

# **Report of Audit**

**Fiscal Year Ended  
June 30, 2009**



**BROOKDALE**  
COMMUNITY COLLEGE

**BROOKDALE COMMUNITY COLLEGE**  
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# **INTRODUCTORY SECTION**

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**FOR THE FISCAL YEAR ENDING  
JUNE 30, 2009**

**BROOKDALE COMMUNITY COLLEGE**

**MEMBERS OF THE BOARD OF TRUSTEES**

**AS OF JUNE 30, 2009**

<b><u>NAME</u></b>	<b><u>TERM EXPIRES</u></b>
Mr. Howard C. Birdsall, Chair	October 31, 2012
Mr. Jacob S. Elkes, Vice Chair	October 31, 2012
Dr. Lewis G. Anderson	October 31, 2011
Dr. Simon M. Bosco	October 31, 2011
Father Brian Butch	October 31, 2010
Mrs. Sarah Lucille Jones	October 31, 2010
Mr. Richard Maser	October 31, 2012
Mrs. Carole Knopp Morris, County Superintendent of Schools	
Mr. Gene J. Mulroy	October 31, 2010
Ms. Joan Raymond	October 31, 2009
Mr. Joseph Rosamilia, Graduate Trustee	

**COLLEGE OFFICIALS**

Dr. Peter F. Burnham, President and Secretary to the Board  
Dr. Margaret McMenamin, Executive Vice President of Educational Services  
Dr. James Sulton, Jr., 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  
Mr. James V. Palumbo, Dean, Enrollment Development and Student Affairs  
Mrs. Patricia Lane Sensi, Dean, Human Resources  
Mrs. Anita Vogt, Dean, Community and Higher Education Centers  
Mrs. Nancy Kegelman, Dean, Academic Affairs  
Mrs. Jean Karl, Confidential Assistant to the Board of Trustees and President's Cabinet  
Mrs. Louise Horgan, Executive Assistant to the President  
Mr. John Cantalupo, Esq., College Attorney  
Mr. Matthew J. Giacobbe, Esq., Labor Attorney



# **FINANCIAL SECTION**

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**FOR THE FISCAL YEAR ENDING  
JUNE 30, 2009**

## **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, 2009 and 2008. 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. The financial statements of Brookdale Community College Foundation (a blended component unit) were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 basic 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, 2009 and 2008 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 October 30, 2009, 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 assessing 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  
October 30, 2009

**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, 2009 and 2008, and have issued our report thereon dated October 30, 2009. 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 *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 College's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting 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  
October 30, 2009

## **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, 2009 and 2008

Management's Discussion and Analysis (MD&A) presents Brookdale Community College's (the College) financial performance during the fiscal years ended June 30, 2009 and 2008. This MD&A will provide various financial analyses comparing fiscal year 2009 to fiscal year 2008 as well as fiscal year 2007 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.

	2009	2008	2007	Change 2008-2009
Credit FTEs	11,118	10,514	10,053	604
Noncredit FTEs	807	790	778	17
Total FTEs	11,925	11,304	10,831	621

Full Time Equated (FTE) Enrollment for credit and non-credit enrollment in fiscal year 2009 was 11,925, compared to fiscal year 2008 FTE enrollment of 11,304. This represents a 5.5 percent increase.

- Credit enrollment increased from 10,514 FTEs in fiscal year 2008 to 11,118 in fiscal year 2009, which represents a 5.7 percent increase.
- Non-credit enrollment went from 790 FTEs in fiscal year 2008 to 807 FTEs in fiscal year 2009, which represents a 2.2 percent increase.

**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:

	2009	2008	(Restated) 2007	Change 2008-2009
Current assets	\$ 42,353,933	32,260,695	31,231,767	10,093,238
Capital assets	129,280,820	126,325,865	124,999,212	2,954,955
Other noncurrent assets	30,791,642	3,101,761	3,232,375	27,689,881
Total noncurrent assets	160,072,462	129,427,626	128,231,587	30,644,836
Total assets	\$ 202,426,395	161,688,321	159,463,354	40,738,074
Current liabilities	17,321,667	12,760,606	12,501,168	4,561,061
Noncurrent liabilities	48,815,000	22,002,531	22,698,276	26,812,469
Total liabilities	\$ 66,136,667	34,763,137	35,199,444	31,373,530

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2009 and 2008

**Summary of Assets and Liabilities (Cont'd)**

The increase in current assets of \$10,093,238 is due to the following:

- A net increase of \$4,763,097, in cash, cash equivalents, investments, and deposits held by trustees resulting from an increase in investments of 8,829,498, and a decrease in cash and cash equivalents of \$4,061,960, and a decrease in deposits held by trustees of \$4,441.
- An increase in accounts receivable of \$5,326,242 was the result of an increase in accounts receivable from Monmouth County and the Monmouth County Improvement Authority in the amount of \$4,767,735, an increase in accounts receivable from federal and state grants in the amount of \$442,646, and an increase in various accounts receivable in the amount of \$115,861.
- A increase in inventories of \$145,882 due to increase in enrollment, which resulted in an increase in sales at the College Store.
- A decrease in prepaid expenses of \$172,559 due primarily to a decrease of \$217,263 in workers compensation premiums. There was an increase of \$44,704 due to various prepaid items.
- An increase in accrued interest receivable of \$30,576 due to the timing of investments, which resulted in maturities beyond the end of the fiscal year.

Capital Assets increased in the net by \$2,954,955, which is due to net additions of \$7,175,615, less the net change in accumulated depreciation of \$4,220,660. The increase in non current assets of \$30,644,836 is due to an increase in deposits held by trustee of \$27,677,409, an increase in endowment investments of \$12,472, and the increase in capital assets of \$2,954,955.

The increase in current liabilities of \$4,561,061 is due to the following:

- A decrease in accounts payable of \$550,453, was due to a decrease in capital accounts payable of \$352,360, operating accounts payable of \$189,524, and Foundation accounts payable of \$8,569.
- An increase in accrued expenses payable in the amount of \$1,329,873 was due to an increase in debt service for the Big Four bond projects in the amount of \$733,823, an increase of \$191,115 in accrued vacation pay, an increase of \$107,166 in accrued wages, an increase of \$258,278 in accrued utilities, and an increase of \$39,491 in various other accrued liabilities.
- An increase in deferred student tuition and fees as well as other deferred revenue in the amount of \$3,402,559 is due to an increase of \$3,315,605 in advance payments from Monmouth County, and an increase of \$112,568 in deferred student tuition and fees, which was due to enrollment and tuition rate increases. There was a decrease in other deferred revenue in the amount of \$25,614.
- An increase in the current portion of long term liabilities in the amount of \$341,786 due to an increase in debt service principle on the Big Four bond projects.
- An increase of \$37,296 in deposits held for others in the Brookdale Foundation.

There was an increase of \$26,812,469 in long term liabilities due to the sale of bonds needed to provide funds for the Big Four projects.

▪ ***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 Branch Campus.

(Continued)



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2009 and 2008

The total original amount financed was \$25,280,000, with the annual debt service on both bonds totaling approximately \$1,720,000 a year.

In December 2008, the College financed the Big Four projects in the amount of \$27,850,000, with an annual debt service of approximately \$1,900,000.

All principal payments are due on August 1, and interest is payable twice a year on February 1 and August 1.

***Capital Assets***

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	<u>2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>2009</u>
Land	\$ 6,183,367	—	300,905	5,882,462
Building and improvements	178,327,136	6,613,069	911,832	184,028,373
Furniture and equipment	4,875,590	1,792,328	17,045	6,650,873
Total	189,386,093	8,405,397	1,229,782	196,561,708
Less accumulated depreciation	<u>(63,060,228)</u>	<u>(4,676,136)</u>	<u>(455,476)</u>	<u>(67,280,888)</u>
Capital assets, net	<u>\$ 126,325,865</u>	<u>3,729,261</u>	<u>774,306</u>	<u>129,280,820</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, 2009 and 2008

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

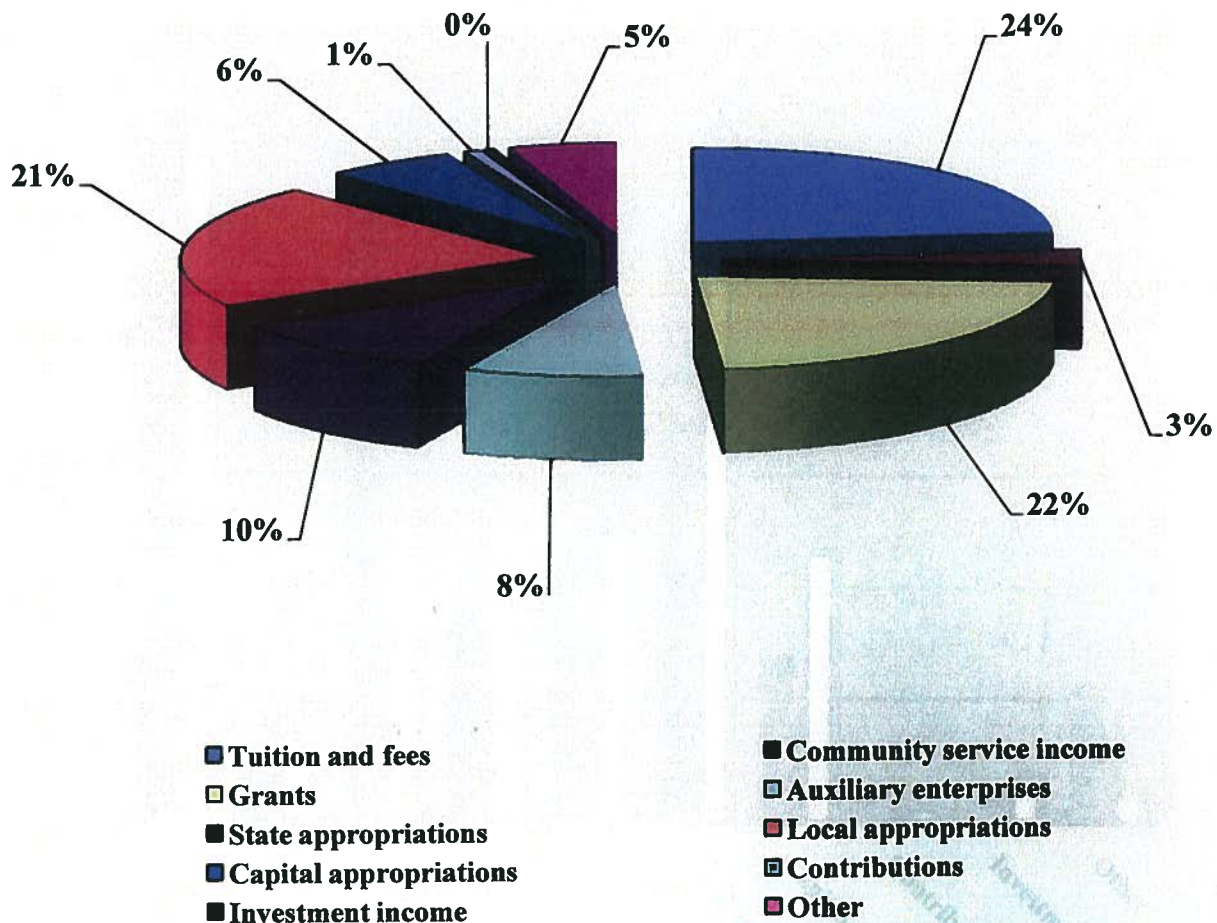
The College receives its revenue from three main sources: Tuition and Fees, State Aid, and County support. The balance of revenue was received from miscellaneous sources, which include Business and Community Development, Grants, Investment Income, Other Fees, and Other Income. The College also received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

	2009	2008	(Restated) 2007	Change 2008-2009
Operating revenues:				
Tuition, net	\$ 23,277,150	25,732,702	23,706,805	(2,455,552)
Fees	5,888,475	5,249,898	4,801,165	638,577
Chargebacks to other counties	442,466	424,897	404,875	17,569
Community service income	3,193,010	2,947,355	2,689,612	245,655
Federal, state, and local grants	27,305,579	14,639,500	13,221,860	12,666,079
Other grants	79,558	114,668	93,490	(35,110)
Other operating revenues	961,936	1,072,026	1,097,295	(110,090)
Auxiliary enterprises, net	10,053,780	10,321,556	9,494,183	(267,776)
Other	199,613	212,854	238,173	(13,241)
Total operating revenues	<u>71,401,567</u>	<u>60,715,456</u>	<u>55,747,458</u>	<u>10,686,111</u>
Operating expenses	<u>112,333,547</u>	<u>104,535,614</u>	<u>(96,541,236)</u>	<u>7,797,933</u>
Operating loss	<u>(40,931,980)</u>	<u>(43,820,158)</u>	<u>(40,793,778)</u>	<u>2,888,178</u>
Nonoperating revenues (expenses):				
State appropriations	12,196,625	13,367,316	12,652,501	(1,170,691)
Local appropriations	26,360,468	25,512,410	24,413,789	848,058
Contributions	947,020	317,950	427,726	629,070
Investment income	599,919	1,199,117	1,856,162	(599,198)
Other nonoperating revenues	4,788,177	2,308,446	2,137,545	2,479,731
Interest expense	(1,745,670)	(1,037,132)	(1,061,610)	(708,538)
Net nonoperating revenues	<u>43,146,539</u>	<u>41,668,107</u>	<u>40,426,113</u>	<u>1,478,432</u>
Income (loss) before other revenues	<u>2,214,559</u>	<u>(2,152,051)</u>	<u>(367,665)</u>	<u>4,366,610</u>
Other revenues:				
Capital appropriations	<u>7,149,985</u>	<u>4,813,325</u>	<u>11,922,753</u>	<u>2,336,660</u>
Increase in net assets	<u>9,364,544</u>	<u>2,661,274</u>	<u>11,555,088</u>	<u>6,703,270</u>
Net assets as of beginning of year	<u>126,925,184</u>	<u>124,263,910</u>	<u>112,708,822</u>	<u>2,661,274</u>
Net assets as of end of year	<u>\$ 136,289,728</u>	<u>126,925,184</u>	<u>124,263,910</u>	<u>9,364,544</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, 2009 and 2008

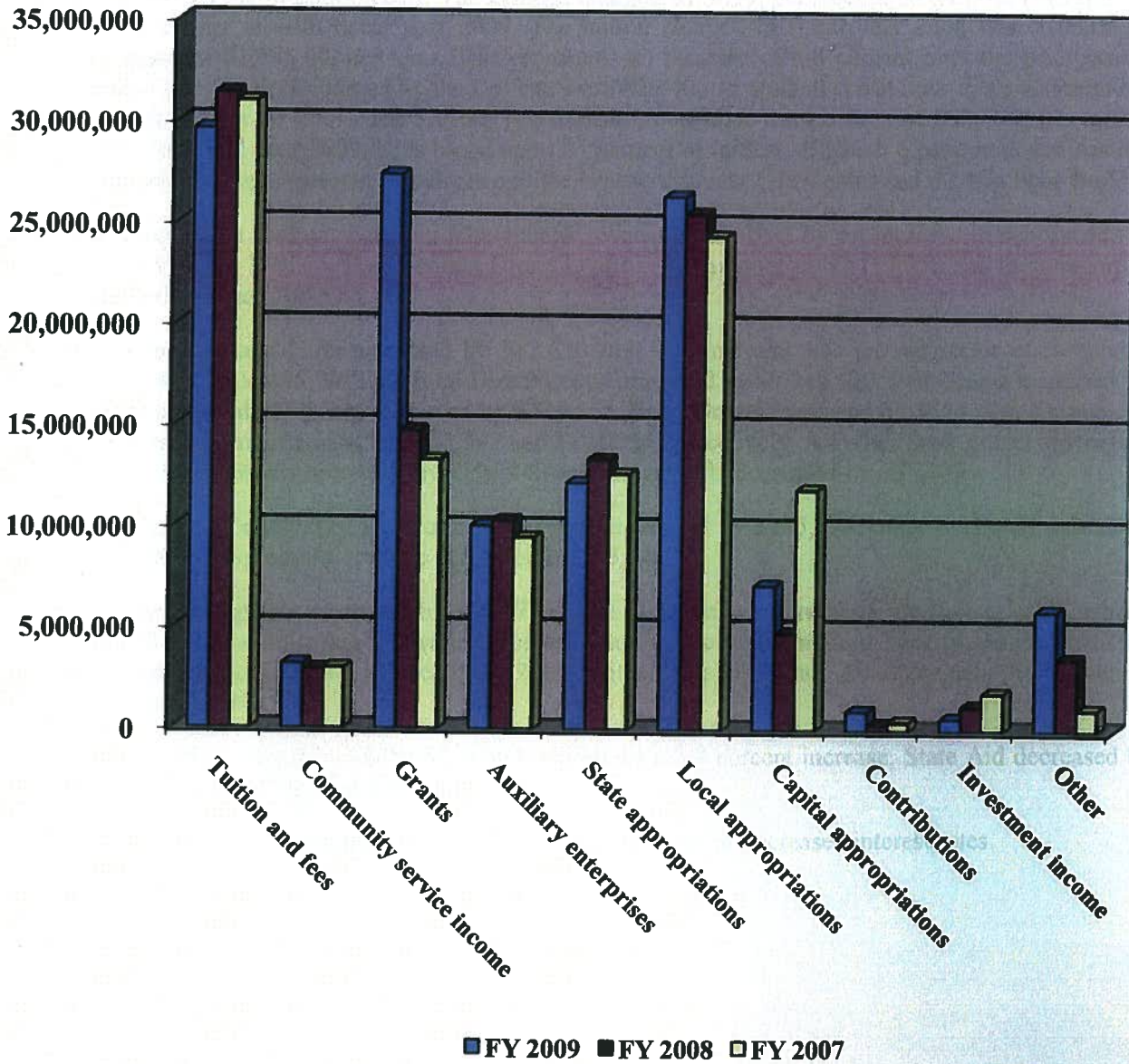
**FY 2009 Revenues**



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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, 2009 and 2008

**Revenues**



(Continued)



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2009 and 2008

***Revenue***

Tuition, Fee, and Chargeback revenue overall decreased by \$1,834,544, which can be attributed to the recording of the scholarship allowance for the William Ford Federal Direct Loan program, combined with an increase in FTEs and per credit tuition costs. The College charged \$110.00, per student credit hour (SCH) to a maximum of \$1,650.00, per term in fiscal year 2009. The tuition charged in fiscal year 2008 was \$103.00, per SCH to a maximum of \$1,545.00, 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 \$26.40, per student credit hour to a maximum of \$396.00, per term for fiscal year 2009, and \$22.66, per student credit hour a maximum of \$339.90, per term in fiscal year 2008. The fiscal year 2009 fee is based upon 24 percent of tuition, of which 6 percent is dedicated to technology enhancements and 3 percent is dedicated to the Warner Student Life Center and the Big Four Building Funds.

The increase in Tuition, Fee, and Chargeback revenue was offset by an increase in scholarship allowances of \$7,109,195; the William Ford Federal Direct Loans in the amount of \$7,137,352 had to be recorded for the first time in fiscal year 2009.

Grant revenue and Gifts increased by \$12,630,969. The increase was the net result of an increase in federal grants of \$12,206,495. William Ford Direct Loans increased by \$9,914,629, Pell Grants increased by \$1,762,698, and all other federal grants increased by \$529,168. State Grants increased by \$654,026. Tuition Aid Grants and New Jersey Stars increased by \$467,347 and \$191,964 respectively. All other State grants decreased in the net by \$5,285. Local Grants decreased by \$194,443 and private gifts decreased by \$35,109.

Business and Community Development revenue increased by \$245,655; other operating revenue decreased by \$110,090. Non operating revenue decreased by \$13,241.

Auxiliary enterprises decreased by \$267,776. The decrease was due to an increase in scholarship allowance of \$473,031. The scholarship allowance increased due to the William Ford Federal Direct Loans that had to be recorded for the first time in fiscal year 2009. Without the allowance Auxiliary enterprise revenue would have increased by \$205, 255.

County Aid increased by \$848,058, which represents a 3.3 percent increase; State Aid decreased by \$1,170,691 representing an 8.8 percent decrease.

Investment income decreased by \$599,198 as a direct result of decreased interest rates.

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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, 2009 and 2008

**Expenses**

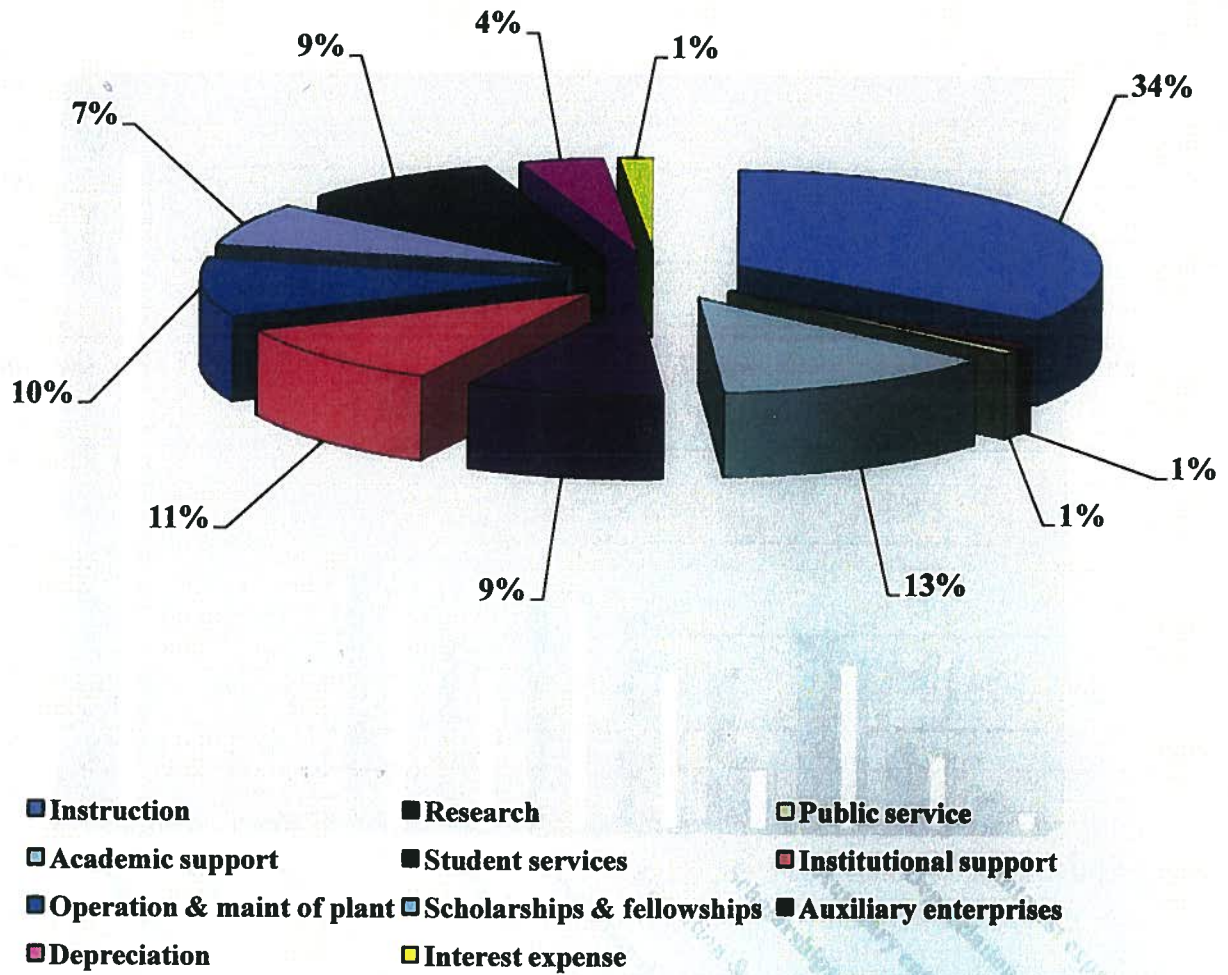
The College had total expenses of \$114,079,217 in 2009 compared with \$105,572,746 in 2008. This reflects an increase of \$8,506,471 primarily attributed to enrollment growth and negotiated salary increases. Included in this increase are capital expenditures, interest expense on debt service, and depreciation expense, which total \$6,302,474.

	<u>2009</u>	<u>2008</u>	<u>(Restated) 2007</u>	<u>Change 2008-2009</u>
Operating expenses:				
Instruction	\$ 39,441,500	39,487,709	36,185,574	(46,209)
Research	981,527	951,839	896,388	29,688
Public service	925,286	578,357	585,237	346,929
Academic support	14,398,310	13,384,054	12,900,634	1,014,256
Student services	9,967,906	9,505,327	8,734,551	462,579
Institutional support	12,110,316	12,798,427	12,218,653	(688,111)
Operation and maintenance of plant	11,473,058	10,760,354	8,628,909	712,704
Scholarships and fellowships	8,400,833	3,743,364	3,313,846	4,657,469
Auxiliary enterprises	10,414,151	10,227,695	8,979,612	186,456
Depreciation	4,220,660	3,098,488	4,097,832	1,122,172
Total operating expenses	<u>112,333,547</u>	<u>104,535,614</u>	<u>96,541,236</u>	<u>7,797,933</u>
Interest expense	<u>1,745,670</u>	<u>1,037,132</u>	<u>1,061,610</u>	<u>708,538</u>
Total expenses	<u>\$ 114,079,217</u>	<u>105,572,746</u>	<u>97,602,846</u>	<u>8,506,471</u>

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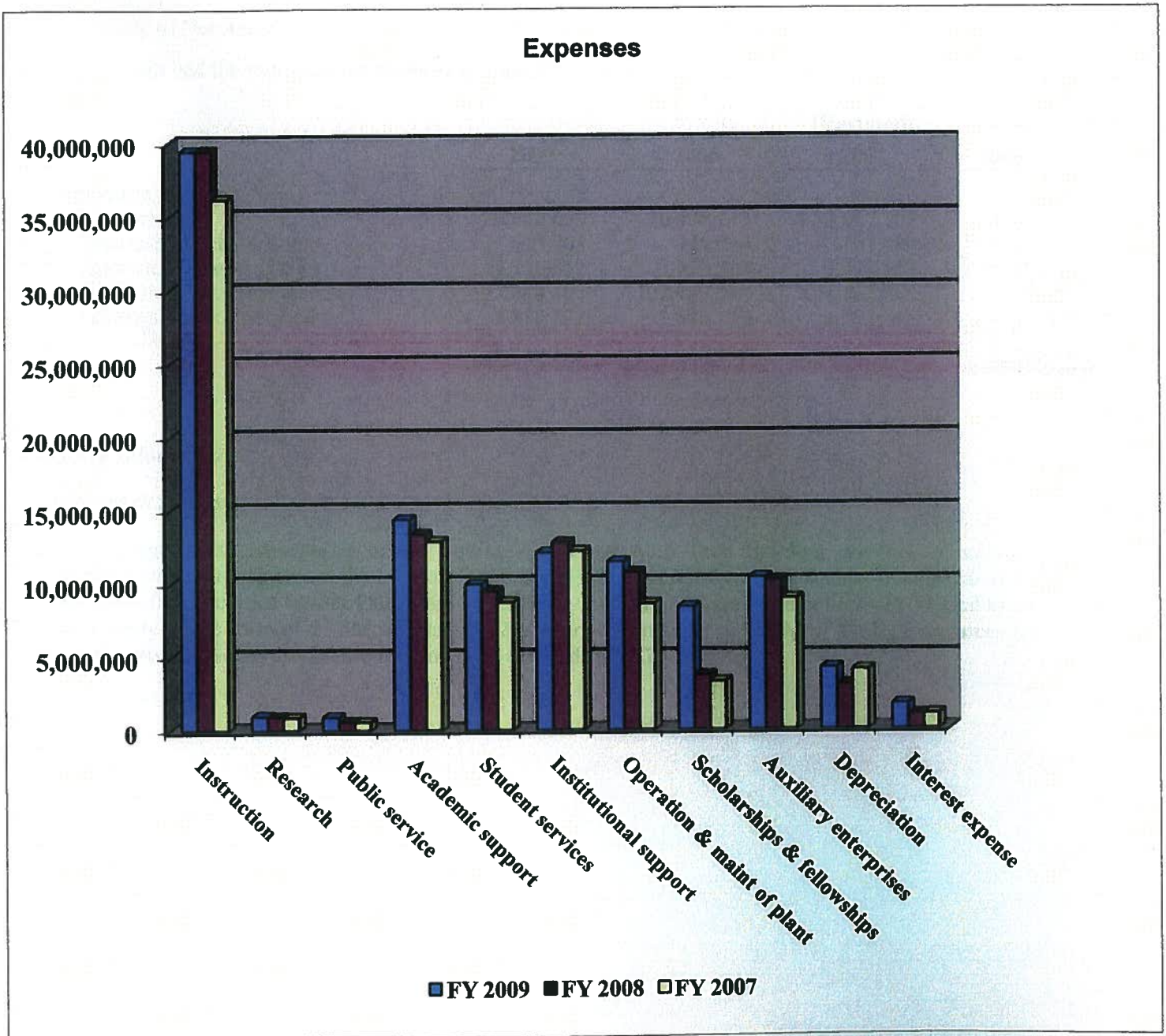
**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis

**FY 2009 Expenses**



(Continued)  
(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
 (A Component Unit of the County of Monmouth)  
 Management's Discussion and Analysis  
 For the fiscal years ended June 30, 2009 and 2008



(Continued)



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2009 and 2008

**Summary of Net Assets**

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

	<u>2009</u>	<u>2008</u>	<u>(Restated) 2007</u>	<u>Change 2008-2009</u>
Net assets:				
Unrestricted	\$ 26,642,659	20,400,712	19,047,162	6,241,947
Restricted (Scholarships)	605,703	746,984	821,489	(141,281)
Restricted expend. (DSR)	1,716,652	1,739,818	1,748,592	(23,166)
Investment in capital assets	105,444,492	102,489,537	101,162,884	2,954,955
Scholarships & Endowed	<u>1,880,222</u>	<u>1,548,133</u>	<u>1,483,783</u>	<u>332,089</u>
Total net assets	<u>\$ 136,289,728</u>	<u>126,925,184</u>	<u>124,263,910</u>	<u>9,364,544</u>

**Other Information**

***Projects in Process***

The College began renovations to the Collins Arena and Auto Tech Building, as well as renovation and infrastructure improvements to the Lincroft Campus and the Western Monmouth Branch Campus, as identified in the 2007-2015 Facilities Master Plan. The \$40.5M Big Four Projects are to be collectively funded by the State and County in the form of \$5.4M in Chapter 12 support, approximately \$7.2M of College resources and most significantly, the Series 2008 lease revenue bond proceeds of \$27,850,000.

# **BASIC FINANCIAL STATEMENTS**



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

Statements of Net Assets  
As of June 30, 2009 and 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents (note 1 and 2)	\$ 13,861,774	17,923,734
Short-term investments (note 2)	17,788,955	8,959,457
Accounts receivable, net of allowance of approximately \$830,534 in 2009 and \$844,577 in 2008 (note 3)	7,621,118	2,294,876
Deposits held by trustees (note 2)	561,747	566,188
Inventories	1,309,473	1,163,591
Prepaid expenses	975,444	1,148,003
Accrued interest receivable	235,422	204,846
Total current assets	42,353,933	32,260,695
Noncurrent assets:		
Endowment investments (note 2)	1,374,415	1,361,943
Deposits held by trustees (note 2)	29,417,227	1,739,818
Capital assets, net of accumulated depreciation of \$67,280,888 in 2009 and \$63,060,228 in 2008 (note 5)	129,280,820	126,325,865
Total noncurrent assets	160,072,462	129,427,626
Total assets	202,426,395	161,688,321
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses (notes 4 and 9)	9,388,496	8,609,076
Deferred student tuition and fees	2,831,956	2,724,559
Deferred grant revenue	247,145	269,788
Deferred revenue other	3,317,805	
Deposits held for others	498,734	461,438
Long-term debt, current portion (note 6)	1,037,531	695,745
Total current liabilities	17,321,667	12,760,606
Noncurrent liabilities:		
Long-term debt (note 6)	48,815,000	22,002,531
Total liabilities	66,136,667	34,763,137
<b>Net Assets</b>		
Invested in capital assets, net of related debt	105,444,492	102,489,537
Restricted:		
Nonexpendable:		
Scholarships and library	605,703	746,984
Expendable:		
Debt service reserve	1,716,652	1,739,818
Scholarships	1,880,222	1,548,133
Unrestricted	26,642,659	20,400,712
Total net assets	\$ 136,289,728	126,925,184

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Student revenues:		
Tuition, net of scholarship allowances of \$15,460,082 for 2009		
and \$8,350,887 for 2008	\$ 23,277,150	25,732,702
Chargebacks to other counties	442,466	424,897
	<u>23,719,616</u>	<u>26,157,599</u>
Auxiliary enterprises, net of scholarships of \$1,262,852 for 2009		
and \$789,821 for 2008	10,053,780	10,321,556
Fees	5,888,475	5,249,898
Net student revenues	<u>39,661,871</u>	<u>41,729,053</u>
Community service income	3,193,010	2,947,355
Federal grants	21,644,417	9,437,922
State grants	5,428,016	4,773,990
Local grants	233,146	427,588
Other grants	79,558	114,668
Special events	199,613	212,854
Other operating revenues	961,936	1,072,026
Total operating revenues	<u>71,401,567</u>	<u>60,715,456</u>
Operating expenses:		
Instruction	39,441,500	39,487,709
Research	981,527	951,839
Public service	925,286	578,357
Academic support	14,398,310	13,384,054
Student services	9,967,906	9,505,327
Institutional support	12,110,316	12,798,427
Operation and maintenance of plant	11,473,058	10,760,354
Scholarships and fellowships	8,400,833	3,743,364
Auxiliary enterprises	10,414,151	10,227,695
Depreciation	4,220,660	3,098,488
Total operating expenses	<u>112,333,547</u>	<u>104,535,614</u>
Operating loss	<u>(40,931,980)</u>	<u>(43,820,158)</u>
Nonoperating revenues (expenses):		
State appropriations	12,196,625	13,367,316
Local appropriations	26,360,468	25,512,410
Contributions	947,020	317,950
Investment income	599,919	1,199,117
Other nonoperating revenues	4,788,177	2,308,446
Interest expense	(1,745,670)	(1,037,132)
On-behalf payments - alternative benefit program:		
Revenues	2,007,672	1,868,824
Expenses	(2,007,672)	(1,868,824)
Net nonoperating revenues	<u>43,146,539</u>	<u>41,668,107</u>
Loss before other revenues	<u>2,214,559</u>	<u>(2,152,051)</u>
Other revenues:		
Capital appropriations	7,149,985	4,813,325
Increase in net assets	9,364,544	2,661,274
Net assets as of beginning of year	<u>126,925,184</u>	<u>124,263,910</u>
Net assets as of end of year	<u>\$ 136,289,728</u>	<u>126,925,184</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, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Student tuition and fees (including chargebacks to other counties)	\$ 31,854,107	31,620,627
Noncredit revenue	3,055,137	3,014,873
Grants and contracts	27,367,932	14,678,934
Grant payments	(27,385,137)	(14,754,168)
Payments to suppliers	(11,205,204)	(14,489,872)
Payments to employees	(49,075,135)	(58,690,625)
Payments for scholarships and fellowships	(8,400,833)	(3,580,403)
Auxiliary enterprises:		
Bookstore and dining services receipts	9,172,552	9,059,141
Bookstore and dining services payments	(8,508,150)	(8,391,294)
Other auxiliary services payments	(977,331)	(556,681)
Other operating receipts	961,936	1,075,645
Net cash used in operating activities	(33,140,126)	(41,013,823)
Cash flows from noncapital financing activities:		
State appropriations	12,196,625	13,367,316
Local appropriations	26,360,468	25,512,410
Contributions	947,020	317,950
Net cash provided by noncapital financing activities	39,504,113	39,197,676
Cash flows from capital financing:		
Proceeds from issuance of debt	27,508,214	
Payments on capital debt	(695,745)	(695,745)
Capital appropriations	7,631,713	8,494,621
Interest paid on capital debt	(1,022,409)	(1,047,372)
Purchases of capital assets	(7,983,452)	(4,741,578)
Deposits held with trustees	(27,672,968)	1,163,476
Net cash provided by (used in) capital financing activities	(2,234,647)	3,173,402
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	22,821,231	25,747,413
Interest and dividends on investments	638,198	1,270,878
Purchases of investments	(31,650,729)	(26,883,191)
Net cash provided by (used in) investing activities	(8,191,300)	135,100
Net increase (decrease) in cash and cash equivalents	(4,061,960)	1,492,355
Cash and cash equivalents as of beginning of year	17,923,734	16,431,379
Cash and cash equivalents as of end of year	\$ 13,861,774	17,923,734
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (40,931,980)	(43,820,158)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	4,220,660	3,098,488
Changes in assets and liabilities:		
Grants and other receivables	(147,738)	(196,812)
Inventories	(144,881)	31,338
Prepaid expenses	172,559	(307,627)
Accounts payable and accrued expenses	982,106	(585,092)
Deferred student tuition and fees	2,726,291	841,373
Deferred grant revenue	(17,143)	(75,333)
Net cash used by operating activities	\$ (33,140,126)	(41,013,823)

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, 2009 and 2008

**(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.

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 228 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 Neptune, 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 five 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, 2009 and 2008

**(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, 2009 and 2008

**(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 – 50
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.

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

- (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.
- (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, 2009 and 2008, the College's bank balances of \$14,313,080 and \$19,823,479 were insured, collateralized or uninsured as follows:

	<u>2009</u>	<u>2008</u>
Insured	\$ 2,091,139	597,682
Collateralized under GUDPA	11,958,241	18,743,631
Uninsured	<u>263,701</u>	<u>482,166</u>
	<u>\$ 14,313,080</u>	<u>19,823,479</u>

(Continued)



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**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 2009 and FY 2008 are \$17,860,486 and \$8,792,371 in Certificates of Deposits at various banks and \$1,302,884 and \$1,529,029 in Mutual Funds.

**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, 2009 and 2008, the College had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>FY 2009</u>	<u>FY 2008</u>
Certificates of Deposits	> 3 months	N/A	\$ 17,860,486	8,792,371
Mutual Funds	N/A	N/A	1,302,884	1,529,029
			<u>\$ 19,163,370</u>	<u>10,321,400</u>
Short-term			\$ 17,788,955	8,959,457
Long-term			1,374,415	1,361,943
			<u>\$ 19,163,370</u>	<u>10,321,400</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.

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
**(A Component Unit of the County of Monmouth)**  
**Notes to Financial Statements**  
**For the fiscal year ended June 30, 2009 and 2008**

**(3) Accounts Receivable**

Accounts receivable consisted of the following as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Federal, state and local grants receivable	\$ 6,120,426	1,004,936
Student accounts receivable	1,528,919	1,449,309
Community development receivables	346,996	209,123
Other receivables	<u>455,311</u>	<u>476,085</u>
	8,451,652	3,139,453
Less allowance for doubtful accounts	<u>830,534</u>	<u>844,577</u>
	<u>\$ 7,621,118</u>	<u>2,294,876</u>

The large increase in federal, state and local grants receivable represent amounts due from Monmouth County and the Monmouth County Improvement Authority, in the amount of \$4,767,735, for the Big Four construction projects.

**(4) Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consisted of the following as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Vendors	\$ 502,598	692,122
Construction	1,697,915	1,324,909
Payroll	2,156,238	2,005,318
Vacation	2,616,527	2,425,412
State of New Jersey unemployment	500,763	464,773
Other	<u>1,914,456</u>	<u>1,696,542</u>
	<u>\$ 9,388,496</u>	<u>8,609,076</u>

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(5) Capital Assets**

The fiscal year 2009 and 2008 activity in capital assets and accumulated depreciation was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Depreciable assets:				
Buildings and building improvements	\$ 178,327,136	6,613,068	(911,831)	184,028,372
Equipment	<u>4,875,590</u>	<u>1,792,329</u>	<u>(17,045)</u>	<u>6,650,874</u>
	183,202,726	8,405,397	(928,876)	190,679,247
Less accumulated depreciation:				
Buildings and building improvements	(59,760,779)	(4,061,975)	438,431	(63,384,323)
Equipment	<u>(3,299,449)</u>	<u>(614,162)</u>	<u>17,045</u>	<u>(3,896,566)</u>
	<u>(63,060,228)</u>	<u>(4,676,137)</u>	<u>455,476</u>	<u>(67,280,889)</u>
Depreciable assets, net	120,142,498	3,729,260	(473,400)	123,398,358
Nondepreciable asset - land	<u>6,183,367</u>	<u>-</u>	<u>(300,905)</u>	<u>5,882,462</u>
Capital Assets, Net	<u>\$ 126,325,865</u>	<u>3,729,260</u>	<u>(774,305)</u>	<u>129,280,820</u>

	<u>Balance July 1, 2007 Originally Reported</u>	<u>Adjustments</u>	<u>Balance July 1, 2007 Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Depreciable assets:						
Buildings and building improvements	\$174,031,224	(1,151,498)	172,879,726	5,447,410	-	178,327,136
Equipment	13,106,837	(7,208,979)	5,897,858	420,033	(1,442,301)	4,875,590
	187,138,061	(8,360,477)	178,777,584	5,867,443	(1,442,301)	183,202,726
Less accumulated depreciation:						
Buildings and building improvements	(54,577,307)	(1,298,483)	(55,875,790)	(3,884,989)	-	(59,760,779)
Equipment	<u>(8,442,025)</u>	<u>4,356,076</u>	<u>(4,085,949)</u>	<u>(578,286)</u>	<u>1,364,787</u>	<u>(3,299,449)</u>
	<u>(63,019,332)</u>	<u>3,057,592</u>	<u>(59,961,740)</u>	<u>(4,463,275)</u>	<u>1,364,787</u>	<u>(63,060,228)</u>
Depreciable assets, net	124,118,729	(5,302,885)	118,815,845	1,404,168	(77,514)	120,142,498
Nondepreciable asset - land	<u>6,183,367</u>	<u>-</u>	<u>6,183,367</u>	<u>-</u>	<u>-</u>	<u>6,183,367</u>
Capital Assets, Net	<u>\$130,302,096</u>	<u>(5,302,885)</u>	<u>124,999,212</u>	<u>1,404,168</u>	<u>(77,514)</u>	<u>126,325,865</u>

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(6) Long-Term Debt**

The activity in long-term debt for the years ended June 30, 2009 and 2008 was as follows:

	<u>June 30, 2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2009</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)	\$ 7,405,000		(300,000)	7,105,000
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)	9,960,000		(360,000)	9,600,000
C. Lease revenue bonds – Series 2008 issue:				
Serial bonds (interest rates between 3.25% to 5.25% due on various dates through fiscal year 2025)	—	9,470,000	—	9,470,000
Term bonds (interest rate between 5.25% to 6.00% due in fiscal years 2027, 2029, 2032 and 2039)	—	18,380,000	—	18,380,000
D Equipment Leasing Fund obligation	<u>73,276</u>		<u>(35,745)</u>	<u>37,531</u>
	<u>\$ 22,698,276</u>	<u>27,850,000</u>	<u>(695,745)</u>	49,852,531
Less current portion				<u>1,037,531</u>
				<u>\$ 48,815,000</u>

(Continued)



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

	<u>June 30,</u> <u>2007</u>	<u>Decrease</u>	<u>June 30,</u> <u>2008</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)	\$ 7,695,000	(290,000)	7,405,000
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)	10,310,000	(350,000)	9,960,000
C. Equipment Leasing Fund obligation	<u>149,378</u>	<u>(76,102)</u>	<u>73,276</u>
	<u>\$ 23,414,378</u>	<u>(716,102)</u>	<u>22,698,276</u>
Less current portion			<u>695,745</u>
			<u>\$ 22,002,531</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.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

- C. The lease revenue bonds – Series 2008 were issued by The Monmouth County Improvement Authority (MCIA) and are guaranteed by the County of Monmouth pursuant to an agreement with the College for the purpose of funding for the Big Four Projects, which is comprised of renovations to the Collins Arena, Autotech, the Western Monmouth Branch Campus and infrastructure improvements on the Lincroft 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.

The term bonds mature in lump sum payments of \$1,810,000 in fiscal year 2027, \$2,015,000 in fiscal year 2029, \$3,495,000 in fiscal year 2032 and \$11,060,000 in fiscal year 2039.

- D. 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 is to be paid with the funds from the College's lease payments. At the completion of the lease term in fiscal year 2010, 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  
For the fiscal year ended June 30, 2009 and 2008

**(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, 2009:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2010	\$ 1,037,531	2,623,710	3,661,241
2011	1,160,000	2,453,196	3,613,196
2012	1,205,000	2,409,478	3,614,478
2013	1,250,000	2,363,983	3,613,983
2014	1,300,000	2,315,279	3,615,279
2015-2019	7,375,000	10,671,243	18,046,243
2020-2024	9,280,000	8,736,529	18,016,529
2025-2029	10,215,000	6,218,061	16,433,061
2030-2034	8,670,000	3,664,247	12,334,247
2035-2039	8,360,000	1,314,600	9,674,600
	<u>\$ 49,852,531</u>	<u>42,770,325</u>	<u>92,622,856</u>

Interest charges incurred in fiscal years 2009 and 2008 were \$1,025,179 and \$1,037,132, respectively.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(7) Designations of Unrestricted Net Assets**

As of June 30, 2009 and 2008, the College had designated portions of its unrestricted net assets as follows:

<b>June 30, 2009:</b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
Designated:			
Auxiliary enterprises	\$ 1,348,547	—	1,348,547
Risk management	—	224,240	224,240
ADA and legal compliance	200,000	815,000	1,015,000
Campus construction projects	—	18,861,489	18,861,489
Utility Upgrade	—	1,347,000	1,347,000
Health Benefits	1,143,736	—	1,143,736
Appropriation to succeeding fiscal years' budgets	<u>2,702,647</u>	<u>—</u>	<u>2,702,647</u>
	<u>\$ 5,394,930</u>	<u>21,247,729</u>	<u>26,642,659</u>

<b>June 30, 2008:</b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
Designated:			
Auxiliary enterprises	\$ 3,104,418	—	3,104,418
Risk management	—	224,240	224,240
Reserve for purchase orders	700,000	—	700,000
Campus construction projects	—	10,990,375	10,990,375
New telephone system	—	1,600,000	1,600,000
Sick leave buyout program	1,000,000	—	1,000,000
Appropriation to succeeding fiscal years' budgets	<u>2,381,679</u>	<u>—</u>	<u>2,381,679</u>
Undesignated	<u>250,000</u>	<u>150,000</u>	<u>400,000</u>
	<u>\$ 7,436,097</u>	<u>12,964,615</u>	<u>20,400,712</u>



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(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, 2009 and 2008. During the year ended June 30, 2009 and 2008, the College's annual contributions to PERS were \$1,360,000 and \$1,200,000, 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, 2009 and 2008. 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 2009 and 2008, College contributions to PFRS were \$227,000 and \$238,325, respectively. The contribution requirements of the plan members and the College are established and may be amended by the State of 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, 2009 and 2008

***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.

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, 2009, ABP received employer and employee contributions of approximately \$2,007,672 and \$1,524,076, which was based on participating employee salaries of approximately \$25,095,899. During the year ended June 30, 2008, ABP received employer and employee contributions of approximately \$1,868,824 and \$1,297,948 respectively, which was based on participating employee salaries of approximately \$23,260,304.

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 \$338,330 and \$274,485 for the years ended June 30, 2009 and 2008 are paid by the College and are included in the accompanying financial statements.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(9) Commitments and Contingencies**

*Commitments*

The College leases certain buildings used in general operations. Net rental expenses were approximately \$142,000 and \$136,500 in 2009 and 2008, respectively. The leases are noncancelable and have been classified as operating leases which will expire in July 2012. Minimum annual rental commitments, net of sublease rentals, approximate the following:

	<u>Amount</u>
Year ending June 30:	
2010	\$ 142,000
2011	142,000
2012	<u>142,000</u>
	<u>\$ 426,000</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, 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 \$2,616,527 and \$2,425,412 as of June 30, 2009 and 2008, 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.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
For the fiscal year ended June 30, 2009 and 2008

**(11) Other Postemployment Benefits**

**Plan Description** - The College contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension 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 New Jersey Statutes Annotated, 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 Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

**Funding Policy** - P.L. 1987, c.384 of 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 the TPAF and 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. As of June 30, 2008, there were 80,181 retirees eligible for postemployment medical benefits. 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 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 thirty years.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in fiscal year 2008.

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. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

**(12) Litigation**

The College was a defendant in a legal proceeding which resulted in a settlement which was not in favor of the College. The College is required to make certain improvements to existing buildings and infrastructure, over a five year period, in order to make the College more ADA accessible. The estimated cost of these improvements is approximately \$200,000 each year. The College is in the second year of the required improvements.

(Continued)



# **SINGLE AUDIT SECTION**

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**FOR THE FISCAL YEAR ENDING  
JUNE 30, 2009**

**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, 2009. 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, 2009.

**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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the College's internal control that might be significant deficiencies or material weaknesses as described below. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2009-1 to be a significant deficiency.

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. We do not consider the above significant deficiency to be a material weakness.

The College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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  
October 30, 2009

**BROOKDALE COMMUNITY COLLEGE**

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2009

<b>Federal grantor/ pass-through grantor/ program or cluster title</b>	<b>Federal CFDA/grant number</b>	<b>Current year expenditures</b>
U.S. Department of Education:		
Student Financial Assistance Cluster (Direct Funding):		
Federal Direct Student Loans	84.268	\$ 9,914,629
Federal Supplemental Educational Opportunity Grant (including administrative cost allowance of \$18,087)	84.007	289,392
Federal Pell Grant	84.063	9,298,098
Federal Work-Study (including administrative cost allowance of \$8,372)	84.033	175,802
Academic Competitiveness Grant	84.375	247,346
Job Locator	84.xxx	29,839
Total Student Financial Assistance Cluster		19,955,106
Asbury Park/Neptune Enrichment and Student Success Center	84.215	72,861
U.S. Department of Labor (Direct Funding):		
Community Based Job Training Grant	17.269	250,329
Center for Excellence in Technology, Telecommunications and Economic Development (CETTED) Program	17.261	14,237
Passed through State of New Jersey Department of Labor & Workforce Development:		
Adult Basic Skills & Integrated English Literacy	84.002	460,177
Civics Education Program	84.002	128,105
		588,282
Bio 1 WIRED Grant	17.268	6,000
Math & Science Teaching- WIRED	17.268	1,481
		7,481
Passed through State of New Jersey Department of Education:		
Voc Ed Disadvantaged Component - Perkins	84.048	485,711
Tech - Prep Education	84.243	7,081
Passed through State of New Jersey Council for the Humanities:		
Persistence of Genocide Exhibit	45.129	3,000
National Endowment for the Humanities (Direct Funding)		
Preservation Assessment of Historical Documents of the Center for Holocaust Studies	45.149	729
U.S. Dept of Justice (Direct Funding):		
Office of Juvenile Justice & Delinquency-Optimist II & III	16.541	57,939
U.S. Small Business Administration:		
Small Business Administration and Seminars (Direct Funding)	59.xxx	32,552
Passed through Rutgers University:		
Small Business Development Center	59.037	169,109
Total expenditures of Federal awards		\$ 21,644,417

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, 2009

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	09-100-074-2401-001	\$ 432,190	07/01/08-06/30/09	\$ 389,133	389,133
N.J. Urban Scholarships	09-100-074-2405-278	15,810	07/01/08-06/30/09	15,810	15,810
Tuition Aid Grant	Unknown	14,880	07/01/08-06/30/09	14,880	14,880
N.J. Stars	09-100-074-2405-007	3,410,923	07/01/08-06/30/09	3,407,966	3,407,966
	09-100-074-2405-313	1,196,752	07/01/08-06/30/09	1,195,396	1,195,396
Total Student Financial Assistance Cluster				5,023,185	5,023,185
Educational Opportunity Fund – Article IV:					
Educational Opportunity Fund Summer					
Educational Opportunity Fund Regular	09-100-074-2401-002	13,752	07/01/08-06/30/09	13,752	13,752
N.J. Department of Education:	09-100-074-2401-002	187,732	07/01/08-06/30/09	187,732	187,732
General Education Development Testing					
N.J. Department of Community Affairs:	5063-100-034-5063-324-H302-3620	14,340	07/01/08-06/30/09	14,340	14,340
Displaced Homemaker					
N.J. Department of Human Services:	09-100-022-8051-036	144,090	07/01/08-06/30/09	144,090	144,090
Family Friendly					
	FFC09006	44,917	07/01/08-06/30/09	44,917	44,917
Total restricted				5,428,016	5,428,016
State of New Jersey appropriations – unrestricted:					
N.J. Department of Treasury:					
Operational Costs – County Colleges	09-100-082-2155-015	12,196,625	07/01/08-06/30/09	12,196,625	12,196,625
Alternate Benefit Program	09-100-082-2155-017	2,007,672	07/01/07-06/30/08	2,007,672	2,007,672
P.L. 1971, Chapter 12 Debt Service	09-100-082-2155-016	91,125	07/01/08-06/30/09	91,125	91,125
Total expenditures of State of New Jersey awards				\$ 19,723,438	19,723,438

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, 2009

**(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 William D. Ford Federal Direct Loan Program; 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, 2009.

**(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, 2009

**Section 1- Summary of Auditors' Results**

**Financial Statements**

Type of auditors' 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?   X   yes        none reported

Type of auditors' 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

84.268

84.375

84.xxx

**Student Financial Aid Cluster:**

Federal Pell Grant Program (PELL)

Federal Work Study Program (FWS)

Federal Suppl. Educational Opportunity Grant (FSEOG)

Federal Direct Student Loans (FDSL)

Academic Competitiveness Grant (ACG)

Job Locator

Dollar threshold used to determine Type A programs \$649,332

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, 2009

**Section 1- Summary of Auditors' Results (Cont'd)****State Financial Assistance**

Internal control over compliance:

Material weaknesses identified?

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

Type of auditors' report on compliance for major programs

UnqualifiedAny 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:

**GMIS Numbers****Name of State Program**09-100-074-2401-001**Student Financial Aid Cluster:**Educational Opportunity Fund (EOF) - Article III09-100-074-2405-278Blaustein Distinguish ScholarshipsUnknownN.J. Urban Scholarships09-100-074-2405-007Tuition Aid Grant (TAG)09-100-074-2405-313New Jersey Stars Program09-100-074-2401-002Educational Opportunity Fund (EOF) - Article IV09-100-082-2155-015Operational Costs

Dollar threshold used to determine Type A programs

\$591,703

Auditee qualified as low-risk auditee?

  X   yes        no

**BROOKDALE COMMUNITY COLLEGE**  
Schedule of Findings and Questioned Costs  
For the fiscal year ended June 30, 2009

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***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, 2009

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***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.

**Finding No. 2009-1**

**Program:**

Federal Direct Student Loans – CFDA 84.268

Federal PELL Grant Program – CFDA 84.063

**Condition**

During the fiscal year, the report used by the college to determine which students required a Return of Title IV Calculation did not include a complete population of students.

**Criteria**

2008-09 FSA Handbook – Volume 5 – Overawards, Overpayments & Withdrawal Calculations, Chapter 2 – Withdrawals and Return of Title IV Funds

**Questioned Costs**

None

**Context**

The audit testing noted that there were students who should have had Return of Title IV Calculation performed because of receiving F's (failure) or a combination of W's (withdrawals) and F's with the last date of attendance prior to the 60% date. It was discovered that for FY 2009, the College did not include these types of students in the reports they reviewed for potential Return of Title IV Calculations. After the auditor brought this to the attention of the College, they obtained the necessary reports and performed a 100% review of all potential students requiring return calculations, completed all such calculations and returned the necessary funds to the Department of Education. The auditor expanded testing over this additional population of students and noted no exceptions. In total, the following funds were returned to the Department of Education as a result of the procedures described above:

Federal Direct Student Loans – CFDA 84.268	\$88,782
Federal PELL Grant Program – CFDA 84.063	<u>129,460</u>
	<u>\$218,242</u>

**Effect**

The Return of Title IV Calculations for the students omitted from the original reports resulted in \$218,242 in funds that were returned to the Department of Education.

**Cause**

Failure of the College to properly include all potential students requiring Return of Title IV Calculations in the reports they monitored for FY 2009.

**Recommendation**

That the College includes all potential students in the reports they run to monitor for potential Return of Title IV Calculations.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.



**BROOKDALE COMMUNITY COLLEGE**  
Schedule of Findings and Questioned Costs  
For the fiscal year ended June 30, 2009

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***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

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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

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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