
2008	\$ 94,750
2009	142,500
2010	142,500
2011	142,500
2012	142,500

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, 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 recorded a liability for compensated absences in the amount of \$2,226,304 and \$2,156,003 as of June 30, 2007 and 2006, respectively, which is included in accounts payable and accrued expenses in the accompanying statement of net assets. The liability is based upon employees' accrued vacation leave as of 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.

SINGLE AUDIT SECTION

**FOR THE FISCAL YEAR ENDING
JUNE 30, 2007**



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

To the Members of the Board of Trustees
Brookdale Community College
Lincroft, New Jersey 07738

Compliance

We have audited the compliance of Brookdale Community College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2007. The College's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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; the audit requirements as prescribed by the Department of Treasury, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, 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 program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Brookdale Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2007.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the College's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the College's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees and management of the College, the Department of Treasury, State of New Jersey, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
September 27, 2007

BROOKDALE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2007

Federal grantor/ pass-through grantor/ program or cluster title	Federal CFDA/grant number	Current year expenditures
U.S. Department of Education:		
Student Financial Assistance Cluster:		
Federal Family Education Loan Program	84.032	\$ 6,346,563
Federal Supplemental Educational Opportunity Grant (including administrative cost allowance of \$16,366)	84.007	261,856
Federal Pell Grant	84.063	6,502,356
Federal Work-Study (including administrative cost allowance of \$7,786)	84.033	165,398
Academic Competitiveness Grant	84.375	162,350
Job Locator	84.xxx	27,615
Total Student Financial Assistance Cluster		<u>13,466,138</u>
FIPSE-EC US Culinary (European Exchange)	84.116J	27,197
Opportunity Through Math, Science, & Technology	84.116Z	1,144
Passed through State of New Jersey Department of Labor & Workforce Development:		
Adult Basic Education	84.002	511,901
Passed through State of New Jersey Department of Education:		
Voc Ed Disadvantaged Component - Perkins	84.048	469,938
Tech - Prep Education	84.243A	73,806
National Science Foundation:		
Wireless Communication Program	47.076	78,246
Westpower	47.076	56
US Dept of Justice		
Office of Juvenile Justice& Delinquency-Optimist II	16.541	39,190
U.S. Small Business Administration:		
Small Business Administration and Seminars	59.xxx	29,732
Passed through Rutgers University:		
Small Business Development Center	59.037	172,700
Total expenditures of Federal awards		<u>\$ 14,870,048</u>

See accompanying notes to schedules of expenditures of Federal and State Financial Assistance.

BROOKDALE COMMUNITY COLLEGE

Schedule of Expenditures of State Financial Assistance

For the fiscal year ended June 30, 2007

State of New Jersey grantor/program or cluster title	Grant number/ State of New Jersey account number	Award amount	Grant period	Current year expenditures	Cumulative expenditures
State of New Jersey grants - restricted:					
N.J. Department of Treasury:					
Student Financial Assistance Cluster:					
Educational Opportunity Fund Summer and Regular Awards					
Blaustein Dist Scholarships	07-100-074-2401-001	\$ 453,952	07/01/06-06/30/07	\$ 453,952	453,952
N.J. Urban Scholarships	07-100-074-2405-278	11,000	07/01/06-06/30/07	11,000	11,000
Tuition Aid Grant	Unknown	11,000	07/01/06-06/30/07	11,000	11,000
NJ Stars	07-100-074-2405-007	2,666,010	07/01/06-06/30/07	2,666,010	2,666,010
	07-100-074-2405-313	764,547	07/01/06-06/30/07	764,547	764,547
Total Student Financial Assistance Cluster				3,906,509	3,906,509
Educational Opportunity Fund - Article IV:					
Educational Opportunity Fund Summer					
Educational Opportunity Fund Regular	07-100-074-2401-002	9,501	07/01/06-06/30/07	9,501	9,501
N.J. Department of Education:	07-100-074-2401-002	176,101	07/01/06-06/30/07	176,101	176,101
General Education Development Testing					
N.J. Department of Community Affairs:	5064-100-034-5064-050-H0403620	4,910	07/01/06-06/30/07	4,910	4,910
Displaced Homemaker					
N.J. Department of Human Services:	07-100-022-8051-036-F863-6130	131,000	07/01/06-06/30/07	131,000	131,000
Family Friendly					
Total restricted	FFC05006	48,139	07/01/06-06/30/07	47,398	47,398
				4,275,419	4,275,419
State of New Jersey appropriations - unrestricted:					
N.J. Department of Treasury:					
Operational Costs - County Colleges	07-100-082-2155-015	12,652,501	07/01/06-06/30/07	12,652,501	12,652,501
Alternate Benefit Program	07-100-082-2155-017	1,766,706	07/01/06-06/30/07	1,766,706	1,766,706
Total expenditures of State of New Jersey awards				\$ 18,694,626	18,694,626

See accompanying notes to schedules of expenditures of Federal and State Financial Assistance.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ending June 30, 2007

(1) Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the Federal and State of New Jersey grant activity of Brookdale Community College (the College) and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the New Jersey Office of Management and Budget Circular 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

(2) Student Loan Programs

The College is responsible only for the performance of certain administrative duties with respect to the Federal Family Educational Loan Program (FFEL), accordingly, these loans are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under this program as of June 30, 2007.

(3) Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

BROOKDALE COMMUNITY COLLEGE
 Schedule of Findings and Questioned Costs
 For the fiscal year ending June 30, 2007

Section 1- Summary of Auditors' Results

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

___ yes X no

Were significant deficiencies identified that were
not considered to be a material weakness?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified?

___ yes X no

Were significant deficiencies identified that were not
considered to be material weaknesses?

___ yes X none reported

Type of auditor's report on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in
accordance with OMB Circular A-133 (section .510(a))?

___ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.063
84.033
84.007
84.032
84.375
84.xxx
84.002

Federal Pell Grant Program (PELL)
Federal Work Study Program (FWS)
Federal Suppl. Educational Opportunity Grant (FSEOG)
Federal Family Educational Loan Program (FFEL)
Academic Competitiveness Grant
Job Locator
Adult Basic Education

Dollar threshold used to determine Type A programs

\$446,100

Auditee qualified as low-risk auditee?

X yes ___ no

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the fiscal year ending June 30, 2007

Section 1- Summary of Auditors' Results (Cont'd)

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? yes X no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
<u>07-100-074-2401-001</u>	<u>Educational Opportunity Fund (EOF) - Article III</u>
<u>07-100-074-2401-002</u>	<u>Educational Opportunity Fund (EOF) - Article IV</u>
<u>07-100-074-2405-007</u>	<u>Tuition Aid Grant (TAG)</u>
<u>07-100-074-2405-278</u>	<u>Distinguished Scholarship Program</u>
<u>07-100-074-2405-313</u>	<u>New Jersey Stars Program</u>
<u> </u>	<u>N.J. Urban Scholarships</u>
<u>07-100-082-2155-015</u>	<u>Operational Costs</u>
<u>07-100-082-2155-017</u>	<u>Alternative Benefit Program</u>

Dollar threshold used to determine Type A programs \$560,838

Auditee qualified as low-risk auditee? X yes no

28500

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2007

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Department of Treasury, State of New Jersey.

No Current Year Findings

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2007

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

No Current Year Findings

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2007

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

No Current Year Findings

BROOKDALE COMMUNITY COLLEGE
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings

FEDERAL AWARDS

No Prior Year Findings

STATE FINANCIAL ASSISTANCE PROGRAMS

No Prior Year Findings

28500

ACKNOWLEDGEMENT

We received the complete cooperation of all of the officials of Brookdale Community College and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants
& Consultants