

The County College of Monmouth



# BROOKDALE

SUCCESS  
REIMAGINED



## Report of Audit

Fiscal Year Ended June 30, 2014

**Annual  
Financial Report**

of

**Brookdale Community College**

**For the Year Ended June 30, 2014**

**Prepared by**

**Brookdale Community College**

**Finance Department**

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Brookdale Community College (the "College") (A Component Unit of the County of Monmouth), as of June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2014 and 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedules of expenditures of federal and State of New Jersey awards on pages 36 and 37 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of Federal and State of New Jersey Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of Federal and State of New Jersey awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Jenkintown, Pennsylvania  
November 20, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management’s Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

Management’s Discussion and Analysis (“MD&A”) presents the financial performance of Brookdale Community College (the “College”) during the fiscal years ended June 30, 2014 and 2013. This MD&A will provide various financial analyses comparing fiscal year 2014 to fiscal year 2013, as well as fiscal year 2012 activity.

**Enrollment**

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>Change 2013-2014</b>
Credit FTEs	10,575	10,814	11,186	(239)
Noncredit FTEs	672	680	726	(8)
Total FTEs	11,247	11,494	11,912	(247)

Full-time equated enrollment for credit and noncredit enrollment in fiscal year 2014 was 11,247, compared to fiscal year 2013 FTE enrollment of 11,494. This represents a 2.1 percent decrease.

- Credit enrollment decreased from 10,814 FTEs in fiscal year 2013 to 10,575 FTEs in fiscal year 2014, which represents a 2.2 percent decrease.
- Noncredit enrollment decreased from 680 FTEs in fiscal year 2013 to 672 FTEs in fiscal year 2014, which represents a 1.2 percent decrease.
- Enrollment decreases are not unexpected as they follow a national trend across the higher education sector.

**General Financial Information**

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



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

**Financial Highlights**

**Condensed Schedule of Net Position**

The following represents assets, liabilities and net position of the College as of June 30, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change 2013-2014</u>
Current assets	\$ 22,724,953	29,988,652	38,124,929	(7,263,699)
Noncurrent assets:				
Capital assets	<u>150,739,084</u>	<u>152,131,832</u>	<u>155,694,160</u>	<u>(1,392,748)</u>
Total assets	<u>\$ 173,464,037</u>	<u>182,120,484</u>	<u>193,819,089</u>	<u>(8,656,447)</u>
Deferred outflow of resources:				
Deferred loss on bond refinancing	<u>\$ 356,810</u>	<u>370,546</u>	<u>412,240</u>	<u>(13,736)</u>
Current liabilities	\$ 13,697,376	14,448,644	15,236,168	(751,268)
Noncurrent liabilities	<u>41,531,359</u>	<u>42,912,338</u>	<u>44,258,317</u>	<u>(1,380,979)</u>
Total liabilities	<u>\$ 55,228,735</u>	<u>57,360,982</u>	<u>59,494,485</u>	<u>(2,132,247)</u>
Net position:				
Net investment in capital assets	\$ 99,199,495	100,592,243	104,154,570	(1,392,748)
Unrestricted	<u>19,392,617</u>	<u>24,537,805</u>	<u>30,582,274</u>	<u>(5,145,188)</u>
Total net position	<u>\$ 118,592,112</u>	<u>125,130,048</u>	<u>134,736,844</u>	<u>(6,537,936)</u>

Current assets decreased by \$7,263,696, primarily due to a reduction in cash and cash equivalents. The decrease in capital assets, net of accumulated depreciation, is attributed to additions of \$4,363,697, less depreciation of \$5,756,445. Bond principal payments resulted in a decrease to the College's long-term debt.

(Continued)

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>2014</u>
Land	\$ 5,882,462	—	—	5,882,462
Building and improvements	225,978,339	3,934,801	—	229,913,140
Furniture and equipment	<u>8,693,100</u>	<u>428,896</u>	<u>(18,836)</u>	<u>9,103,160</u>
Total	240,553,901	4,363,697	(18,836)	244,898,762
Less accumulated depreciation	<u>(88,422,069)</u>	<u>(5,756,445)</u>	<u>18,836</u>	<u>(94,159,678)</u>
Capital assets, net	<u>\$ 152,131,832</u>	<u>(1,392,748)</u>	<u>—</u>	<u>150,739,084</u>

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

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

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

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

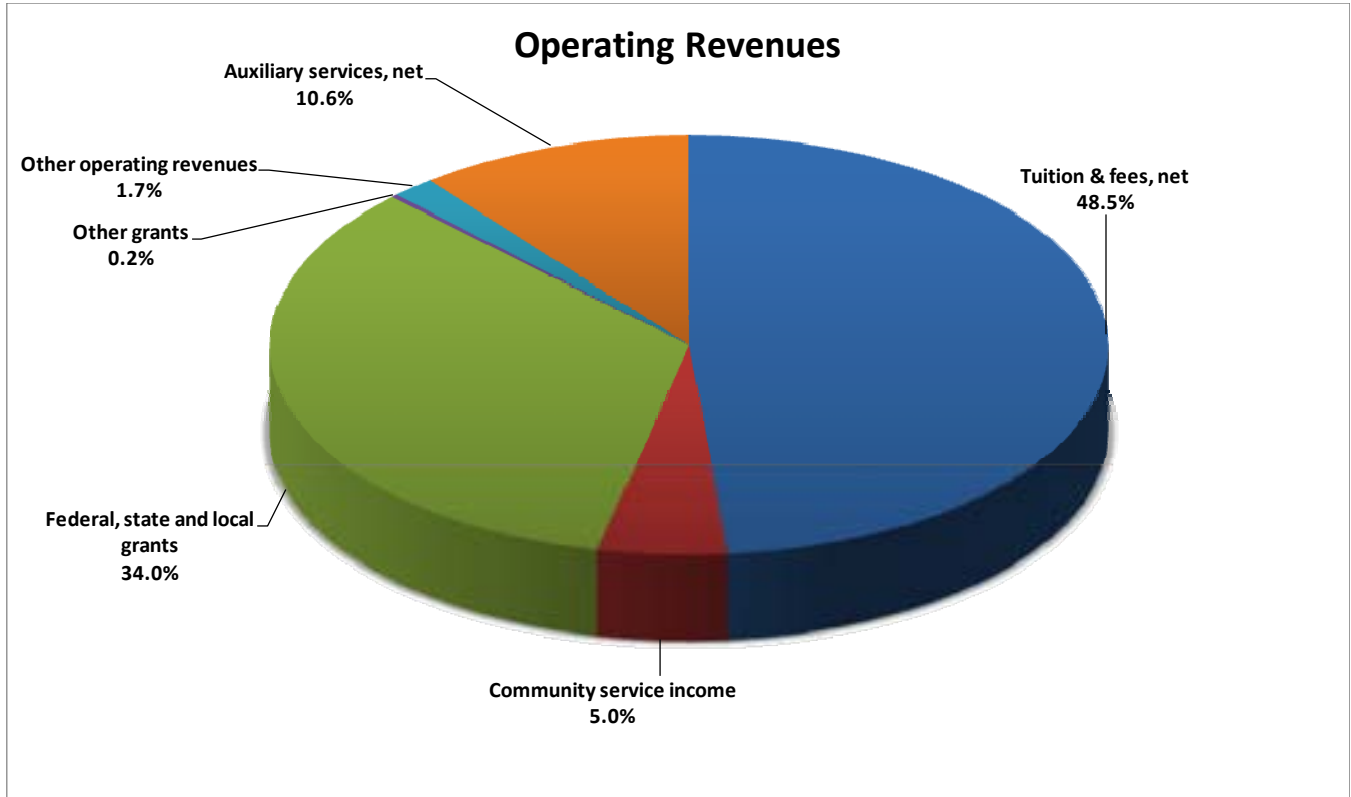
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change 2013-2014</u>
Operating revenues:				
Tuition, net	\$ 20,919,646	20,625,984	20,226,466	293,662
Fees	6,059,120	6,170,357	6,475,303	(111,237)
Chargebacks to other counties	321,439	334,283	451,489	(12,844)
Community service income	2,797,089	3,000,400	2,887,310	(203,311)
Federal, state and local grants	19,101,579	20,156,164	22,975,272	(1,054,585)
Other grants	138,678	70,632	107,290	68,046
Other operating revenues	936,515	886,414	956,364	50,101
Auxiliary services, net	<u>5,972,265</u>	<u>8,340,668</u>	<u>8,435,552</u>	<u>(2,368,403)</u>
Total operating revenues	56,246,331	59,584,902	62,515,046	(3,338,571)
Operating expenses	<u>115,550,667</u>	<u>119,224,224</u>	<u>117,301,967</u>	<u>(3,673,557)</u>
Operating loss	<u>(59,304,336)</u>	<u>(59,639,322)</u>	<u>(54,786,921)</u>	<u>334,986</u>
Nonoperating revenues (expenses):				
State appropriations	10,293,332	10,417,121	10,660,107	(123,789)
Local appropriations	21,456,909	21,456,909	21,938,717	—
Pell Grants	16,767,234	16,355,238	16,775,098	411,996
Investment income	96,904	152,299	171,358	(55,395)
Other nonoperating revenues	6,909,844	3,936,508	4,278,262	2,973,336
Other nonoperating expenses	(746,805)	(217,338)	(254,985)	(529,467)
Bond issuance expense	—	—	(274,961)	—
Interest expense	<u>(2,011,018)</u>	<u>(2,068,211)</u>	<u>(2,220,870)</u>	<u>57,193</u>
Net nonoperating revenues	<u>52,766,400</u>	<u>50,032,526</u>	<u>51,072,726</u>	<u>2,733,874</u>
Decrease in net position	(6,537,936)	(9,606,796)	(3,714,195)	3,068,860
Net position as of beginning of year	<u>125,130,048</u>	<u>134,736,844</u>	<u>138,451,039</u>	<u>(9,606,796)</u>
Net position as of end of year	<u>\$ 118,592,112</u>	<u>125,130,048</u>	<u>134,736,844</u>	<u>(6,537,936)</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, 2014 and 2013

**Revenues**

The College charged \$115.50 per student credit hour ("SCH") to a maximum of \$1,732.50 per term in fiscal years 2014 and 2013. In addition, the College charges a General Service Fee of 24% of tuition, or \$27.72 per student credit hour to a maximum of \$415.80, during the same periods. These fees help fund technology enhancements, student life and activities, capital improvements and debt service obligations.



Tuition, fee, and chargeback revenue decreased by \$582,201; this decrease was offset by an increase in scholarship allowances of \$751,782, for an overall net increase of \$169,581. Lower enrollment, which also impacts general service fees, accounts for the lower revenue figures.

The Bookstore, Event Management and Dining Services operations make up the main components of the College's Auxiliary Services. In FY14, the College outsourced the Dining Services operation to a third-party service provider. Subsequently, the College experienced a decrease in revenue and expenses associated with the Dining Services operation; however, the College saved \$225,000 in average losses per year over the last 5 fiscal years.

**Nonoperating revenues**

State aid decreased by \$123,789 due to a reallocation of funding to the 19 community colleges based on audited FY13 enrollment data. Overall State aid funding to the sector remained flat in FY14.

Total County aid of \$21,456,909 remained consistent in 2014 and 2013, although County aid for fiscal year 2015 will decrease by approximately \$1,430,000.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

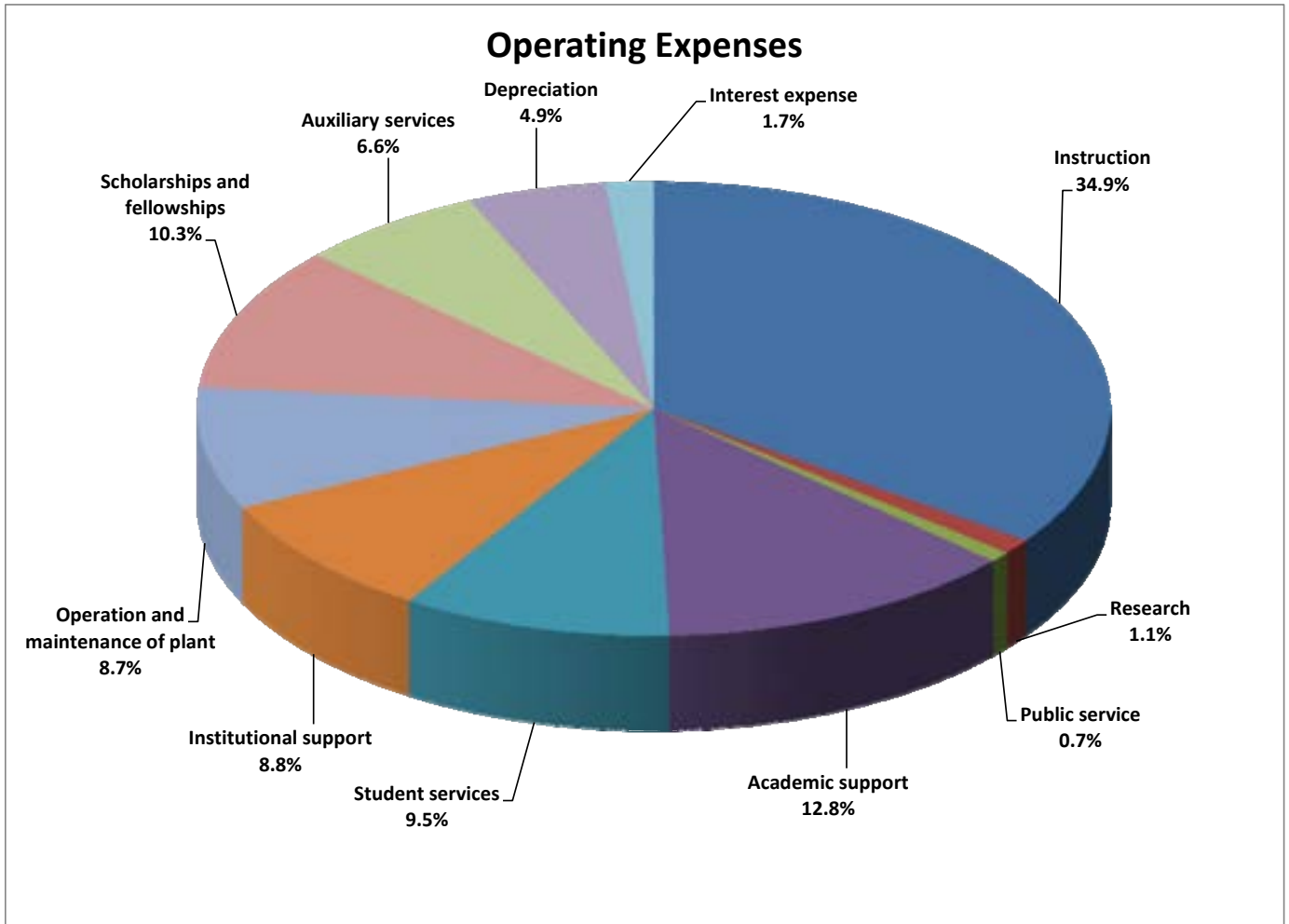
***Expenses***

Operating expenses are those expenses paid by the College to acquire or produce goods and services to fulfill its mission. Naturally, the majority of expense can be attributed to the College's core mission – student success. The College had total operating and interest expenses of \$117,561,685 in FY14 compared with \$121,292,435 in FY13. The College's operating expenses by functional classification for the years ended June 2014, 2013 and 2012 were:

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change 2013-2014</u>
Operating expenses:				
Instruction	\$ 40,982,407	41,509,176	41,479,280	(526,769)
Research	1,285,182	1,164,037	1,115,066	121,145
Public service	875,539	666,969	1,018,541	208,570
Academic support	14,991,154	15,302,941	14,721,301	(311,787)
Student services	11,208,272	11,402,603	11,070,842	(194,331)
Institutional support	10,358,548	11,068,248	10,217,594	(709,700)
Operation and maintenance of plant	10,225,535	10,085,169	9,564,744	140,366
Scholarships and fellowships	12,109,431	12,274,160	12,989,551	(164,729)
Auxiliary services	7,776,990	10,162,734	9,489,438	(2,385,744)
Depreciation	<u>5,737,609</u>	<u>5,588,187</u>	<u>5,635,610</u>	<u>149,422</u>
Total operating expenses	115,550,667	119,224,224	117,301,967	(3,673,557)
Interest expense	<u>2,011,018</u>	<u>2,068,211</u>	<u>2,220,870</u>	<u>(57,193)</u>
Total operating and interest expenses	<u>\$ 117,561,685</u>	<u>121,292,435</u>	<u>119,522,837</u>	<u>(3,730,750)</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, 2014 and 2013



Operating and interest expenses decreased \$3,730,750 in fiscal year 2014 over fiscal year 2013. This decrease is primarily the result of the College outsourcing dining services in FY14. In addition, the College continues to focus on ways to reduce expenditures, in an effort to decrease reliance on self-funding the annual budget. Campus-wide savings were realized through strategic realignment of personnel following staff retirements and resignations, offset by increases to the cost of health benefits and pension obligations.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Management's Discussion and Analysis  
For the fiscal years ended June 30, 2014 and 2013

**Summary of Net Position**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Change 2013-2014</u>
Net position:				
Unrestricted	\$ 19,392,617	24,537,805	30,582,274	(5,145,188)
Net investment in capital assets	<u>99,199,495</u>	<u>100,592,243</u>	<u>104,154,570</u>	<u>(1,392,748)</u>
Total net position	<u>\$ 118,592,112</u>	<u>125,130,048</u>	<u>134,736,844</u>	<u>(6,537,936)</u>

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**BASIC FINANCIAL STATEMENTS**

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Statements of Net Position  
As of June 30, 2014 and 2013

Assets	Brookdale Community College		Brookdale Community College Foundation	
	2014	2013	2014	2013
<b>Current assets:</b>				
Cash and cash equivalents (notes 1 and 2)	\$ 5,543,361	11,221,629	438,621	3,608,661
Short-term investments (note 2)	12,000,000	14,000,000	3,273,633	830,599
Accounts receivable, net of allowance of \$1,006,342 in 2014 and \$1,226,774 in 2013 (note 3)	3,259,893	3,027,320	88,311	61,119
Inventories	830,084	976,093	—	—
Prepaid expenses	1,056,040	713,941	—	—
Accrued interest receivable	35,575	49,669	—	—
Total current assets	<u>22,724,953</u>	<u>29,988,652</u>	<u>3,800,565</u>	<u>4,500,379</u>
<b>Noncurrent assets:</b>				
Endowment investments (note 2)	—	—	2,004,951	1,394,771
Capital assets, net of accumulated depreciation of \$94,159,678 in 2014 and \$88,422,069 in 2013 (note 5)	150,739,084	152,131,832	—	—
Total noncurrent assets	<u>150,739,084</u>	<u>152,131,832</u>	<u>2,004,951</u>	<u>1,394,771</u>
Total assets	<u>173,464,037</u>	<u>182,120,484</u>	<u>5,805,516</u>	<u>5,895,150</u>
<b>Deferred Outflows of Resources</b>				
Deferred loss on bond refinancing (note 6)	356,810	370,546	—	—
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses (notes 4 and 9)	9,366,408	10,330,722	24,127	230,093
Unearned student tuition and fees	2,888,564	2,701,084	—	—
Unearned grant revenue	112,404	121,838	—	—
Deposits held for others	—	—	4,438	4,438
Long-term debt, current portion (note 6)	1,330,000	1,295,000	—	—
Total current liabilities	<u>13,697,376</u>	<u>14,448,644</u>	<u>28,565</u>	<u>234,531</u>
<b>Noncurrent liabilities:</b>				
Long-term debt, net of current portion (note 6)	41,531,359	42,912,338	—	—
Total liabilities	<u>55,228,735</u>	<u>57,360,982</u>	<u>28,565</u>	<u>234,531</u>
<b>Net Position</b>				
Net investment in capital assets	99,199,495	100,592,243	—	—
<b>Restricted:</b>				
<b>Nonexpendable:</b>				
Scholarships	—	—	1,177,096	1,164,561
Library	—	—	899,727	899,727
<b>Expendable:</b>				
Scholarships	—	—	2,553,764	1,091,245
Other	—	—	—	813,437
Unrestricted (note 7)	19,392,617	24,537,805	1,146,364	1,691,649
Total net position	<u>\$ 118,592,112</u>	<u>125,130,048</u>	<u>5,776,951</u>	<u>5,660,619</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 Position  
For the fiscal years ended June 30, 2014 and 2013

	Brookdale Community College		Brookdale Community College Foundation	
	2014	2013	2014	2013
Operating revenues:				
Student revenues:				
Tuition, net of scholarship allowances of \$18,235,065 for 2014 and \$18,986,847 for 2013	\$ 20,919,646	20,625,984	—	—
Chargebacks to other counties	321,439	334,283	—	—
	<u>21,241,085</u>	<u>20,960,267</u>	<u>—</u>	<u>—</u>
Auxiliary services, net of scholarships of \$2,010,530 for 2014 and \$2,018,772 for 2013	5,972,265	8,340,668	—	—
Fees	6,059,120	6,170,357	—	—
Net student revenues	33,272,470	35,471,292	—	—
Community service income	2,797,089	3,000,400	—	—
Federal grants	13,900,326	15,185,339	—	—
State grants	4,754,627	4,549,281	—	—
Local grants	446,626	421,544	—	—
Other grants	138,678	70,632	—	—
Special events	—	—	223,537	226,636
Other operating revenues	936,515	886,414	—	30,207
Total operating revenues	<u>56,246,331</u>	<u>59,584,902</u>	<u>223,537</u>	<u>256,843</u>
Operating expenses:				
Instruction	40,982,407	41,509,176	—	—
Research	1,285,182	1,164,037	—	—
Public service	875,539	666,969	—	—
Academic support	14,991,154	15,302,941	—	—
Student services	11,208,272	11,402,603	—	—
Institutional support	10,358,548	11,068,248	172,126	543,213
Operation and maintenance of plant	10,225,535	10,085,169	—	—
Scholarships and fellowships	12,109,431	12,274,160	377,542	382,508
Auxiliary services	7,776,990	10,162,734	—	—
Depreciation	5,737,609	5,588,187	—	—
Total operating expenses	<u>115,550,667</u>	<u>119,224,224</u>	<u>549,668</u>	<u>925,721</u>
Operating loss	<u>(59,304,336)</u>	<u>(59,639,322)</u>	<u>(326,131)</u>	<u>(668,878)</u>
Nonoperating revenues (expenses):				
State appropriations	10,293,332	10,417,121	—	—
Local appropriations	21,456,909	21,456,909	—	—
Pell Grants	16,767,234	16,355,238	—	—
Contributions	—	—	1,344,270	1,244,799
Investment income	96,904	152,299	416,716	213,025
Other nonoperating revenues	6,909,844	3,936,508	—	—
Other nonoperating expenses	(746,805)	(217,338)	(1,318,523)	(22,841)
Interest expense	(2,011,018)	(2,068,211)	—	—
On-behalf payments - alternate benefit program:				
Revenues	1,998,299	2,293,452	—	—
Expenses	(1,998,299)	(2,293,452)	—	—
Net nonoperating revenues	<u>52,766,400</u>	<u>50,032,526</u>	<u>442,463</u>	<u>1,434,983</u>
Increase (decrease) in net position	<u>(6,537,936)</u>	<u>(9,606,796)</u>	<u>116,332</u>	<u>766,105</u>
Net position as of beginning of year	<u>125,130,048</u>	<u>134,736,844</u>	<u>5,660,619</u>	<u>4,894,514</u>
Net position as of end of year	<u>\$ 118,592,112</u>	<u>125,130,048</u>	<u>5,776,951</u>	<u>5,660,619</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, 2014 and 2013

	Brookdale Community College		Brookdale Community College Foundation	
	2014	2013	2014	2013
Cash flows from operating activities:				
Student tuition and fees (including chargebacks to other counties)	\$ 27,276,500	27,581,527	—	—
Noncredit revenue	2,951,783	2,952,133	—	—
Grants and contracts	19,331,385	20,269,111	—	—
Grant payments	(36,007,491)	(36,582,033)	—	—
Payments to suppliers	(6,431,090)	(762,816)	(351,747)	(254,745)
Payments to employees	(50,680,623)	(53,887,774)	(176,615)	(320,860)
Payments for scholarships and fellowships	(10,098,639)	(12,274,160)	(377,542)	(382,508)
Auxiliary services:				
Bookstore and dining services receipts	6,373,265	8,113,123	—	—
Bookstore and dining services payments	(5,693,892)	(7,902,696)	—	—
Other auxiliary services payments	(2,324,469)	(1,990,800)	—	—
Contributions and pledges	—	—	1,319,950	1,645,566
Special events receipts	—	—	220,665	227,957
Other operating receipts	936,515	886,414	—	30,040
Net cash provided by (used in) operating activities	<u>(54,366,756)</u>	<u>(53,597,971)</u>	<u>634,711</u>	<u>945,450</u>
Cash flows from noncapital financing activities:				
State appropriations	10,293,332	10,417,121	—	—
Local appropriations	21,456,909	21,456,909	—	—
Pell Grants	16,743,526	16,233,346	—	—
Contributions	—	—	150,270	149,885
Net cash provided by noncapital financing activities	<u>48,493,767</u>	<u>48,107,376</u>	<u>150,270</u>	<u>149,885</u>
Cash flows from capital financing activities:				
Payments on capital debt	(1,332,243)	(1,339,287)	—	—
Capital appropriations	6,009,998	3,719,170	—	—
Interest paid on capital debt	(2,029,682)	(2,007,767)	—	—
Purchases of capital assets	(4,564,351)	(2,112,708)	—	—
Net cash used in capital financing activities	<u>(1,916,278)</u>	<u>(1,740,592)</u>	<u>—</u>	<u>—</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	19,543,361	29,221,629	2,550,365	650,636
Interest and dividends on investments	110,999	160,022	79,235	119,853
Purchases of investments	(17,543,361)	(25,221,629)	(6,584,621)	(75,388)
Net cash provided by (used in) investing activities	<u>2,110,999</u>	<u>4,160,022</u>	<u>(3,955,021)</u>	<u>695,101</u>
Net increase (decrease) in cash and cash equivalents	(5,678,268)	(3,071,165)	(3,170,040)	1,790,436
Cash and cash equivalents as of beginning of year	11,221,629	14,292,794	3,608,661	1,818,225
Cash and cash equivalents as of end of year	<u>\$ 5,543,361</u>	<u>11,221,629</u>	<u>438,621</u>	<u>3,608,661</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (59,304,336)	(59,639,322)	867,869	426,036
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,737,609	5,588,187	—	—
Changes in assets and liabilities:				
Grants and other receivables	(55,824)	449,513	(2,872)	1,321
Contributions receivable	—	—	(24,320)	400,767
Inventories	146,009	82,988	—	—
Prepaid expenses	(342,102)	646,783	—	—
Accounts payable and accrued expenses	(726,158)	(878,490)	80	—
Due to Brookdale Community College	—	—	(206,046)	117,493
Deposits held in custody of others	—	—	—	(167)
Unearned student tuition and fees	187,480	143,238	—	—
Unearned grant revenue	(9,434)	9,132	—	—
Net cash provided by (used in) operating activities	<u>\$ (54,366,756)</u>	<u>(53,597,971)</u>	<u>634,711</u>	<u>945,450</u>

See accompanying notes to financial statements

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

***Organization***

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

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

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

***Financial Reporting and Summary of Significant Accounting Policies***

***Component Unit***

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

The Center for Holocaust, Human Rights and Genocide Education (the “Center”), an unincorporated entity operating under the Foundation, filed for its own 501(c)(3) nonprofit status with the IRS in the fall of 2012. The Center received notification they were granted the IRS designation in September 2013, with an effective date of August 17, 2012. Accordingly, net position of approximately \$1,319,000 pertaining to the Center was distributed from the Foundation to the new 501(c)(3) entity on July 1, 2013. Approximately \$813,000 of the net position was restricted-expendable.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

*Financial Reporting and Summary of Significant Accounting Policies (continued)*

*New Accounting Standards Adopted*

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of the changes from the implementation of GASB 65 on the College’s financial statements, for the year ended June 30, 2013, was as follows:

<u>Net Position</u>	<u>June 30, 2013 ending balance previously issued</u>	<u>Change</u>	<u>June 30, 2013 ending balance as restated</u>
Deferred Outflows of Resources:			
Deferred loss on bond refinancing	\$ —	370,546	370,546
Liabilities			
Noncurrent liabilities:			
Long-term debt (note 6)	\$ 42,541,792	370,546	42,912,338
Total liabilities	\$ 56,990,436	370,546	57,360,982

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (“GASB 67”), and Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* (“GASB 68”). The requirements of GASB 67 are effective for the fiscal year ended June 30, 2014. The requirements of GASB 68 are effective for the fiscal year ending June 30, 2015.

GASB 67 and 68 require governments providing defined benefit pension plans to (1) recognize their long-term obligation for pension benefits as liabilities on the statement of net position, (2) more comprehensively and comparably measure the annual costs of pension benefits, and (3) enhance disclosures and required supplementary information for pension plans. The College has not determined the effects of GASB 67 and 68 on the financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”). The requirements of GASB 69 are effective for the fiscal year ending June 30, 2015. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The College has not determined the effect of GASB 69 on the financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”). The requirements of GASB 70 are effective for the fiscal year ending June 30, 2015. The objective of GASB 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The College has not determined the effect of GASB 70 on the financial statements.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

***Financial Reporting and Summary of Significant Accounting Policies (continued)***

***New Accounting Standards Adopted (continued)***

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68* (“GASB 71”). The requirements of GASB 71 are effective for the fiscal year ending June 30, 2015, concurrent with the implementation of GASB 68. GASB 71 amends GASB 68 to require that at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This eliminates a potential source of understatement of the restated beginning net position and expense in a government's first year of implementing GASB 68. The College has not yet determined the effect of GASB 71 on the financial statements.

***Basis of Accounting and Measurement Focus***

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

***Net Position***

The College classifies its resources into three net position categories:

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

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

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

*Financial Reporting and Summary of Significant Accounting Policies (continued)*

*Other*

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

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

	<b>Useful Lives</b>
Buildings and building improvements	10 - 45 years
Furniture and equipment	5 - 10 years

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



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

***Financial Reporting and Summary of Significant Accounting Policies (continued)***

***Other (continued)***

- (g) Grants receivable represent amounts awarded to, but not yet received by, the College. Revenues are recognized as the grants are expended. Amounts received from grants which have not yet been earned under the terms of the agreements are recorded as unearned grant revenue in the accompanying statements of net position.
- (h) Revenue from State of New Jersey and County appropriations is recognized in the fiscal years during which the State of New Jersey and County of Monmouth appropriate the funds to the College.
- (i) Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts.
- (j) Auxiliary services expenses include direct and indirect administration and general costs related to their operations.
- (k) Chargebacks to other counties represent the amount the College charges the counties in which out-of-county students reside for their portion of the College's operating expenses, as provided by the criteria and procedures specified in the Statement of Auditing and Accounting Standards for County Colleges recommended by the Council of County Colleges and for use by the Department of Treasury pursuant to New Jersey Statutes Annotated ("N.J.S.A.") 18A:64A-22 and 29.
- (l) The College receives appropriations from the State of New Jersey and the County of Monmouth. The College is economically dependent on these appropriations to carry on its operations and is considered to be a component unit of the County of Monmouth.
- (m) Grants and contributions are recorded as unrestricted revenue or restricted net position depending on the absence or existence of any donor restrictions. Unconditional grants and contributions are recognized as revenue when the related promise to give is disclosed.  
  
Donor-restricted grants and contributions whose restrictions are satisfied in the same period as funds are recognized are reported as unrestricted support in the statements of revenues, expenses and changes in net position.
- (n) The College's policy defines operating activities in the statements of revenues, expenses, and changes in net position as those that serve the College's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary services and (3) most federal, state, and local grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State of New Jersey and County of Monmouth, contributions and investment income. Interest expense is reported as a nonoperating expense.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

*Financial Reporting and Summary of Significant Accounting Policies (continued)*

*Other (continued)*

- (o) The College is exempt from federal income taxes under Internal Revenue Code Section 115. The Foundation is an organization described under Section 501(c)(3) of the Internal Revenue Code (“Code”) and therefore is exempt from federal income taxes under 501(a) of the Code.
- (p) The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- (q) Certain amounts in the 2013 financial statements have been reclassified to conform to the current year presentation.

**(2) Cash and Cash Equivalents and Investments**

**Cash and Cash Equivalents**

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the College’s deposits may not be returned to it. Although the College does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. Any funds designated below as uninsured are assets of the Foundation. As of June 30, 2014 and 2013, the College’s and Foundation’s combined bank balances of \$5,769,199 and \$14,758,018, respectively, were insured, collateralized or uninsured as follows:

	<u>Brookdale Community College</u>		<u>Brookdale Community College Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Insured	\$ 500,000	250,000	403,404	1,560,578
Collateralized under GUDPA	4,830,578	10,899,357	—	—
Uninsured	—	—	35,217	2,048,083
	<u>\$ 5,330,578</u>	<u>11,149,357</u>	<u>438,621</u>	<u>3,608,661</u>

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(2) Cash and Cash Equivalents and Investments (continued)**

**Investments**

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, or are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. The College's investments for fiscal years 2014 and 2013 are \$12,000,000 and \$14,000,000, respectively, in certificates of deposit. The Foundation's investments for fiscal years 2014 and 2013 are \$5,278,584 and \$2,225,370, respectively, in certificates of deposit, mutual funds, bonds and notes, and equities at various financial institutions.

***Interest Rate Risk***

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

***Credit Risk***

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

***Concentration of Credit Risk***

The College does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2014 and 2013, the College had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>2014</u>	<u>2013</u>
Certificates of deposit	> 3 months	N/A	\$ <u>12,000,000</u>	<u>14,000,000</u>
			\$ <u>12,000,000</u>	<u>14,000,000</u>

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(2) Cash and Cash Equivalents and Investments (continued)**

**Investments** (continued)

*Concentration of Credit Risk* (continued)

The Foundation does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2014 and 2013, the Foundation had the following investments and maturities:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>2014</u>	<u>2013</u>
Certificates of deposit	> 3 months	N/A	\$ -	457,160
Mutual funds	N/A	N/A	48,407	694,876
Equities	N/A	N/A	2,764,698	608,617
Bonds and notes	various	various	2,465,479	464,717
			<u>\$ 5,278,584</u>	<u>2,225,370</u>

**(3) Accounts Receivable**

Accounts receivable consisted of the following as of June 30, 2014 and 2013:

	<u>Brookdale Community College</u>		<u>Brookdale Community College Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Federal, state and local grants receivable	\$ 1,111,870	1,203,306	—	—
Student accounts receivable	1,913,413	1,922,550	—	—
Community development receivables	301,245	455,938	—	—
Other receivables	939,707	672,300	88,311	61,119
	<u>4,266,235</u>	<u>4,254,094</u>	<u>88,311</u>	<u>61,119</u>
Less allowance for doubtful accounts	<u>1,006,342</u>	<u>1,226,774</u>	<u>—</u>	<u>—</u>
	<u>\$ 3,259,893</u>	<u>3,027,320</u>	<u>88,311</u>	<u>61,119</u>

The Foundation was the beneficiary of a charitable remainder trust agreement. During fiscal year 2013, the Foundation received a check in the amount of \$277,361 representing the final payment on the 15-year trust term and recognized a loss of \$22,841, which was recorded as part of nonoperating revenues on the statements of revenues, expenses, and changes in net position for the year ended June 30, 2013

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

Accounts payable and accrued expenses consisted of the following as of June 30, 2014 and 2013:

	<u>Brookdale Community College</u>		<u>Brookdale Community College Foundation</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Vendors	\$ 428,065	903,432	—	—
Construction	1,006,495	1,244,652	—	—
Payroll	2,405,104	2,380,353	—	—
Compensated absences - vacation	2,685,638	2,791,432	—	—
State of New Jersey unemployment	500,000	500,000	—	—
Other	<u>2,341,106</u>	<u>2,510,853</u>	<u>24,127</u>	<u>230,093</u>
	<u>\$ 9,366,408</u>	<u>10,330,722</u>	<u>24,127</u>	<u>230,093</u>

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(5) Capital Assets**

The fiscal years 2014 and 2013 activity in capital assets and accumulated depreciation was as follows:

Brookdale Community College				
	<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2014</u>
Depreciable assets:				
Buildings and building improvements	\$ 225,978,339	3,934,801	—	229,913,140
Furniture and equipment	8,693,100	428,896	(18,836)	9,103,160
	<u>234,671,439</u>	<u>4,363,697</u>	<u>(18,836)</u>	<u>239,016,300</u>
Less accumulated depreciation:				
Buildings and building improvements	(82,588,141)	(5,103,998)	—	(87,692,139)
Furniture and equipment	(5,833,928)	(652,447)	18,836	(6,467,539)
	<u>(88,422,069)</u>	<u>(5,756,445)</u>	<u>18,836</u>	<u>(94,159,678)</u>
Depreciable assets, net	146,249,370	(1,392,748)	—	144,856,622
Nondepreciable asset, land	<u>5,882,462</u>	<u>—</u>	<u>—</u>	<u>5,882,462</u>
Capital assets, net	<u>\$ 152,131,832</u>	<u>(1,392,748)</u>	<u>—</u>	<u>150,739,084</u>
	<u>Balance, June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2013</u>
Depreciable assets:				
Buildings and building improvements	\$ 224,203,487	1,774,852	—	225,978,339
Furniture and equipment	8,442,093	377,869	(126,862)	8,693,100
	<u>232,645,580</u>	<u>2,152,721</u>	<u>(126,862)</u>	<u>234,671,439</u>
Less accumulated depreciation:				
Buildings and building improvements	(77,549,217)	(5,038,924)	—	(82,588,141)
Furniture and equipment	(5,284,665)	(676,125)	126,862	(5,833,928)
	<u>(82,833,882)</u>	<u>(5,715,049)</u>	<u>126,862</u>	<u>(88,422,069)</u>
Depreciable assets, net	149,811,698	(3,562,328)	—	146,249,370
Nondepreciable asset, land	<u>5,882,462</u>	<u>—</u>	<u>—</u>	<u>5,882,462</u>
Capital assets, net	<u>\$ 155,694,160</u>	<u>(3,562,328)</u>	<u>—</u>	<u>152,131,832</u>

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(6) Long-Term Debt**

The activity in long-term debt for the years ended June 30, 2014 and 2013 was as follows:

Brookdale Community College				
	<u>June 30,</u> <u>2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>2014</u>
B. Lease revenue bonds - Series 2008 issue:				
Serial bonds (interest rates from 3.25% to 5.25%; due on various dates through fiscal year 2025)	\$ 7,765,000	—	(500,000)	7,265,000
Term bonds (interest rate from 5.25% to 6.00%; due in fiscal years 2027, 2029, 2032 and 2039)	18,380,000	—	—	18,380,000
C. Lease revenue bonds - Series 2009 issue:				
Serial bonds (interest rates from 2.0% to 5.125%; due on various dates through fiscal year 2023)	4,485,000	—	(380,000)	4,105,000
Term bonds (interest rate from 3.5% to 4.0%; due in fiscal years 2025 to 2032)	5,695,000	—	—	5,695,000
D. Lease revenue bonds - Series 2012 issue:				
Serial bonds (interest rates from 2.0% to 5.0%; due on various dates through fiscal year 2026)	7,175,000	—	(415,000)	6,760,000
Bond premium	707,338	—	(50,979)	656,359
	<u>\$ 44,207,338</u>	<u>—</u>	<u>(1,345,979)</u>	<u>42,861,359</u>
Less current portion				<u>(1,330,000)</u>
				<u>41,531,359</u>
	<u>June 30,</u> <u>2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>2013</u>
B. Lease revenue bonds - Series 2008 issue:				
Serial bonds (interest rates from 3.25% to 5.25%; due on various dates through fiscal year 2025)	\$ 8,245,000	—	(480,000)	7,765,000
Term bonds (interest rate from 5.25% to 6.00%; due in fiscal years 2027, 2029, 2032 and 2039)	18,380,000	—	—	18,380,000
C. Lease revenue bonds - Series 2009 issue:				
Serial bonds (interest rates from 2.0% to 5.125%; due on various dates through fiscal year 2023)	4,850,000	—	(365,000)	4,485,000
Term bonds (interest rate from 3.5% to 4.0%; due in fiscal years 2025 to 2032)	5,695,000	—	—	5,695,000
D. Lease revenue bonds - Series 2012 issue:				
Serial bonds (interest rates from 2.0% to 5.0%; due on various dates through fiscal year 2026)	7,660,000	—	(485,000)	7,175,000
Bond premium	758,317	—	(50,979)	707,338
	<u>\$ 45,588,317</u>	<u>—</u>	<u>(1,380,979)</u>	<u>44,207,338</u>
Less current portion				<u>(1,295,000)</u>
				<u>42,912,338</u>

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(6) Long-Term Debt (continued)**

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

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

Bond principal payments are due August 1 of each year starting in the year 2009 and ending in the year 2038. Bond principal payments of \$500,000 were made on August 1, 2013, and \$515,000 is due on August 1, 2014; subsequent bond principal payments incrementally increase to a maximum of \$1,880,000 on August 1, 2038.

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

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

Bond principal payments are due August 1 of each year starting in the year 2010 and ending in the year 2029. Bond principal payments of \$380,000 were made on August 1, 2013, and \$390,000 is due on August 1, 2014; subsequent bond principal payments incrementally increase thereafter to a maximum of \$730,000 on August 1, 2031.



**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(6) Long-Term Debt (continued)**

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

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

Bond principal payments are due August 1 of each year starting in the year 2012 and ending in the year 2026. Bond principal payments of \$415,000 were made on August 1, 2013, and \$425,000 is due on August 1, 2014; subsequent bond principal payments incrementally increase thereafter to a maximum of \$635,000 on August 1, 2026.

The following is a schedule, by year, of future minimum payments under long-term debt as of June 30, 2014:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,330,000	2,011,273	3,341,273
2016	1,375,000	1,960,904	3,335,904
2017	1,430,000	1,898,988	3,328,988
2018	1,485,000	1,829,406	3,314,406
2019	1,560,000	1,768,442	3,328,442
2020-2024	8,830,000	7,757,068	16,587,068
2025-2029	9,525,000	5,678,805	15,203,805
2030-2034	8,310,000	3,415,217	11,725,217
2035-2039	8,360,000	1,105,600	9,465,600
	<u>\$ 42,205,000</u>	<u>27,425,703</u>	<u>69,630,703</u>

Interest charges incurred in fiscal years 2014 and 2013 were \$2,011,018 and \$2,068,211, respectively.

In connection with the refinancing of the Lease Revenue Bonds - Series 2003 with the Lease Revenue Bonds - Series 2012, the premium on the bond refinancing was \$764,690 and deferred loss on the bond refinancing was \$415,734. Bond premium and deferred loss on the bond refinancing are amortized over 15 years (the life of the bond). The balance of the bond premium as of June 30, 2014 and 2013 is \$656,359 and \$707,338, respectively, and deferred loss as of June 30, 2014 and 2013 is \$356,810 and \$370,546, respectively. The premium on the bond is included in long-term debt on the statements of net position. Deferred loss on the bond refinancing is included in deferred outflows of resources on the statements of net position. The amount of premium charged as a reduction of interest expense for each of the fiscal years 2014 and 2013 was \$50,979, and the amount of deferred loss charged as a reduction of interest expense for fiscal years 2014 and 2013 was \$13,736 and \$41,694, respectively.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

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

As of June 30, 2014 and 2013, the College had designated portions of its unrestricted net position as follows:

	<b>June 30, 2014</b>		
	<b><u>Operating</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
Designated:			
Auxiliary services	\$ 4,945,289	—	4,945,289
Risk management	—	103,857	103,857
ADA compliance	—	323,372	323,372
Campus construction projects/minor capital	—	7,021,460	7,021,460
Appropriation to succeeding fiscal years' budgets	<u>6,998,639</u>	<u>—</u>	<u>6,998,639</u>
	<u>\$ 11,943,928</u>	<u>7,448,689</u>	<u>19,392,617</u>
	<b>June 30, 2013</b>		
	<b><u>Operating</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
Designated:			
Auxiliary services	\$ 4,606,059	—	4,606,059
Risk management	—	223,635	223,635
ADA compliance	—	330,800	330,800
Campus construction projects	—	7,548,971	7,548,971
Appropriation to succeeding fiscal years' budgets	<u>11,828,340</u>	<u>—</u>	<u>11,828,340</u>
	<u>\$ 16,434,399</u>	<u>8,103,406</u>	<u>24,537,805</u>

**(8) Retirement Plans**

***Plan Descriptions***

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

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(8) Retirement Plans (continued)**

***PERS and PFRS Information***

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State of New Jersey or public agency, provided the employee is not a member of another State of New Jersey-administered retirement system. PFRS was established under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State of New Jersey firemen appointed after June 30, 1994.

***PERS Funding Policy***

PERS members are required to contribute 6.78% for the period from July 1, 2013 to June 30, 2014, and 6.64% for the period from July 1, 2012 to June 30, 2013, of their annual covered salary and the College is required to contribute at an actuarially determined rate for the years ended June 30, 2014 and 2013. During the years ended June 30, 2014 and 2013, the College's annual contributions to PERS were \$1,786,406 and \$1,829,463, 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 10% of their annual covered salary for the years ended June 30, 2014 and 2013. 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 2014 and 2013, College contributions to PFRS were \$167,434 and \$289,728, respectively. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

***DCRP Information***

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

***Alternate Benefit Program Information***

ABP provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(8) Retirement Plans (continued)**

*Alternate Benefit Program Information (continued)*

Participating College employees are required to contribute 5% and may contribute voluntary additional contributions of salary up to the maximum federal statutory limit, on a pre-tax basis. Employer contributions, some of which are reimbursed by the State of New Jersey, are 8% of base salary.

During the year ended June 30, 2014, ABP contributions, based upon participating employee salaries of \$27,946,280, were \$1,512,885 from employees and \$2,235,702 from the College. The State of New Jersey reimbursed the College \$1,998,299 for qualified employees and this amount is included in the accompanying financial statements as on-behalf payments.

During the year ended June 30, 2013, ABP contributions, based upon participating employee salaries of \$28,668,144, were \$1,606,693 from employees and \$2,568,384 from the College. The State of New Jersey reimbursed the College \$2,293,452 for qualified employees and this amount is included in the accompanying financial statements as on-behalf payments.

**(9) Commitments and Contingencies**

*Commitments*

The College leases the Neptune Higher Education building. Net rental expenses were approximately \$175,000 in 2014 and 2013. Effective July 1, 2014, the College entered into an additional lease agreement for the 2<sup>nd</sup> floor at the Neptune Higher Education building. The leases are noncancelable and have been classified as operating leases which will expire in June 2017. Minimum annual rental commitments, net of sublease rentals, approximate the following:

<u>Year Ending June 30</u>	
2015	\$ 317,070
2016	324,762
2017	<u>332,647</u>
	<u>\$ 974,479</u>

*Contingencies*

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

**(10) Compensated Absences**

The College has recorded a liability for compensated absences in the amount of \$2,685,638 and \$2,791,432 as of June 30, 2014 and 2013, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of net position. The liability is based upon employees' accrued vacation leave as of fiscal year-end. No amounts are recorded for accrued sick leave as the College does not make payments for accrued sick leave to employees upon termination.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
June 30, 2014 and 2013

**(11) Other Postemployment Benefits**

**Plan Description** - The College contributes to the New Jersey State Health Benefits Program (“SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of 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 N.J.S.A., Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey, Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP.

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

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

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

**(12) Related Party Transactions**

The Foundation utilized office space and received certain administrative assistance from the College at no charge during the years ended June 30, 2014 and 2013. The fair value of this space and these services is estimated at \$150,270 and \$149,885 and is included in the Foundation’s statements of revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013, respectively.

During the fiscal years 2014 and 2013, certain services and expenses are received and paid between the Foundation and the College. All such expenses are put on account and settled periodically between the two parties. As of June 30, 2014 and 2013, the Foundation was indebted to the College in the amount of \$24,047 and \$230,093, respectively, representing student scholarships and operating expenses paid by the College on behalf of the Foundation. This amount is noninterest-bearing and is currently payable.

**BROOKDALE COMMUNITY COLLEGE**  
(A Component Unit of the County of Monmouth)  
Notes to Financial Statements  
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**(13) 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 \$325,000.

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

**(14) Subsequent Events**

The College has evaluated subsequent events through November 20, 2014, which is the date the financial statements were available to be issued.

**SINGLE AUDIT SECTION**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Brookdale Community College (A Component Unit of the County of Monmouth), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Brookdale Community College's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brookdale Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Brookdale Community College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Brookdale Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brookdale Community College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brookdale Community College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "EisnerAmper LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Jenkintown, Pennsylvania  
November 20, 2014

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

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

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

We have audited Brookdale Community College's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and State of New Jersey *State Grant Compliance Supplement* that could have a direct and material effect on each of Brookdale Community College's major Federal and State of New Jersey programs for the year ended June 30, 2014. Brookdale Community College's major Federal and State of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Brookdale Community College's major Federal and State of New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Federal OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or State of New Jersey program occurred. An audit includes examining, on a test basis, evidence about Brookdale Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and State of New Jersey program. However, our audit does not provide a legal determination of Brookdale Community College's compliance.

***Opinion on Each Major Federal and State of New Jersey Program***

In our opinion, Brookdale Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State of New Jersey programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of Brookdale Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered Brookdale Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State of New Jersey program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State of New Jersey program and to test and report on internal control over compliance in accordance with Federal OMB Circular A-133 and State of New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brookdale Community College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal or State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal or State of New Jersey program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Federal OMB Circular A-133 and State of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Jenkintown, Pennsylvania  
November 20, 2014

**BROOKDALE COMMUNITY COLLEGE**

Schedule of Expenditures of Federal Awards  
Year ended June 30, 2014

<u>Federal grantor/ pass-through grantor/ program or cluster title</u>	<u>Federal CFDA/grant number</u>	<u>Current year expenditures</u>
U.S. Department of Education:		
Student Financial Assistance Cluster:		
Federal Direct Student Loans	84.268	\$ 11,053,216
Federal Supplemental Educational Opportunity Grant (including administrative cost allowance of \$15,871)	84.007	253,389
Federal Pell Grant Program	84.063	16,767,234
Federal Work-Study Program (including administrative cost allowance of \$7,212)	84.033	151,454
Job Locator		<u>23,843</u>
Total Student Financial Assistance Cluster		28,249,136
Passed through State of New Jersey Department of Labor & Workforce Development:		
Adult Education - Basic Grants to States	84.002	707,837
Passed through State of New Jersey Department of Education:		
Career and Technical Education - Basic Grants to States	84.048	597,310
Other Federal Programs:		
National Science Foundation:		
Education and Human Resources	47.076	320,848
National Endowment for the Humanities:		
Promotion of the Humanities - Division of Preservation and Access	45.149	5,819
U.S. Small Business Administration:		
Small Business Administration and Seminars	59.XXX	6,720
Passed through Rutgers University:		
Small Business Development Center	59.037	130,288
Entrepreneurial Development Disaster Assistance (Disaster Relief Appropriations Act)	59.064	243,738
U.S. Department of Health and Human Services:		
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	405,864
Total expenditures of federal awards		<u><u>\$ 30,667,560</u></u>

**BROOKDALE COMMUNITY COLLEGE**

Schedule of Expenditures of State of New Jersey Awards  
Year ended June 30, 2014

<u>State of New Jersey grantor/program or cluster title</u>	<u>Grant number/ State of New Jersey account number</u>	<u>Award amount</u>	<u>Grant period</u>	<u>Current year expenditures</u>
State of New Jersey grants – restricted:				
N.J. Department of Treasury:				
Student Financial Assistance Cluster:				
Educational Opportunity Fund Summer and Regular Awards	12-100-074-2401-001	\$ 332,662	07/01/13-06/30/14	\$ 332,662
N.J. Urban Scholars	100-074-2405-278	1,000	07/01/13-06/30/14	1,000
Tuition Aid Grant	12-100-074-2405-007	3,434,203	07/01/13-06/30/14	3,434,203
NJ Stars	12-100-074-2405-313	390,518	07/01/13-06/30/14	<u>390,518</u>
Total Student Financial Assistance Cluster				4,158,383
Educational Opportunity Fund – Article IV:				
Educational Opportunity Fund Summer	2401-100-074-2401-002-KKK-6140	17,916	07/01/13-06/30/14	17,916
Educational Opportunity Fund Regular	2401-100-074-002-KKK-6140	186,097	07/01/13-06/30/14	186,097
N.J. Department of Education:				
Career Tech Ed Prov Teacher Pilot(Yr 4)	14E00059	195,000	10/01/13-09/30/14	119,865
Career Tech Ed Prov Teacher Pilot(Yr 3)	13E00044	214,014	10/01/12-09/30/13	83,279
General Education Development Testing	5063-100-034-5063-324-H302-3620	10,912	07/01/13-06/30/14	10,912
N.J. Department of Human Services:				
Displaced Homemaker	14XINW	120,575	07/01/13-06/30/14	120,279
Family Friendly	14ASNP	45,463	07/01/13-06/30/14	36,920
Displaced Homemaker-Sandy	14ZPNZ	25,714	08/01/13-06/30/14	<u>20,976</u>
Total State of New Jersey grants – restricted				4,754,627
State of New Jersey appropriations – unrestricted:				
N.J. Department of Treasury:				
Operational Costs – County Colleges	12-100-082-2155-015	10,660,107	07/01/13-06/30/14	10,293,332
Alternate Benefit Program	12-100-082-2155-017	2,066,580	07/01/13-06/30/14	<u>2,235,702</u>
Total expenditures of State of New Jersey awards				<u>\$ 17,283,661</u>

## **BROOKDALE COMMUNITY COLLEGE**

### **NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE OF NEW JERSEY AWARDS JUNE 30, 2014**

#### **(1) General**

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

#### **(2) Basis of Accounting**

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

#### **(3) Relationship to Basic Financial Statements**

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

#### **(4) Relationship to Federal and State Financial Reports**

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

**BROOKDALE COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ x no

*Federal Programs*

Internal control over major Federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x none reported

Type of auditors’ report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ yes \_\_\_\_\_ x no

Identification of major Federal programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
	Student Financial Assistance Cluster:
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grant
84.033	Federal Work-Study Program
84.268	Federal Direct Student Loans
Unknown	Job Locator
84.002	Adult Education – Basic Grants to States
84.048	Career and Technical Education – Basic Grants to States
47.076	Education and Human Resources
93.093	Affordable Care Act (ACA) Health Profession Opportunity Grants

**BROOKDALE COMMUNITY COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**Section I – Summary of Auditors’ Results (continued)**

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***Federal Programs (continued)***

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

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

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

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

\_\_\_\_\_ yes                        x   no

***State of New Jersey Programs***

Internal control over major State of New Jersey programs:

- Material weakness(es) identified?                      \_\_\_\_\_ yes                        x   no
- Significant deficiency(ies) identified?                      \_\_\_\_\_ yes                        x   none reported

Type of auditors’ report issued on compliance  
for major programs: **Unmodified**

Any audit findings disclosed that are required to be  
reported in accordance with State of New Jersey  
OMB Circular 04-04 and listed in  
Section IV of this schedule?

\_\_\_\_\_ yes                        x   no

Identification of major state programs:

<i>State of New Jersey Account/Grant</i>	<i>Name of State Program or Cluster</i>
	Student Financial Assistance Cluster:
100-074-2401-001	Educational Opportunity Fund (EOF)
100-074-2405-278	N.J. Urban Scholars
100-074-2405-007	Tuition Aid Grant (TAG)
100-074-2405-313	New Jersey Stars Program
01-100-082-2155-015	Operational Costs
01-100-082-2155-017	Alternate Benefit Program

Program threshold determination:

Type A State Program Threshold  $\geq$  \$518,510

Type B State Program Threshold  $<$  \$518,510

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

\_\_\_\_\_ yes                        x   no



**BROOKDALE COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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NONE

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**Section III – Federal Award Findings and Questioned Costs**

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NONE

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**Section IV –New Jersey Award Findings and Questioned Costs**

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NONE

**BROOKDALE COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Status of Prior Audit Findings**

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**Federal Award Findings:**

**Finding Number 2013-1: Return of Title IV Funds**

Federal Program: Student Financial Assistance Cluster

CFDA No.: 84.063 (Federal Pell grant); 84.268 (PLUS Loan (*William D Ford Federal Direct Loan*))

Federal Award Year: July 1, 2012 – June 30, 2013

**Condition**

EisnerAmper randomly selected 40 students who either withdrew from or failed all of their classes during at least one semester in fiscal year 2013 to test that the College complied with the return of Title IV funds' requirements.

The results of our testing procedures indicated the following conditions:

- In one instance, the incorrect amount of unearned PELL grant funds was returned. The calculated amount was \$927; however, \$1,427 was returned.
- In one instance, unearned PLUS loan funds of \$125 were returned subsequent to the 45-day return period after determination of student withdrawal.

**Current Status**

*This item has been resolved.*