

BROOKDALE COMMUNITY COLLEGE

Report of Audit

Fiscal Year Ended June 30, 2010



BROOKDALE COMMUNITY COLLEGE
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ANNUAL REPORT OF THE
BOARD OF DIRECTORS
JUNE 30, 2010

INTRODUCTORY SECTION

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FOR THE FISCAL YEAR ENDING JUNE 30, 2010

The Board of Directors of the Corporation has reviewed the financial statements of the Corporation for the fiscal year ending June 30, 2010, and has approved the financial statements for inclusion in the annual report of the Corporation. The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America, and the Board of Directors has no reservations as to the fairness of the presentation of the financial statements of the Corporation for the fiscal year ending June 30, 2010.

The Board of Directors of the Corporation has also reviewed the management discussion and analysis of the Corporation for the fiscal year ending June 30, 2010, and has approved the management discussion and analysis for inclusion in the annual report of the Corporation. The management discussion and analysis has been prepared in accordance with the requirements of the Securities Exchange Act of 1934, and the Board of Directors has no reservations as to the fairness of the presentation of the management discussion and analysis of the Corporation for the fiscal year ending June 30, 2010.

The Board of Directors of the Corporation has also reviewed the corporate governance information of the Corporation for the fiscal year ending June 30, 2010, and has approved the corporate governance information for inclusion in the annual report of the Corporation. The corporate governance information has been prepared in accordance with the requirements of the Securities Exchange Act of 1934, and the Board of Directors has no reservations as to the fairness of the presentation of the corporate governance information of the Corporation for the fiscal year ending June 30, 2010.

The Board of Directors of the Corporation has also reviewed the environmental, social and governance information of the Corporation for the fiscal year ending June 30, 2010, and has approved the environmental, social and governance information for inclusion in the annual report of the Corporation. The environmental, social and governance information has been prepared in accordance with the requirements of the Securities Exchange Act of 1934, and the Board of Directors has no reservations as to the fairness of the presentation of the environmental, social and governance information of the Corporation for the fiscal year ending June 30, 2010.

BROOKDALE COMMUNITY COLLEGE
MEMBERS OF THE BOARD OF TRUSTEES

AS OF JUNE 30, 2010

<u>NAME</u>	<u>TERM EXPIRES</u>
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
Dr. Peter Kapsales	October 31, 2013
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, 2013
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

EXPERIMENTAL PROCEDURES

**FOR THE FISCAL YEAR ENDING
JUNE 30, 2010**

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, 2010 and 2009. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinions.

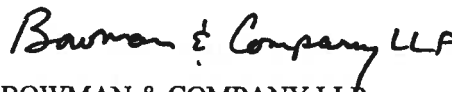
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Brookdale Community College, State of New Jersey, as of June 30, 2010 and 2009 and the respective changes in financial position and cash flows for the fiscal years then 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 11, 2010, 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
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 11, 2010

**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, 2010 and 2009, and have issued our report thereon dated October 11, 2010. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 11, 2010

REQUIRE SUPPLEMENTARY INFORMATION

Continuation of the financial statement
 The financial statement is required
 for the year ending 31st March 2010 and 2011

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REQUIRED SUPPLEMENTARY INFORMATION

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	2010	2011	2012	2013
Current assets	1,000,000	1,000,000	1,000,000	1,000,000
Fixed assets	1,000,000	1,000,000	1,000,000	1,000,000
Current liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Fixed liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Current assets	1,000,000	1,000,000	1,000,000	1,000,000
Fixed assets	1,000,000	1,000,000	1,000,000	1,000,000
Current liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Fixed liabilities	1,000,000	1,000,000	1,000,000	1,000,000

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2010 and 2009

Management's Discussion and Analysis (MD&A) presents Brookdale Community College's (the College) financial performance during the fiscal years ended June 30, 2010 and 2009. This MD&A will provide various financial analyses comparing fiscal year 2010 to fiscal year 2009 as well as fiscal year 2008 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.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Change 2009-2010</u>
Credit FTEs	11,981	11,118	10,514	863
Noncredit FTEs	662	807	790	(145)
Total FTEs	<u>12,643</u>	<u>11,925</u>	<u>11,304</u>	<u>718</u>

Full Time Equated (FTE) Enrollment for credit and non-credit enrollment in fiscal year 2010 was 12,643, compared to fiscal year 2009 FTE enrollment of 11,925. This represents a 6.0 percent increase.

- Credit enrollment increased from 11,118 FTEs in fiscal year 2009 to 11,981 in fiscal year 2010, which represents a 7.8 percent increase.
- Non-credit enrollment went from 807 FTEs in fiscal year 2009 to 662 FTEs in fiscal year 2010, which represents an 18 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:

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Change 2009-2010</u>
Current assets	\$ 45,154,918	42,353,933	32,260,695	2,800,985
Capital assets	149,344,425	129,280,820	126,325,865	20,063,605
Other noncurrent assets	12,306,363	30,791,642	3,101,761	(18,485,279)
Total noncurrent assets	161,650,788	160,072,462	129,427,626	1,578,326
Total assets	<u>\$ 206,805,706</u>	<u>202,426,395</u>	<u>161,688,321</u>	<u>4,379,311</u>
Current liabilities	15,962,846	17,321,667	12,760,606	(1,358,821)
Noncurrent liabilities	46,830,000	48,815,000	22,002,531	(1,985,000)
Total liabilities	<u>\$ 62,792,846</u>	<u>66,136,667</u>	<u>34,763,137</u>	<u>(3,343,821)</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, 2010 and 2009

Summary of Assets and Liabilities (Cont'd)

The increase in current assets of \$2,800,985 is due to the following:

- A net decrease of \$750,950 in cash, cash equivalents, investment, and deposits held by trustees resulting from an increase in cash and cash equivalents of \$5,333,303, and a decrease in deposits held by trustees of \$251,775, and a decrease in short term investments of \$5,832,478.
- An increase in inventories of \$68,748 was the result of an increase in merchandise inventory in the college store and dining services of \$62,740 and \$6,008, respectively. The increase was the result of an enrollment and price increase.
- An increase in prepaid expenses of \$438,291 was due to an increase in prepayments of technology of \$377,281, an increase in prepayments for insurance of \$7,242, and an increase in various prepayments of \$53,768.
- A decrease in accrued interest receivable of \$102,516 was the result of lower interest rates and less funds invested in certificates of deposit at year end.

Capital Assets increased in the net by \$20,063,605, which is due to net additions of \$25,113,132, less the net change in accumulated depreciation of \$5,049,527. The decrease in non-current assets of \$18,485,279 is due to a decrease in the endowment assets of the Foundation of \$681,646. This change was due to a change in the custodian of assets, whereby the assets were sold at June 30, converted to cash, and reinvested in the new fiscal year. There was also a decrease in deposits held by trustee in the amount of \$17,803,633. This was the result of funds withdrawn to fund the renovations and construction of the Big 4 projects.

The decrease in current liabilities of \$1,358,821 is due to the following:

- An increase in accounts payable of \$2,031,058, was due to an increase in operating accounts payable of \$502,210, comprised of increases of \$160,250 in custodial services, \$97,372 in electrical repairs, \$18,767 in HVAC work, \$99,395 in various grants, and \$126,426 in various accounts; an increase in capital accounts payable of \$1,529,973, which is a result of the increase in the volume of construction and renovation associated with the Big 4 projects; and a decrease in the Foundation accounts payable of \$1,125.
- An increase in accrued expense payable in the amount of \$706,136 was due to an increase in the accrued interest on the debt service for the Big 4 bond projects in the amount of \$50,033, and increase in accrued vacation pay of \$108,592, an increase in accrued wages of \$235,750, an increase in the Public Employees retirement system pension plan of \$311,200, a decrease in accrued utilities of \$118,790, and an increase in various accrued liabilities of \$119,351.
- A decrease in deferred revenue of \$3,753,949 was due to the fact that there was no advance payment from Monmouth County, which resulted in a decrease of \$3,317,805, a decrease in deferred tuition and fees in the amount of \$431,428, and a decrease in deferred grant revenue of \$4,716.
- An increase in the current portion of long term liabilities in the amount of \$147,469 was primarily due to an increase in debt service principal on Big 4 bond projects.

(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2010 and 2009

- A decrease of deposits held for others of \$489,535 was due mainly to the fact that the Holocaust account became part of the Brookdale Foundation, and therefore this liability became part of the Foundation's revenue stream.

- ***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. 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 \$1,720,000 a year.

In December 2008, the College financed the Big 4 projects in the amount of \$27,850,000. The debt service totals approximately \$1,930,000. Principal payments are due on August 1, and interest is payable twice a year on February 1 and August 1. In December 2009, the College refinanced the debt service on the Student Life Center bonds of 2001, in the amount of \$11,250,000.

There was a decrease of \$1,985,000 in long term liabilities. The reduction was due to principal payments made on the various bonds.

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>2010</u>
Land	\$ 5,882,463	—	—	5,882,463
Building and improvements	184,028,373	23,823,385	—	207,851,758
Furniture and equipment	6,650,873	1,310,045	20,298	7,940,620
Total	196,561,709	25,133,430	20,298	221,674,841
Less accumulated depreciation	(67,280,889)	(5,069,825)	(20,298)	(72,330,416)
Capital assets, net	\$ <u>129,280,820</u>	<u>20,063,605</u>	<u>—</u>	<u>149,344,425</u>

The College contracted with American Appraisal Associates to provide the College with a detailed report on capital assets, related additions, retirements, and 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, 2010 and 2009

Summary of Revenues, Expenses, and Changes in Net Assets

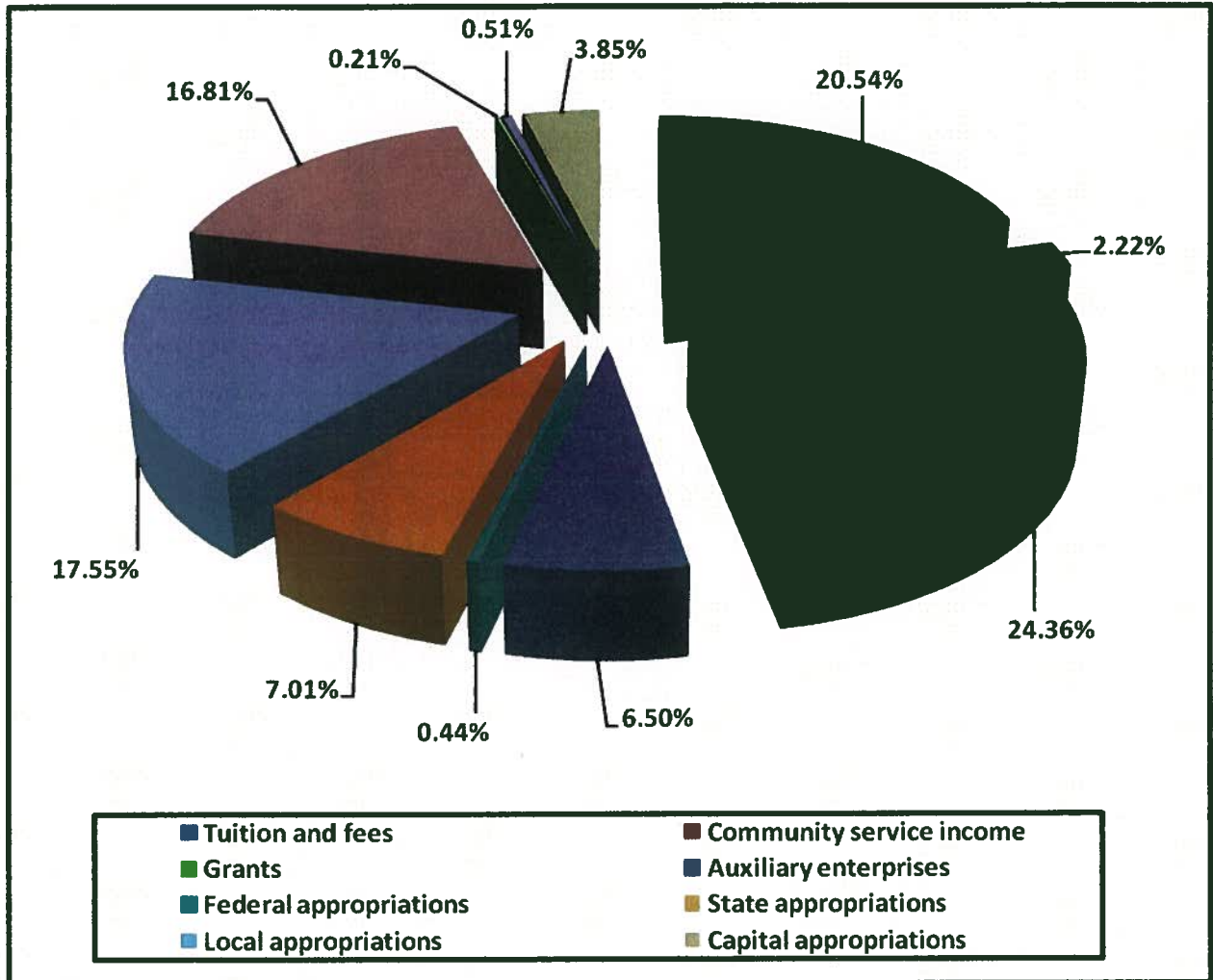
The College receives its revenue from three main sources: Tuition and Fees, State Aid, and County support. The balance of revenue was received from miscellaneous sources, which include Business and Community Development, Grants, Investment Income, Other Fees, and Other Income. The College also received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

	2010	2009	2008	Change 2009-2010
Operating revenues:				
Tuition, net	\$ 24,229,330	23,277,150	25,732,702	952,180
Fees	6,653,248	5,888,475	5,249,898	764,773
Chargebacks to other counties	475,640	442,466	424,897	33,174
Community service income	3,392,387	3,193,010	2,947,355	199,377
Federal, state, and local grants	37,064,453	27,305,579	14,639,500	9,758,874
Other grants	118,667	79,558	114,668	39,109
Other operating revenues	1,316,580	961,936	1,072,026	354,644
Auxiliary enterprises, net	9,929,502	10,053,780	10,321,556	(124,278)
Other	264,979	199,613	212,854	65,366
Total operating revenues	83,444,786	71,401,567	60,715,456	12,043,219
Operating expenses	142,213,983	112,333,547	104,535,614	29,880,436
Operating loss	(58,769,197)	(40,931,980)	(43,820,158)	(17,837,217)
Nonoperating revenues (expenses):				
Federal Appropriations	668,724	—	—	668,724
State appropriations	10,706,157	12,196,625	13,367,316	(1,490,468)
Local appropriations	26,787,228	26,360,468	25,512,410	426,760
Contributions	319,228	947,020	317,950	(627,792)
Investment income	780,281	599,919	1,199,117	180,362
Other nonoperating revenues	4,297,026	4,788,177	2,308,446	(491,151)
Interest expense	(2,731,789)	(1,745,670)	(1,037,132)	(986,119)
Net nonoperating revenues	40,826,855	43,146,539	41,668,107	(2,319,684)
Income (loss) before other revenues	(17,942,342)	2,214,559	(2,152,051)	(20,156,901)
Other revenues:				
Capital appropriations	25,665,474	7,149,985	4,813,325	18,515,489
Increase in net assets	7,723,132	9,364,544	2,661,274	(1,641,412)
Net assets as of beginning of year	136,289,728	126,925,184	124,263,910	9,364,544
Net assets as of end of year	\$ 144,012,860	136,289,728	126,925,184	7,723,132

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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, 2010 and 2009

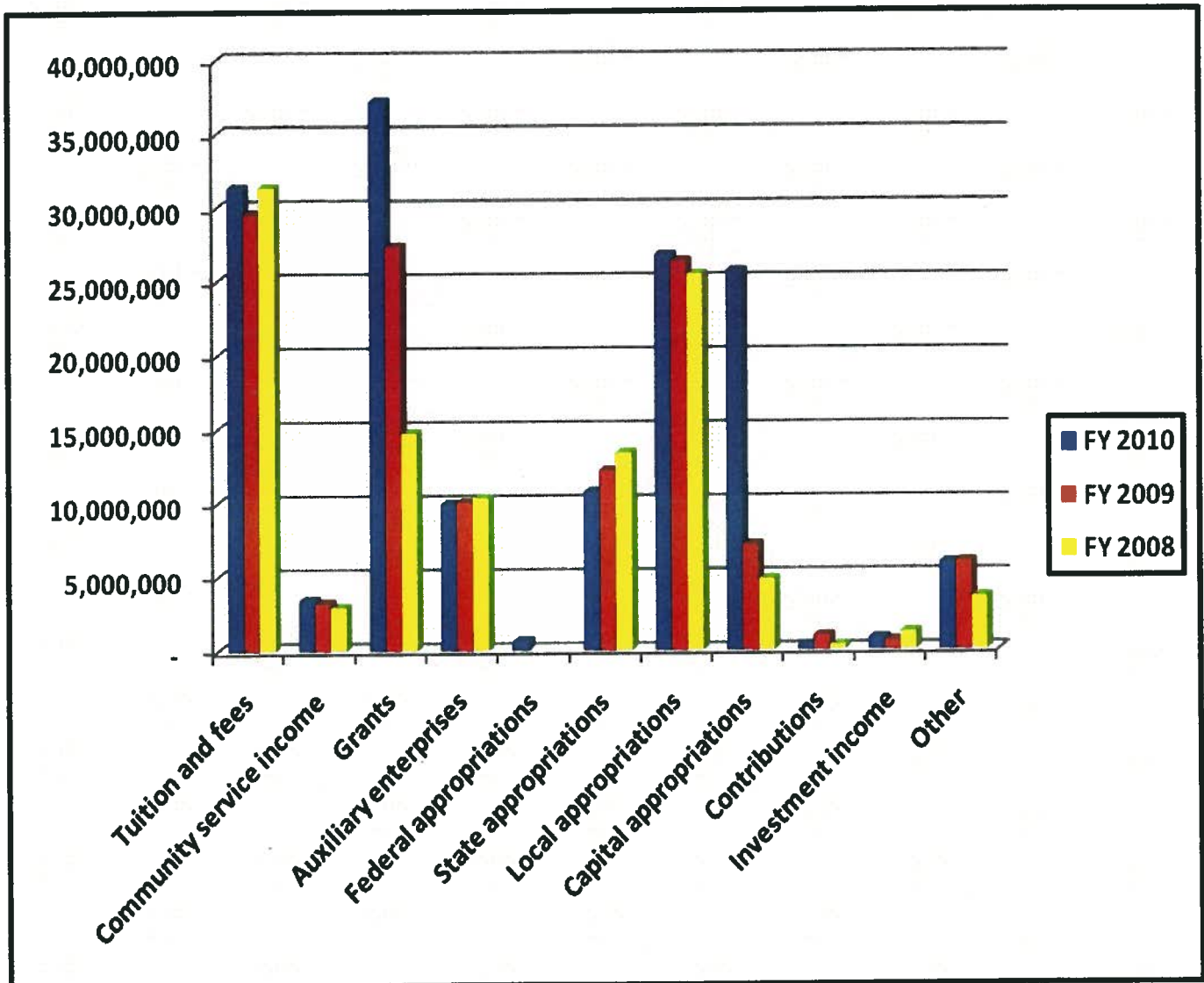
FISCAL YEAR 2010 REVENUES



(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2010 and 2009

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, 2010 and 2009

Revenue

Tuition, Fee, and Chargeback revenue overall increased by \$1,750,127, as a result of an increase in enrollment and per credit tuition costs, which was offset by an increase in scholarship allowances. The College charged \$115.00, per student credit hour (SCH) to a maximum of \$1,725.00, per term in fiscal year 2010. The tuition charged in fiscal year 2009 was \$110.00, per SCH to a maximum of \$1,650.00, per term. This represents an increase of 4.5 percent over the prior year's tuition rate. General Service Fees charged by the College were \$27.60, per student credit hour to a maximum of \$414.00, per term for fiscal year 2010, and \$26.40, per student credit hour a maximum of \$396.00, per term in fiscal year 2009. The fiscal year 2010 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 \$4,503,695. Without the scholarship allowance, tuition and fee revenue would have increased by \$6,253,822.

State Grants increased by \$899,004. Tuition Aid Grants increased by \$1,102,538, New Jersey Stars and Economic Opportunity Fund decreased by \$193,553 and \$22,159, respectively. All other State Grants increased by \$12,178.

Local Grants increased by \$210,383. The Campus EAI Consortium Grant was a new grant that helped the College develop a Web portal, and accounted for \$261,225 of the increase. All other local grants decreased by \$50,842. Private gifts increased by \$39,109.

Business and Community Development revenue increased by \$199,377.

Other Operating Revenue increased by \$354,644 due to increases in International Education of \$173,436, Sports Camps of \$47,820, Indirect Cost recovery on Grants of \$39,675, Foundation \$120,024, and decreases in General Performances of the Performing Arts Center of \$53,574, and the Fitness Lab of \$10,421. Other miscellaneous operating revenue increased by \$37,684.

Auxiliary enterprises income decreased by \$124,278. The decrease was due to an increase in scholarship allowance of \$497,467. Without the scholarship allowance, Auxiliary enterprise revenue would have increased by \$373,189.

Federal Aid increased by \$668,724 due to a one time federal stimulus payment.

State Aid decreased by \$1,490,468, due to a reduction in aid to the Community College sector as a result of a poor economy.

County Operating Aid increased by \$426,760, which represents a 1.6 percent increase.

Investment income increased by \$180,362. Investment income in the operating fund decreased by \$252,611 as a result of a reduction in bank interest rates.

The Foundation investment income increased by \$432,973, as a result of going from a \$159,427 loss in FY09, to a gain of \$273,546 in FY10.

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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, 2010 and 2009

Expenses

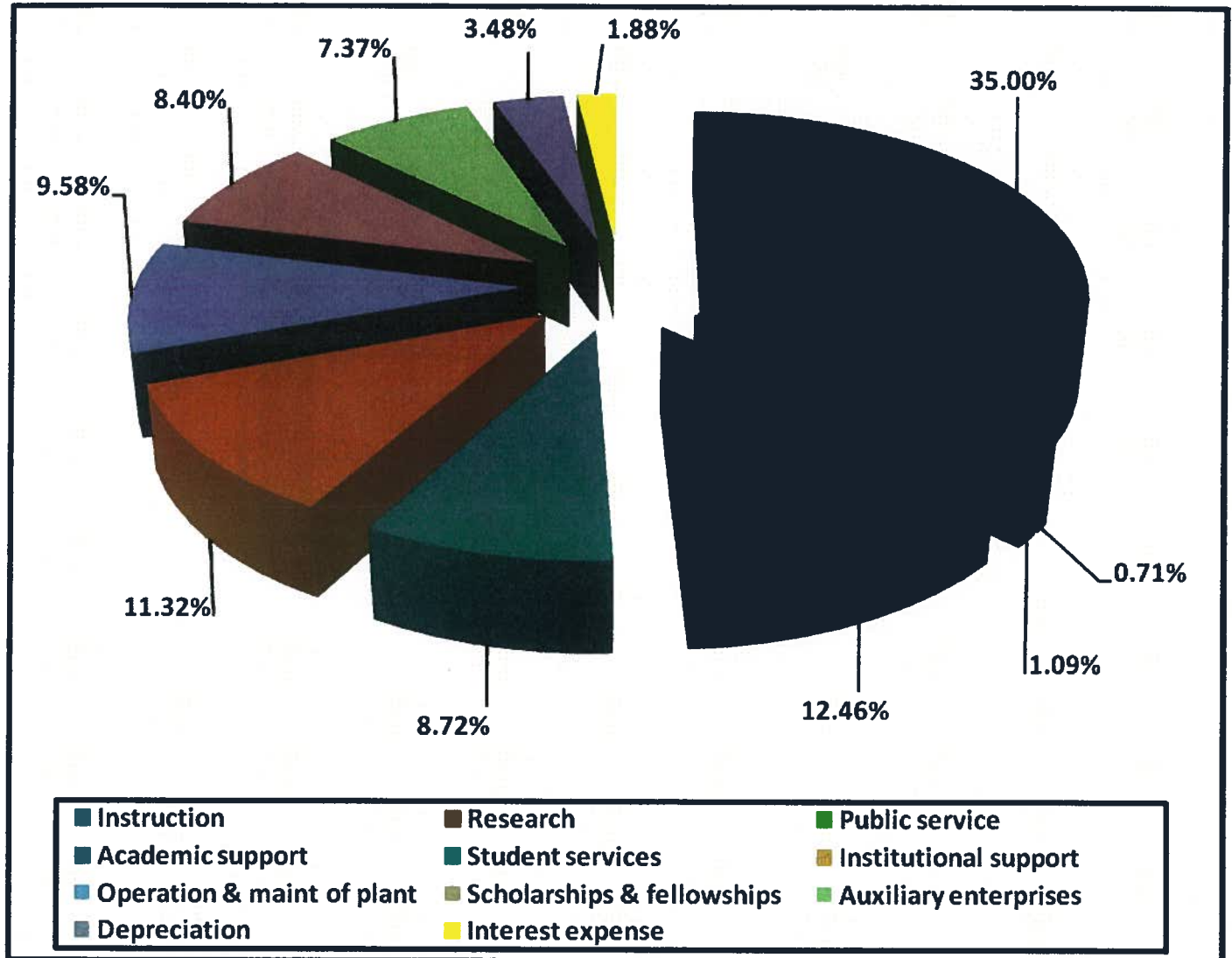
The College had total expenses of \$144,945,772 in 2010 compared with \$114,079,217 in 2009. This reflects an increase of \$30,866,555 primarily attributed to enrollment growth, negotiated salary increases, and capital expenses. Included in this increase are capital expenditures of \$16,878,992, non-inventoriable assets of \$4,702,460 (\$5,000 is the capitalization threshold), depreciation expenses of \$828,864, interest expense of \$986,119, and operating expenses of \$7,470,118.

	2010	2009	2008	Change 2009-2010
Operating expenses:				
Instruction	\$ 50,724,729	39,441,500	39,487,709	11,283,229
Research	1,022,752	981,527	951,839	41,225
Public service	1,573,574	925,286	578,357	648,288
Academic support	18,061,960	14,398,310	13,384,054	3,663,650
Student services	12,641,112	9,967,906	9,505,327	2,673,206
Institutional support	16,405,394	12,110,316	12,798,427	4,295,078
Operation and maintenance of plant	13,884,127	11,473,058	10,760,354	2,411,069
Scholarships and fellowships	12,169,491	8,400,833	3,743,364	3,768,658
Auxiliary enterprises	10,681,318	10,414,151	10,227,695	267,167
Depreciation	5,049,526	4,220,660	3,098,488	828,866
Total operating expenses	142,213,983	112,333,547	104,535,614	29,880,436
Interest expense	2,731,789	1,745,670	1,037,132	986,119
Total expenses	\$ 144,945,772	114,079,217	105,572,746	30,866,555

(Continued)

BROOKDALE COMMUNITY COLLEGE
 (A Component Unit of the County of Monmouth)
 Management's Discussion and Analysis
 For the fiscal years ended June 30, 2010 and 2009

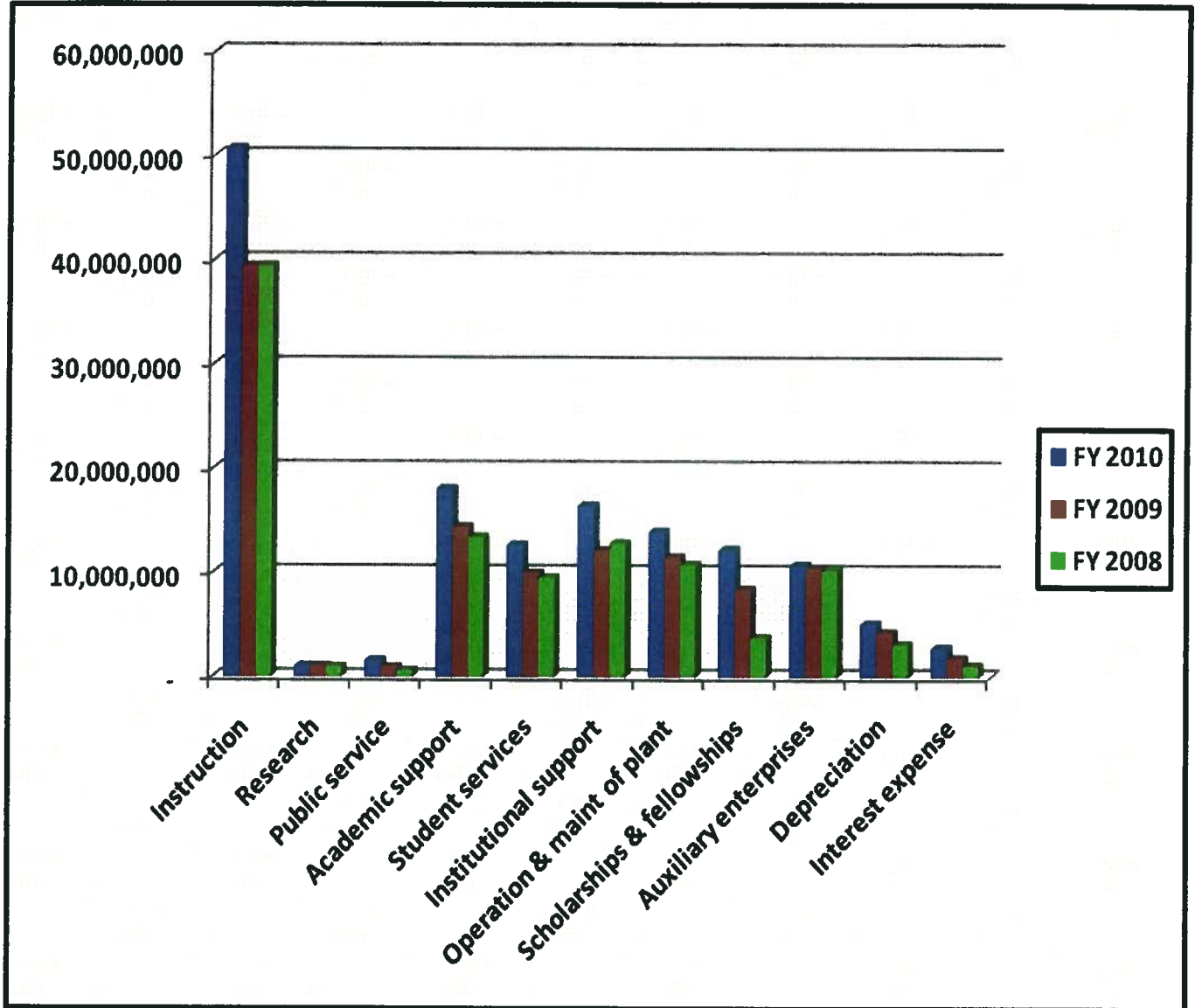
FISCAL YEAR 2010 EXPENSES



(Continued)

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Management's Discussion and Analysis
For the fiscal years ended June 30, 2010 and 2009

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, 2010 and 2009

Summary of Net Assets

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Change 2009-2010</u>
Net assets:				
Unrestricted	\$ 31,882,803	26,642,659	20,400,712	5,240,144
Restricted (Scholarships)	746,212	605,703	746,984	140,509
Restricted expend. (DSR)	789,755	1,716,652	1,739,818	(926,897)
Investment in capital assets	108,629,106	105,444,492	102,489,537	3,184,614
Scholarships & Library (Endowed)	1,964,984	1,880,222	1,548,133	84,762
Total net assets	<u>\$ 144,012,860</u>	<u>136,289,728</u>	<u>126,925,184</u>	<u>7,723,132</u>

Other Information

Projects in Process

The College has completed renovations to the Western Monmouth Branch Campus and the Auto Tech Building. It has also completed an addition to the original Collin's Arena, and the construction of a new Fitness Center. Renovation of the existing Collin's Arena is scheduled to be completed in December 2010.

In fiscal year 2011, the College will complete various renovations to the Lincroft campus in the amount of \$3.5 million, thus completing the Big 4 projects amounting to \$40.5 million.

Aside from the Big 4 projects, the College will complete the upgrading of the Utility Plant at an approximate cost of \$5M, which includes new boilers and chillers, and a Facilities Master Plan in the amount of \$375,000.

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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

Statements of Net Assets
As of June 30, 2010 and 2009

Assets	2010	2009
Current assets:		
Cash and cash equivalents (note 1 and 2)	\$ 19,195,077	13,861,774
Short-term investments (note 2)	11,956,477	17,788,955
Accounts receivable, net of allowance of approximately \$1,206,286 in 2010 and \$830,534 in 2009 (note 3)	10,768,530	7,621,118
Deposits held by trustees (note 2)	309,972	561,747
Inventories	1,378,221	1,309,473
Prepaid expenses	1,413,735	975,444
Accrued interest receivable	132,906	235,422
Total current assets	<u>45,154,918</u>	<u>42,353,933</u>
Noncurrent assets:		
Endowment investments (note 2)	692,769	1,374,415
Deposits held by trustees (note 2)	11,613,594	29,417,227
Capital assets, net of accumulated depreciation of \$72,330,416 in 2010 and \$67,280,888 in 2009 (note 5)	149,344,425	129,280,820
Total noncurrent assets	<u>161,650,788</u>	<u>160,072,462</u>
Total assets	<u>206,805,706</u>	<u>202,426,395</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (notes 4 and 9)	12,125,690	9,388,496
Deferred student tuition and fees	2,400,528	2,831,956
Deferred grant revenue	242,429	247,145
Deferred revenue other	—	3,317,805
Deposits held for others	9,199	498,734
Long-term debt, current portion (note 6)	1,185,000	1,037,531
Total current liabilities	<u>15,962,846</u>	<u>17,321,667</u>
Noncurrent liabilities:		
Long-term debt (note 6)	46,830,000	48,815,000
Total liabilities	<u>62,792,846</u>	<u>66,136,667</u>
Net Assets		
Invested in capital assets, net of related debt	108,629,106	105,444,492
Restricted:		
Nonexpendable:		
Scholarships and library	746,212	605,703
Expendable:		
Debt service reserve	789,755	1,716,652
Scholarships	1,964,984	1,880,222
Unrestricted (note 7)	31,882,803	26,642,659
Total net assets	<u>\$ 144,012,860</u>	<u>136,289,728</u>

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Student revenues:		
Tuition, net of scholarship allowances of \$19,963,777 for 2010 and \$15,460,082 for 2009	\$ 24,229,330	23,277,150
Chargebacks to other counties	475,640	442,466
	<u>24,704,970</u>	<u>23,719,616</u>
Auxiliary enterprises, net of scholarships of \$1,760,319 for 2010 and \$1,262,852 for 2009	9,929,502	10,053,780
Fees	6,653,248	5,888,475
Net student revenues	41,287,720	39,661,871
Community service income	3,392,387	3,193,010
Federal grants	30,293,904	21,644,417
State grants	6,327,020	5,428,016
Local grants	443,529	233,146
Other grants	118,667	79,558
Special events	264,979	199,613
Other operating revenues	1,316,580	961,936
Total operating revenues	<u>83,444,786</u>	<u>71,401,567</u>
Operating expenses:		
Instruction	50,724,729	39,441,500
Research	1,022,752	981,527
Public service	1,573,574	925,286
Academic support	18,061,960	14,398,310
Student services	12,641,112	9,967,906
Institutional support	16,405,394	12,110,316
Operation and maintenance of plant	13,884,127	11,473,058
Scholarships and fellowships	12,169,491	8,400,833
Auxiliary enterprises	10,681,318	10,414,151
Depreciation	5,049,526	4,220,660
Total operating expenses	<u>142,213,983</u>	<u>112,333,547</u>
Operating loss	<u>(58,769,197)</u>	<u>(40,931,980)</u>
Nonoperating revenues (expenses):		
State appropriations	10,706,157	12,196,625
Federal appropriations	668,724	—
Local appropriations	26,787,228	26,360,468
Contributions	319,228	947,020
Investment income	780,281	599,919
Other nonoperating revenues	4,297,026	4,788,177
Interest expense	(2,731,789)	(1,745,670)
On-behalf payments - alternative benefit program:		
Revenues	2,090,245	2,007,672
Expenses	(2,090,245)	(2,007,672)
Net nonoperating revenues	<u>40,826,855</u>	<u>43,146,539</u>
Income (Loss) before other revenues	<u>(17,942,342)</u>	<u>2,214,559</u>
Other revenues:		
Capital appropriations	25,665,474	7,149,985
Increase in net assets	7,723,132	9,364,544
Net assets as of beginning of year	<u>136,289,728</u>	<u>126,925,184</u>
Net assets as of end of year	<u>\$ 144,012,860</u>	<u>136,289,728</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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Student tuition and fees (including chargebacks to other counties)	\$ 28,214,602	31,854,107
Noncredit revenue	3,412,400	3,055,137
Grants and contracts	37,176,742	27,367,932
Grant payments	(37,183,120)	(27,385,137)
Payments to suppliers	(23,723,802)	(11,205,204)
Payments to employees	(52,767,621)	(49,075,135)
Payments for scholarships and fellowships	(12,169,491)	(8,400,833)
Auxiliary enterprises:		
Bookstore and dining services receipts	9,486,908	9,172,552
Bookstore and dining services payments	(8,942,788)	(8,508,150)
Other auxiliary services payments	(1,365,183)	(977,331)
Other operating receipts	1,316,580	961,936
Net cash used in operating activities	(56,544,773)	(33,140,126)
Cash flows from noncapital financing activities:		
State appropriations	10,706,157	12,196,625
Local appropriations	26,787,228	26,360,468
Federal appropriations	668,724	—
Contributions	319,228	947,020
Net cash provided by noncapital financing activities	38,481,337	39,504,113
Cash flows from capital financing:		
Proceeds (Costs) from issuance of debt	(947,469)	27,508,214
Payments on capital debt	(1,037,531)	(695,745)
Defeased Bonds	(12,050,000)	
Capital appropriations	38,946,268	7,631,713
Interest paid on capital debt	(2,681,756)	(1,022,409)
Purchases of capital assets	(23,603,456)	(7,983,452)
Deposits held with trustees	18,055,408	(27,672,968)
Net cash provided by (used in) capital financing activities	16,681,464	(2,234,647)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	36,984,032	22,821,231
Interest and dividends on investments	882,797	638,198
Purchases of investments	(31,151,554)	(31,650,729)
Net cash provided by (used in) investing activities	6,715,275	(8,191,300)
Net increase (decrease) in cash and cash equivalents	5,333,303	(4,061,960)
Cash and cash equivalents as of beginning of year	13,861,774	17,923,734
Cash and cash equivalents as of end of year	\$ 19,195,077	13,861,774
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (58,769,197)	(40,931,980)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	5,049,526	4,220,660
Changes in assets and liabilities:		
Grants and other receivables	(806,958)	(147,738)
Inventories	(69,748)	(144,881)
Prepaid expenses	(438,291)	172,559
Accounts payable and accrued expenses	1,158,313	982,106
Deferred student tuition and fees	(2,663,702)	2,726,291
Deferred grant revenue	(4,716)	(17,143)
Net cash used in operating activities	\$ (56,544,773)	(33,140,126)

See accompanying notes to financial statements.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(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 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 Neptune, Long Branch and Hazlet. 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 years ended June 30, 2010 and 2009

(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 College'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, 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.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(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.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

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

Other (Cont'd)

- (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, 2010 and 2009, the College's bank balances of \$22,247,892 and \$14,313,080 were insured, collateralized or uninsured as follows:

	<u>2010</u>	<u>2009</u>
Insured	\$ 2,180,169	2,091,139
Collateralized under GUDPA	19,145,141	11,958,240
Uninsured	<u>922,582</u>	<u>263,701</u>
	<u>\$ 22,247,892</u>	<u>14,313,080</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

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

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 2010 and FY 2009 are \$12,016,812 and \$17,860,486 in Certificates of Deposits at various banks and \$632,434 and \$1,302,884 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, 2010 and 2009, the College had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>FY 2010</u>	<u>FY 2009</u>
Certificates of Deposits	> 3 months	N/A	\$ 12,016,812	17,860,486
Mutual Funds	N/A	N/A	<u>632,434</u>	<u>1,302,884</u>
			<u>\$ 12,649,246</u>	<u>19,163,370</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.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(3) Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Federal, state, and local grants receivable	\$ 8,678,560	6,120,426
Student accounts receivable	2,384,587	1,528,919
Community development receivables	326,983	346,996
Other receivables	584,686	455,311
	<u>11,974,816</u>	<u>8,451,652</u>
Less allowance for doubtful accounts	1,206,286	830,534
	<u>\$ 10,768,530</u>	<u>7,621,118</u>

(4) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Vendors	\$ 1,004,808	502,598
Construction	3,275,816	1,697,915
Payroll	2,398,418	2,156,238
Vacation	2,725,119	2,616,527
State of New Jersey unemployment	534,158	500,763
Other	2,187,371	1,914,456
	<u>\$ 12,125,690</u>	<u>9,388,496</u>

BROOKDALE COMMUNITY COLLEGE
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Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(5) Capital Assets

The fiscal year 2010 and 2009 activity in capital assets and accumulated depreciation was as follows:

		<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Depreciable assets:					
Buildings and building improvements	\$	184,028,373	23,823,385	-	207,851,758
Equipment		<u>6,650,874</u>	<u>1,310,045</u>	<u>(20,298)</u>	<u>7,940,621</u>
		<u>190,679,247</u>	<u>25,133,430</u>	<u>(20,298)</u>	<u>215,792,379</u>
Less accumulated depreciation:					
Buildings and building improvements		(63,384,323)	(4,352,338)	-	(67,736,661)
Equipment		<u>(3,896,566)</u>	<u>(717,487)</u>	<u>20,298</u>	<u>(4,593,755)</u>
		<u>(67,280,889)</u>	<u>(5,069,825)</u>	<u>20,298</u>	<u>(72,330,416)</u>
Depreciable assets, net		123,398,358	20,063,605	-	143,461,963
Nondepreciable asset - land		<u>5,882,462</u>	<u>-</u>	<u>-</u>	<u>5,882,462</u>
Capital Assets, Net	\$	<u>129,280,820</u>	<u>20,063,605</u>	<u>-</u>	<u>149,344,425</u>

		<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>
Depreciable assets:					
Buildings and building improvements	\$	178,327,136	6,613,068	(911,831)	184,028,373
Equipment		<u>4,875,590</u>	<u>1,792,329</u>	<u>(17,045)</u>	<u>6,650,874</u>
		<u>183,202,726</u>	<u>8,405,397</u>	<u>(928,876)</u>	<u>190,679,247</u>
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>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(6) Long-Term Debt

The activity in long-term debt for the years ended June 30, 2010 and 2009 was as follows:

	<u>June 30,</u> <u>2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Defeased</u>	<u>June 30,</u> <u>2010</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)	\$ 7,105,000		(315,000)	(6,790,000)	—
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)	9,600,000		(375,000)		9,225,000
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		(310,000)		9,160,000
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. Lease revenue bonds – Series 2009 issue:					
Serial bonds (interest rates between 2.0% to 5.125% due on various dates through fiscal year 2023)		5,555,000			5,555,000
Term bonds (interest rate between 3.5% to 4.0% due in fiscal years 2024 - 2032)		5,695,000			5,695,000
E. Equipment Leasing Fund obligation	37,531		(37,531)		—
	<u>49,852,531</u>	<u>11,250,000</u>	<u>(1,037,531)</u>	<u>(12,050,000)</u>	<u>48,015,000</u>
Less current portion					1,185,000
					<u>\$ 46,830,000</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
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For the fiscal years ended June 30, 2010 and 2009

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

	<u>June 30,</u> <u>2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>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 rates between 5.25% to 6.0% due in fiscal years 2027,2029,2032 and 2039)		18,380,000		18,380,000
D. Equipment Leasing Fund obligation	73,276		(35,745)	37,531
	<u>\$ 22,698,276</u>	<u>27,850,000</u>	<u>(695,745)</u>	<u>49,852,531</u>
Less current portion				<u>1,037,531</u>
			\$	<u><u>48,815,000</u></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 Series 2001 bonds were refinanced on December 10, 2009 and were replaced with lease revenue bonds-Series 2009 (See Note 6D). Bonds were issued to advance refund all of the outstanding 2001 MCIA bonds issued on behalf of the College. The bonds will be called at the first call date of August 1, 2010 from funds held in escrow from bond proceeds.

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.

These bonds were defeased with a refunding bond issue on December 9, 2009, see below.

(Continued)

BROOKDALE COMMUNITY COLLEGE
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(6) Long-Term Debt (Cont'd)

- 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. The lease revenue bonds – Series 2008 were issued by The Monmouth County Improvement Authority (MCIA) pursuant to an agreement with the College for the purpose of funding for the Big Four Projects, which 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. The lease revenue bonds – Series 2009 were issued by The Monmouth County Improvement Authority (MCIA) pursuant to an agreement with the College for the purpose of refinancing the funding for construction of a multi-purpose student life center on the Lincroft campus of the College. The agreement with MCIA requires the pledging of certain revenues to meet the sinking fund requirements of the issue. The College's mortgage obligation to MCIA is collateralized by certain land, buildings and building improvements, and equipment.

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

The term bonds mature in lump sum payments of \$1,110,000 in fiscal year 2025, \$1,090,000 in fiscal year 2027, \$1,280,000 in fiscal year 2029 and \$2,115,000 in fiscal year 2032.

- E. 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. Title to the equipment was transferred to the College in fiscal year 2010.

BROOKDALE COMMUNITY COLLEGE
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Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(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, 2010:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2011	\$ 1,185,000	2,293,769	3,478,769
2012	1,220,000	2,257,181	3,477,181
2013	1,260,000	2,219,444	3,479,444
2014	1,310,000	2,177,388	3,487,388
2015	1,355,000	2,123,025	3,478,025
2016-2020	7,685,000	9,699,671	17,384,671
2021-2025	9,565,000	7,792,730	17,357,730
2026-2030	9,540,000	5,482,723	15,022,723
2031-2035	8,010,000	3,167,206	11,177,206
2036-2039	6,885,000	857,250	7,742,250
	<u>\$ 48,015,000</u>	<u>38,070,387</u>	<u>86,085,387</u>

Interest charges incurred in fiscal years 2010 and 2009 were \$2,681,756 and \$1,023,348, respectively.

On December 9, 2009, the College, through the Monmouth County Improvement Authority, issued \$11,250,000 in Lease Revenue Bonds with an average interest rate of 3.78% to advance refund \$12,050,000 of 2001 Series bonds with an average interest rate of 4.84%. The net proceeds of \$11,320,443.65 (after payment of \$61,875 of underwriting fees, insurance, and other issuance costs) plus an additional \$1,466,485.08 of 2001 Series sinking fund monies were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Series bonds. As a result, the 2001 Series bonds are considered defeased and the liability for those bonds has been removed from the financial statements of the College.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(7) Designations of Unrestricted Net Assets

As of June 30, 2010 and 2009, the College had designated portions of its unrestricted net assets as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
June 30, 2010:			
Designated:			
Auxiliary enterprises	\$ 2,707,533	—	2,707,533
Risk management	—	221,628	221,628
ADA compliance	—	815,000	815,000
Campus construction projects	—	22,047,399	22,047,399
Utility Upgrade	—	2,622,425	2,622,425
Appropriation to succeeding fiscal years' budgets	3,068,818	—	3,068,818
Undesignated	250,000	150,000	400,000
	<u>\$ 6,026,351</u>	<u>25,856,452</u>	<u>31,882,803</u>
June 30, 2009:			
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	—	17,873,490	17,873,490
Utility Upgrade	—	2,185,000	2,185,000
Health Benefits	893,736	—	893,736
Appropriation to succeeding fiscal years' budgets	2,702,647	—	2,702,647
Undesignated	250,000	150,000	400,000
	<u>\$ 5,394,930</u>	<u>\$ 21,247,730</u>	<u>\$ 26,642,659</u>

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(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, 2010, 2009 and 2008. During the years ended June 30, 2010, 2009 and 2008, the College's annual contributions to PERS were \$1,645,500, \$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, 2010, 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 2010, 2009 and 2008, College contributions to PFRS were \$252,700, \$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.

BROOKDALE COMMUNITY COLLEGE
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Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(8) Retirement Plans (Cont'd)

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, some of which are reimbursed by the State, are 8%.

During the year ended June 30, 2010, ABP contributions, based upon participating employee salaries of approximately \$26,128,062, were \$1,477,002 from employees and \$2,592,059 from the College. The State of New Jersey reimbursed the College \$2,090,245 for qualified employees and this amount is included in the accompanying financial statements as on-behalf payments.

During the year ended June 30, 2009, ABP contributions, based upon participating employee salaries of approximately \$25,095,899, were \$1,524,076 from employees and \$2,346,002 from the College. The State of New Jersey reimbursed the College \$2,007,672 for qualified employees and this amount is included in the accompanying financial statements as on-behalf payments.

Mandatory Health Benefit Contribution

In March, 2010, the State legislature and the Governor established several new laws affecting pension and health benefits for public employees. One of these laws, Chapter 2, P.L. 2010, mandated an employee contribution of 1.5% of base pay for all School Employee Health Benefit Program participants. The contribution applies to full-time and part-time regular employees, not to hourly employees or adjunct instructors. College employees are able to tax defer these contributions under the College's Section 125 plan. The contributions went into effect for most employees July 1, 2010, with the settlement and/or expiration of collective bargaining agreements.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(9) Commitments and Contingencies

Commitments

The College leases certain buildings used in general operations. Net rental expenses were approximately \$156,900 and \$142,000 in 2010 and 2009, 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:

	Amount
Year ending June 30:	
2011	\$ 156,900
2012	156,900
	<u>\$ 313,800</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 \$2,725,119 and \$2,616,527 as of June 30, 2010 and 2009, 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.

(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.

BROOKDALE COMMUNITY COLLEGE
(A Component Unit of the County of Monmouth)
Notes to Financial Statements
For the fiscal years ended June 30, 2010 and 2009

(11) Other Postemployment Benefits (Cont'd)

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, 2009, there were 84,590 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 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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

(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 third year of the required improvements.

SINGLE AUDIT SECTION

Single Member of the Board of Trustees
Shawnee Community College
Shawnee, Kansas 66201

Compliance

Shawnee Community College, hereinafter referred to as "College," is a public institution of higher education. The College is subject to the provisions of the Single Audit Act of 1982, as amended, and the Uniform Guidance, 48 CFR 201.106, et seq., which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education. The College is also subject to the provisions of the Higher Education Act of 1965, as amended, and the Higher Education Opportunity Act of 2008, which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education. The College is also subject to the provisions of the Higher Education Act of 1965, as amended, and the Higher Education Opportunity Act of 2008, which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education.

FOR THE FISCAL YEAR ENDING JUNE 30, 2010

The purpose of this report is to provide information to the U.S. Department of Education regarding the College's compliance with the provisions of the Single Audit Act of 1982, as amended, and the Uniform Guidance, 48 CFR 201.106, et seq., which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education. The College is also subject to the provisions of the Higher Education Act of 1965, as amended, and the Higher Education Opportunity Act of 2008, which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education. The College is also subject to the provisions of the Higher Education Act of 1965, as amended, and the Higher Education Opportunity Act of 2008, which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education.

In the opinion of KPMVETALCONYAN, Chartered, all material aspects of the College's financial statements and single audit report are in accordance with the provisions of the Single Audit Act of 1982, as amended, and the Uniform Guidance, 48 CFR 201.106, et seq., which require the College to submit an annual financial statement and a single audit report to the U.S. Department of Education.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON 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 Brookdale Community College's (the College) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the College's major federal and state programs for the fiscal year ended June 30, 2010. 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; 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 11, 2010

BROOKDALE COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2010

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 (Direct Funding):		
William D. Ford Federal Direct Loans	84.268	\$ 12,234,440
Federal Supplemental Educational Opportunity Grant (including administrative cost allowance of \$20,189)	84.007	323,019
Federal Pell Grant	84.063	14,677,304
Federal Work-Study (including administrative cost allowance of \$11,794)	84.033	247,684
Academic Competitiveness Grant	84.375	405,337
Job Locator	84.xxx	40,066
Total Student Financial Assistance Cluster		<u>27,927,850</u>
 Pass through N.J. Department of Treasury:		
State Fiscal Stabilization Funds (SFSF) - Educational State Grants, Recovery Act (Education Stabilization Fund) - ARRA	84.394	668,724
 Asbury Park/Neptune Enrichment and Student Success Center	84.215	102,465
U.S. Department of Labor (Direct Funding):		
Community Based Job Training Grant	17.269	394,050
Center for Excellence in Technology, Telecommunications and Economic Development (CETTED) Program	17.261	133,636
Passed through State of New Jersey Department of Labor & Workforce Development:		
Adult Basic Skills & Integrated English Literacy	84.002	388,363
Civics Education Program	84.002	170,622
		<u>558,985</u>
 Math & Science Teaching - WIRED	17.268	339,888
Passed through State of New Jersey Department of Education:		
Voc Ed Disadvantaged Component - Perkins	84.048	561,560
Tech - Prep Education	84.243	3,660
Passed through State of New Jersey AmeriCorps:		
AmeriCorps	94.006	1,938
National Endowment for the Humanities (Direct Funding):		
Preservation Assessment of Historical Documents of the Center for Holocaust Studies	45.149	2,373
U.S. Dept of Justice (Direct Funding):		
Office of Juvenile Justice & Delinquency-Optimist II & III	16.541	42,227
U.S. Small Business Administration:		
Small Business Administration and Seminars (Direct Funding)	59.xxx	16,349
Passed through Rutgers University:		
Small Business Development Center	59.037	199,795
U.S. Dept of Health and Human Services:		
HITS Grant	93.703	<u>9,130</u>
Total expenditures of federal awards		<u>\$ 30,962,630</u>

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

BROOKDALE COMMUNITY COLLEGE
Schedule of Expenditures of State Financial Assistance
For the fiscal year ended June 30, 2010

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
N.J. Department of Treasury:					
Student Financial Assistance Cluster:					
Educational Opportunity Fund Summer and Regular Awards	10-100-074-2401-001	\$ 389,133	07/01/09-06/30/10	\$ 366,974	366,974
Blaustein Dist Scholarships	10-100-074-2405-278	15,810	07/01/09-06/30/10	9,765	9,765
N.J. Urban Scholarships	Unknown	14,880	07/01/09-06/30/10	11,160	11,160
Tuition Aid Grant	10-100-074-2405-007	3,407,966	07/01/09-06/30/10	4,510,504	4,510,504
N.J. Stars	10-100-074-2405-313	1,195,396	07/01/09-06/30/10	1,001,843	1,001,843
Total Student Financial Assistance Cluster				5,900,246	5,900,246
Educational Opportunity Fund – Article IV:					
Educational Opportunity Fund Summer	10-100-074-2401-002	13,706	07/01/09-06/30/10	13,706	13,706
Educational Opportunity Fund Regular	10-100-074-2401-002	194,048	07/01/09-06/30/10	193,068	193,068
N.J. Department of Education:					
General Education Development Testing	5063-100-034-5063-324-H302-3620	13,930	07/01/09-06/30/10	9,173	9,173
Alternate Route Teacher Preparation Program	Unknown	57,238	09/09/09-10/15/10	55,878	55,878
N.J. Department of Community Affairs:					
Displaced Homemaker	10-100-022-8051036	117,180	07/01/09-06/30/10	117,180	117,180
N.J. Department of Human Services:					
Family Friendly	10ASNP	45,463	07/01/09-06/30/10	37,770	37,770
N.J. Department of Treasury:					
Operational Costs – County Colleges	10-100-082-2155-015	10,706,157	07/01/09-06/30/10	10,706,157	10,706,157
Alternate Benefit Program	10-100-082-2155-017	2,090,245	07/01/09-06/30/10	2,090,245	2,090,245
P.L 1971, Chapter 12 Debt Service	10-100-082-2155-016	2,315,345	07/01/09-06/30/10	2,315,345	2,315,345
Total expenditures of state financial assistance				\$ 21,438,768	21,438,768

See accompanying notes to schedules of expenditures of Federal Awards 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 ended June 30, 2010

(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, 2010.

(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 ended June 30, 2010

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?

_____ yes X 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

\$928,879

Auditee qualified as low-risk auditee?

_____ yes X no

BROOKDALE COMMUNITY COLLEGE
 Schedule of Findings and Questioned Costs
 For the fiscal year ended June 30, 2010

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 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)) 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>10-100-074-2401-001</u>	<u>Student Financial Aid Cluster:</u>
<u>10-100-074-2405-278</u>	<u>Educational Opportunity Fund (EOF) - Article III</u>
<u>Unknown</u>	<u>Blaustein Distinguish Scholarships</u>
<u>10-100-074-2405-007</u>	<u>N.J. Urban Scholarships</u>
<u>10-100-074-2405-313</u>	<u>Tuition Aid Grant (TAG)</u>
<u>10-100-074-2401-002</u>	<u>New Jersey Stars Program</u>
<u>10-100-082-2155-015</u>	<u>Educational Opportunity Fund (EOF) - Article IV</u>
<u>10-100-082-2155-016</u>	<u>Operational Costs</u>
	<u>P.L. 1971, Chapter 12 Debt Service</u>

Dollar threshold used to determine Type A programs \$643,163

Auditee qualified as low-risk auditee? _____ yes X no

BROOKDALE COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the fiscal year ended June 30, 2010

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, 2010

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, 2010

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

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.

Current Status

This finding has been resolved.

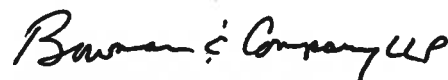
STATE FINANCIAL ASSISTANCE PROGRAMS

No Prior Year Findings

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,

A handwritten signature in cursive script that reads "Bowman & Company LLP".

Bowman & Company LLP
Certified Public Accountants
& Consultants