

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
Paramus, New Jersey

REPORT ON FINANCIAL STATEMENTS AND
FEDERAL AND STATE AWARDS

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04
June 30, 2012 and 2011

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CliftonLarsonAllen LLP
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Independent Auditor's Report

The Board of Trustees
Bergen Community College
Paramus, New Jersey

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of Bergen Community College, State of New Jersey (the College), a component unit of the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express our opinion on these financial statements based on our audit. We did not audit the financial statements of the Bergen Community College Foundation (the Foundation), a discretely presented component unit, which statements reflect 100% of the total assets (\$8,789,336) as of June 30, 2012, and 100% of the operating revenues (\$1,188,828) of the discretely presented component unit for the year then ended. Those financial statements were audited by another auditor whose report thereon, dated October 1, 2012, has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based on the report of the other auditor. We did not audit the College's basic financial statements as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose report thereon, dated November 1, 2011, expressed an unqualified opinion.

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

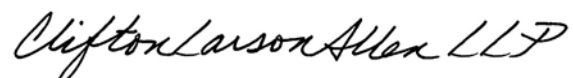
In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Bergen Community College, State of New Jersey, as of June 30, 2012, and the respective changes in net assets and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 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 us with sufficient evidence to express an opinion or provide any assurance.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Awards for they year ended June 30, 2012 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the basic financial statements. Such information, on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the component unit financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the component unit financial statements taken as a whole.

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



Mt. Laurel, New Jersey
December 11, 2012

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Overview of the Basic Financial Statements and Financial Analysis

This section of the audited financial statements for Bergen Community College (the College) presents management's discussion and analysis of the College's financial position for the years ended June 30, 2012 and 2011, with selected information pertaining to the year ended June 30, 2010. Management has prepared the financial statements and the related note disclosures, along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with management.

Financial Statements

Included in this report are the College's basic financial statements, which include the Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets and the Statements of Cash Flows. These basic financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles and accounting principles generally accepted in the United States of America.

The College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as of July 1, 2003. GASB Statement No. 39 establishes criteria for determining whether certain organizations should be reported as component units of the financial reporting entity.

As a result, this report also includes the statements of financial position and statements of activities of the Bergen Community College Foundation (the Foundation). The Foundation is a legally separate component unit of the College and is exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of the College. Because the resources of the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Complete financial statements can be obtained from the Bergen Community College Foundation at 400 Paramus Road, Paramus, New Jersey 07652.

Statements of Net Assets

Net assets represent the residual interest in the College's assets after liabilities are deducted. Net assets consist of three categories: invested in capital assets (net of related debt), restricted and unrestricted. Net assets invested in capital assets, net of related debt reflect the equity in capital assets. Restricted net assets primarily include grants and contracts and capital funds that are subject to regulations or restrictions governing their use. Unrestricted net assets are available to the College for general purposes, but are internally designated for various academic and student programs.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Statements of Net Assets (Continued)

The statements of net assets present the College's current and non-current assets and liabilities and the resultant net assets. The statements of revenues, expenses, and changes in net assets show the College's revenues and expenses segregated into operating and non-operating sections. It is important to note that the federal, state and county appropriations, which are essential to the College's operations, are recorded as non-operating revenues. Therefore, the operating revenues less operating expenses show a loss of \$27.5, \$30.7, and \$30.0 million for fiscal years ended June 30, 2012, 2011, and 2010, respectively, while the net of non-operating revenues less non-operating expenses shows an excess of revenues over expenses of \$26.0, \$31.7, and \$31.6 million for fiscal years ended June 30, 2012, 2011, and 2010, respectively. The statements of cash flows show the sources and uses of the College's cash for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Because the statements of net assets treat the College as a whole as opposed to a group of separate funds, all inter-fund receivables and payables have been eliminated.

Management's discussion and analysis of specific assets, liabilities, net assets, revenues, and expenses follows this general discussion. For the most part, this analysis will utilize condensed portions of the basic financial statements with appropriate comments on specific items.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Financial Highlights

Condensed Schedules of Net Assets (in Millions)

The following represents assets, liabilities and net assets of the College at June 30, 2012, 2011 and 2010:

	Net Assets as of June 30,				
	2010	2011	Change from 2010	2012	Change from 2011
CURRENT ASSETS	\$ 42.1	\$ 48.4	\$ 6.3	\$ 51.8	\$ 3.4
NON-CURRENT ASSETS					
Capital assets, net of accumulated depreciation	112.3	119.3	7.0	121.6	2.3
Other non-current assets	20.0	15.7	(4.3)	16.9	1.2
Total assets	<u>\$ 174.4</u>	<u>\$ 183.4</u>	<u>\$ 9.0</u>	<u>\$ 190.3</u>	<u>\$ 6.9</u>
CURRENT LIABILITIES	\$ 10.4	\$ 13.2	\$ 2.8	\$ 11.0	\$ (2.2)
NON-CURRENT LIABILITIES					
Deposits held in trust	0.2	0.1	(0.1)	0.4	0.3
Long-term debt	19.5	19.1	(0.4)	18.7	(0.4)
Other non-current liabilities	3.7	3.8	0.1	4.0	0.2
Total liabilities	<u>\$ 33.8</u>	<u>\$ 36.2</u>	<u>\$ 2.4</u>	<u>\$ 34.1</u>	<u>\$ (2.1)</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 99.9	\$ 103.9	\$ 4.0	\$ 102.8	\$ (1.1)
Restricted	15.9	21.1	5.2	33.4	12.3
Unrestricted	24.8	22.2	(2.6)	19.9	(2.3)
Total net assets	<u>\$ 140.6</u>	<u>\$ 147.2</u>	<u>\$ 6.6</u>	<u>\$ 156.1</u>	<u>\$ 8.9</u>

This schedule is prepared from the College's statements of net assets.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Condensed Schedule of Revenues, Expenses, and Changes in Net Assets (in Millions)

The statements of revenues, expenses and changes in net assets present the College's changes in net assets. The purpose of the statement is to present revenues earned by the College, both operating and non-operating and expenses incurred by the College, both operating and non-operating. A summary of the College's revenues for the years ended June 30, 2012, 2011 and 2010 as follows:

	Year Ended June 30,				
	2010	2011	Change from 2010	2012	Change from 2011
OPERATING REVENUES					
Tuition and fees and auxiliary enterprises, net of scholarship allowances	\$ 52.3	\$ 45.1	\$ (7.2)	\$ 42.9	\$ (2.2)
Federal grants and contracts	18.6	33.1	14.5	41.6	8.5
State, county and private grants	7.1	6.3	(0.8)	6.7	0.4
Other operating revenues	1.4	1.5	0.1	1.3	(0.2)
Total	79.4	86.0	6.6	92.5	6.5
Less operating expenses	109.4	116.7	7.3	120.0	3.3
Operating Loss	(30.0)	(30.7)	(0.7)	(27.5)	3.2
NON-OPERATING REVENUES (EXPENSES)					
Federal appropriations	0.7	-	(0.7)	-	-
State appropriations	12.0	12.5	0.5	12.2	(0.3)
County appropriations	18.6	19.2	0.6	14.1	(5.1)
Investment income/(expense), net	0.1	(0.6)	(0.7)	(0.6)	-
Other non-operating revenues (expenses), net	0.2	0.6	0.4	0.3	(0.3)
Total	31.6	31.7	0.1	26.0	(5.7)
CAPITAL APPROPRIATIONS	5.2	5.6	0.4	10.4	4.8
INCREASE IN NET ASSETS	<u>\$ 6.8</u>	<u>\$ 6.6</u>	<u>\$ (0.2)</u>	<u>\$ 8.9</u>	<u>\$ 2.3</u>

Federal, State and county appropriations make up a significant portion of the College's annual revenues and should be viewed as an offset to net operating expenses. The decreases in tuition are a result of a significant increase in scholarship allowance. Federal grants and contracts have increased by \$8.5 million in 2012; this is primarily attributable to an increase in Student Financial Assistance and award of a Department of Health & Human Services Health Professions Opportunities Grant. Federal appropriations for operations have decreased as the College no longer receives American Recovery and Reinvestment Act funds.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Condensed Schedules of Operating Expenses (in Millions)

A summary of the College's operating expenses for the years ended June 30, 2012, 2011 and 2010 follows:

	Year Ended June 30,				
	2010	2011	Change from 2010	2012	Change from 2011
OPERATING EXPENSES:					
Instruction	\$ 46.9	\$ 51.3	\$ 4.4	\$ 55.5	\$ 4.2
Public service	0.2	0.3	0.1	0.3	-
Academic support	8.7	7.6	(1.1)	7.4	(0.2)
Student services	9.2	9.8	0.6	9.7	(0.1)
Institutional support	22.4	23.9	1.5	22.5	(1.4)
Operation and maintenance of plant	10.7	12.3	1.6	12.4	0.1
Scholarships and fellowships	5.8	5.6	(0.2)	5.9	0.3
Auxiliary enterprises	0.4	0.4	-	0.3	(0.1)
Depreciation	5.1	5.5	0.4	6.1	0.6
	<u>\$ 109.4</u>	<u>\$ 116.7</u>	<u>\$ 7.3</u>	<u>\$ 120.1</u>	<u>\$ 3.4</u>

Operating expenses include salaries, fringe benefits, and other personal services expenses. Fringe benefits are allocated to functional departments using various factors, including direct charges and headcounts. Operating expenses increased from the prior year due to salary increments and increased health insurance costs.

Schedule of Components of Net Assets

The following represents the components of net assets at June 30, 2012 and 2011:

	Invested in Capital Assets	Restricted	Unrestricted	Total FY 2012	Total FY 2011
INVESTED IN CAPITAL ASSETS, NET	\$ 102,818,292	\$ -	\$ -	\$ 102,818,292	\$ 103,906,081
RESTRICTED FOR:					
Capital projects	-	30,659,696	-	30,659,696	18,040,754
Unemployment reserve	-	2,615,496	-	2,615,496	2,904,694
Other reserves	-	90,092	-	90,092	74,378
BOARD-DESIGNATED FOR:					
Renewals and replacements of capital assets	-	-	9,600,750	9,600,750	10,928,225
Reserve for Workers Comp.	-	-	284,190	284,190	284,190
Subsequent year's budget	-	-	3,100,000	3,100,000	4,504,190
UNDESIGNATED:					
Current funds	-	-	2,453,758	2,453,758	2,087,767
Plant funds	-	-	4,498,380	4,498,380	4,435,043
Total per Statements of Net Assets	<u>\$ 102,818,292</u>	<u>\$ 33,365,284</u>	<u>\$ 19,937,078</u>	<u>\$ 156,120,654</u>	<u>\$ 147,165,322</u>

Balances on the statements of net assets are shown as either invested in capital assets, net, restricted, or unrestricted. Restricted funds are those specifically restricted by the funding source. Certain unrestricted funds have been designated by the Board of Trustees for the renewal and replacement of capital assets and other reserves. All board-designated and undesignated net assets are included in unrestricted net assets on the statements of net assets.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Capital Assets Activity for the Year Ended June 30, 2012	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	2,569,105	433,931	-	3,003,036
Buildings	93,335,614	-	-	93,335,614
Building improvements	52,972,420	16,266,578	-	69,238,998
Furniture and furnishings	158,774	44,850	-	203,624
Equipment	17,171,397	1,514,883	10,291	18,675,989
Vehicles	692,224	-	-	692,224
Machinery	30,789	-	-	30,789
Infrastructure	3,198,600	-	-	3,198,600
Capitalized software	2,207,618	14,938	-	2,222,556
Equipment leasing fund assets	836,816	-	-	836,816
Construction in progress	10,654,570	364,456	10,236,383	782,643
Total	186,941,396	18,639,636	10,246,674	195,334,358
Accumulated depreciation	67,651,458	6,051,518	7,752	73,695,224
Net capital assets	<u>\$ 119,289,938</u>	<u>\$ 12,588,118</u>	<u>\$ 10,238,922</u>	<u>\$ 121,639,134</u>

Capital Assets Activity for the Year Ended June 30, 2011	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	2,484,655	84,450	-	2,569,105
Buildings	93,330,438	5,176	-	93,335,614
Building improvements	38,854,798	14,117,622	-	52,972,420
Furniture and furnishings	87,386	71,388	-	158,774
Equipment	15,161,813	2,289,854	280,270	17,171,397
Vehicles	717,359	64,657	89,792	692,224
Machinery	30,789	-	-	30,789
Infrastructure	3,198,600	-	-	3,198,600
Capitalized software	2,013,027	194,591	-	2,207,618
Equipment leasing fund assets	845,572	-	8,756	836,816
Construction in progress	14,934,149	7,450,614	11,730,193	10,654,570
Total	174,772,055	24,278,352	12,109,011	186,941,396
Accumulated depreciation	62,452,584	5,518,877	320,003	67,651,458
Net capital assets	<u>\$ 112,319,471</u>	<u>\$ 18,759,475</u>	<u>\$ 11,789,008</u>	<u>\$ 119,289,938</u>

Depreciation of capital assets is recorded on a straight-line basis over their estimated useful lives. Additional information related to capital assets and related depreciation can be found at note 3 to the basic financial statements.

Debt Administration

At June 30, 2012, the College had \$23,102,117 of outstanding long-term liabilities, including debt. Of this amount, \$4,055,900 is for compensated absences, \$364,881 is for deposits held in custody for others, \$18,410,000 is for the repayment of bonds issued by the Bergen County Improvement Authority and the remaining \$271,336 represents the unamortized premium on the bonds.

For more detailed information, please refer to Notes 4 and 5 to the basic financial statements.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Summary and Outlook

Founded in 1965, Bergen Community College enrolls more than 17,000 students in Associate in Arts, Associate in Science and Associate in Applied Science degree programs and certificate programs. More than 10,000 students are enrolled in non-credit, professional development courses through the Division of Continuing Education.

Bergen Community College programs prepare students for transfer to four-year colleges and universities, or for immediate entry into a career. Since its inception, Bergen Community College has offered open admissions, small classes, affordable tuition, dedicated faculty, outstanding student services, flexible scheduling and a student centered campus.

In 2010, the Bergen County Improvement Authority (the Authority) entered into a lease agreement with Bergen Community College for the lease and purchase of certain facilities, including the acquisition, reconstruction, alteration and renovation of an approximately 118,000 square foot building in the Township of Lyndhurst, New Jersey to be used as a satellite campus for the College and for financing other capital projects of the College and for the payment of certain cost of issuance of the Bonds. Bonds were issued by the Authority on behalf of the College and the College is obligated for the payment of the debt through annual appropriations.

Requests for Information

This financial report is designed to provide a general overview of Bergen Community College's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bergen Community College, 400 Paramus Road, Paramus, New Jersey 07652.

COMPONENT UNIT FINANCIAL STATEMENTS

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and equivalents	\$ 15,004,415	\$ 16,314,596
Restricted investments	3,921,159	3,912,660
Investments	<u>25,640,279</u>	<u>20,883,945</u>
Total cash and equivalents and investments	<u>44,565,853</u>	<u>41,111,201</u>
Receivables - Student, net of allowance of \$8,482,477 and \$6,972,478, respectively	3,536,831	3,728,181
Other receivables	<u>3,718,013</u>	<u>3,574,072</u>
Total receivables	<u>7,254,844</u>	<u>7,302,253</u>
Inventories	<u>24,809</u>	<u>35,269</u>
Total current assets	<u>51,845,506</u>	<u>48,448,723</u>
NON-CURRENT ASSETS		
County of Bergen receivable	16,125,314	11,174,951
Bergen County Improvement Authority receivable	282,640	4,109,626
Deferred issuance costs, net	377,402	389,162
Capital assets, net of accumulated depreciation of \$73,695,224 and \$67,651,458, respectively	<u>121,639,134</u>	<u>119,289,938</u>
Total non-current assets	<u>138,424,490</u>	<u>134,963,677</u>
Total assets	<u>190,269,996</u>	<u>183,412,400</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses:		
Vendors	1,768,255	3,205,257
Accrued salaries and benefits	470,706	678,537
Compensated absences, current portion	3,117,145	2,892,647
Other accrued expenses	<u>416,426</u>	<u>503,224</u>
Total accounts payable and accrued expenses	5,772,532	7,279,665
Deferred student tuition and fees	4,242,359	4,278,461
Deferred grant revenue	632,334	1,286,603
Long-term debt, current portion	<u>400,000</u>	<u>390,000</u>
Total current liabilities	<u>11,047,225</u>	<u>13,234,729</u>
NON-CURRENT LIABILITIES		
Long-term debt, net	18,681,336	19,091,114
Deposits held in custody for others	364,881	147,926
Compensated absences	<u>4,055,900</u>	<u>3,773,309</u>
Total non-current liabilities	<u>23,102,117</u>	<u>23,012,349</u>
Total liabilities	<u>34,149,342</u>	<u>36,247,078</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	102,818,292	103,906,081
RESTRICTED:		
Expendable for:		
Unemployment	2,615,496	2,904,694
Other reserves	90,092	74,378
Capital projects	30,659,696	18,040,754
UNRESTRICTED	<u>19,937,078</u>	<u>22,239,415</u>
Total net assets	<u>\$ 156,120,654</u>	<u>\$ 147,165,322</u>

BERGEN COMMUNITY COLLEGE FOUNDATION
(A Component Unit of the County of Bergen)
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS	2012	2011
Cash and equivalents	\$ 597,152	\$ 307,459
Investments	7,403,868	7,469,935
Receivables:		
Pledges, net of discount	748,102	1,346,297
Other receivables	29,844	43,082
Prepaid expenses	<u>10,370</u>	<u>11,286</u>
Total assets	<u>\$ 8,789,336</u>	<u>\$ 9,178,059</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Scholarships and awards payable	\$ 251,601	\$ 142,827
Accounts payable	31,598	42,654
Deferred revenue	<u>3,000</u>	<u>-</u>
Total liabilities	<u>286,199</u>	<u>185,481</u>
 NET ASSETS		
Unrestricted	669,741	603,142
Temporarily restricted	3,158,276	3,922,690
Permanently restricted	<u>4,675,120</u>	<u>4,466,746</u>
Total net assets	<u>8,503,137</u>	<u>8,992,578</u>
Total liabilities and net assets	<u>\$ 8,789,336</u>	<u>\$ 9,178,059</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Student revenues:		
Tuition and fees	\$ 79,411,275	\$ 75,905,099
Auxiliary enterprises	176,432	211,356
Less scholarship allowance	<u>(36,689,988)</u>	<u>(31,003,860)</u>
Net student revenues	42,897,719	45,112,595
Federal grants and contracts	41,617,656	33,127,838
State, county, and private grants	6,746,694	6,245,996
Other operating revenues	<u>1,299,763</u>	<u>1,482,051</u>
Total operating revenues	<u>92,561,832</u>	<u>85,968,480</u>
OPERATING EXPENSES		
Instruction	55,505,816	51,267,820
Public service	265,591	266,827
Academic support	7,409,418	7,622,897
Student services	9,672,400	9,809,351
Institutional support	22,575,810	23,901,911
Operation and maintenance of plant	12,396,809	12,311,850
Scholarships and fellowships	5,861,117	5,637,466
Auxiliary enterprises	319,396	393,860
Depreciation	<u>6,051,518</u>	<u>5,518,876</u>
Total operating expenses	<u>120,057,875</u>	<u>116,730,858</u>
OPERATING LOSS	<u>(27,496,043)</u>	<u>(30,762,378)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	12,163,635	12,521,189
County appropriations	14,139,870	19,209,870
Investment income, net of bonding costs of \$165,000 and \$70,000, respectively	(96,375)	(7,907)
Interest expense	(484,969)	(570,257)
Other non-operating revenues, net	<u>298,337</u>	<u>603,386</u>
Net non-operating revenues	<u>26,020,498</u>	<u>31,756,281</u>
INCOME (LOSS) BEFORE OTHER REVENUES	(1,475,545)	993,903
OTHER REVENUES		
Capital appropriations	<u>10,430,877</u>	<u>5,563,397</u>
INCREASE IN NET ASSETS	8,955,332	6,557,300
NET ASSETS, BEGINNING OF YEAR	<u>147,165,322</u>	<u>140,608,022</u>
NET ASSETS, END OF YEAR	<u>\$ 156,120,654</u>	<u>\$ 147,165,322</u>

BERGEN COMMUNITY COLLEGE FOUNDATION
(A Component Unit of the County of Bergen)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2012 and 2011

	Year Ended June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Contributions and grants	\$ 249	\$ 360,643	\$ 203,224	\$ 564,116
Special events, net of expenses of \$218,087 and \$194,691 for 2012 and 2011, respectively	61,781	203,671	5,150	270,602
Contributed services	263,276	-	-	263,276
Interest and dividends	53,352	143,427	-	196,779
Realized and unrealized gain (loss) on investments	(28,724)	(77,221)	-	(105,945)
Net assets released from restrictions	1,394,934	(1,394,934)	-	-
Total support and revenues	1,744,868	(764,414)	208,374	1,188,828
EXPENSES				
Program services	1,290,490	-	-	1,290,490
Support services - management and general	387,779	-	-	387,779
Total expenses	1,678,269	-	-	1,678,269
CHANGE IN NET ASSETS	66,599	(764,414)	208,374	(489,441)
NET ASSETS, BEGINNING OF YEAR	603,142	3,922,690	4,466,746	8,992,578
NET ASSETS, END OF YEAR	\$ 669,741	\$ 3,158,276	\$ 4,675,120	\$ 8,503,137
	Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES				
Contributions and grants	\$ 1,842	\$ 438,652	\$ 69,182	\$ 509,676
Special events, net of expenses of \$194,691 and \$180,400 for 2011 and 2010, respectively	106,711	145,311	5,200	257,222
Contributed services	269,238	-	-	269,238
Interest and dividends	49,457	141,493	-	190,950
Realized and unrealized gain (loss) on investments	180,912	517,564	-	698,476
Net assets released from restrictions	713,287	(713,287)	-	-
Total support and revenues	1,321,447	529,733	74,382	1,925,562
EXPENSES				
Program services	635,591	-	-	635,591
Support services - management and general	406,752	-	-	406,752
Total expenses	1,042,343	-	-	1,042,343
CHANGE IN NET ASSETS	279,104	529,733	74,382	883,219
NET ASSETS, BEGINNING OF YEAR	324,038	3,392,957	4,392,364	8,109,359
NET ASSETS, END OF YEAR	\$ 603,142	\$ 3,922,690	\$ 4,466,746	\$ 8,992,578

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Student tuition and fees (including chargebacks to other counties)	\$ 42,876,534	\$ 44,877,535
Federal grants and contracts	41,617,656	33,127,838
State, county and private grants	6,165,114	6,067,966
Payments to suppliers	(23,333,262)	(19,903,034)
Payments to utilities	(3,067,167)	(3,002,251)
Payments to employees	(64,791,201)	(63,238,085)
Payments for benefits	(18,191,277)	(17,626,918)
Payments for scholarships and fellowships	(5,861,117)	(5,637,466)
Auxiliary enterprises	180,994	205,116
Deposits held in custody for others	216,955	(35,338)
Other receipts	1,102,157	1,446,204
Net cash flows used in operating activities	<u>(23,084,614)</u>	<u>(23,718,433)</u>
CASH FLOWS PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	12,163,635	12,521,189
County appropriations	14,139,870	19,209,870
Loan program receipts	11,927,531	9,931,770
Loan program disbursements	(11,927,531)	(9,931,770)
Other non-capital financing activities	300,876	662,203
Net cash flows provided by non-capital and related financing activities	<u>26,604,381</u>	<u>32,393,262</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Bergen County Improvement Authority	3,826,986	3,026,772
Payments on capital debt	(399,778)	(394,776)
County Capital appropriation	5,480,514	6,901,033
Interest and bonding paid on capital debt	(649,969)	(640,257)
Purchase of capital assets and construction in progress	(8,391,493)	(12,536,400)
Net cash flows used in capital financing activities	<u>(133,740)</u>	<u>(3,643,628)</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Interest and dividends on investments	68,625	62,093
Investments purchased / matured	(4,764,833)	(3,640,877)
Net cash flows used in investing activities	<u>(4,696,208)</u>	<u>(3,578,784)</u>
NET CHANGE IN CASH AND EQUIVALENTS	(1,310,181)	1,452,417
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>16,314,596</u>	<u>14,862,179</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 15,004,415</u></u>	<u><u>\$ 16,314,596</u></u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING LOSS TO		
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING		
ACTIVITIES		
Operating loss	\$ (27,496,044)	\$ (30,762,378)
Adjustments to reconcile operating loss to		
net cash flows from operating activities:		
Depreciation	6,051,518	5,518,876
Changes in operating assets and liabilities:		
Student accounts and other receivables, net	47,409	(1,312,503)
Inventories	10,460	8,990
Accounts payable and accrued expenses	(1,224,541)	1,815,665
Deposits held in custody for others	216,955	(35,338)
Deferred student tuition and fees	(36,102)	459,095
Deferred grant revenue	<u>(654,269)</u>	<u>589,160</u>
Net cash flows used in operating activities	<u>\$ (23,084,614)</u>	<u>\$ (23,718,433)</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 — NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Bergen Community College (the College) was established as a unit of the New Jersey Master Plan for Higher Education and is one of 19 county colleges in the State of New Jersey. The College offers pre-baccalaureate preparation (A.S. and A.A. degrees), as well as programs and certificates that are designed to prepare students for employment (A.A.S. degrees). The College also maintains a comprehensive community development operation which provides lifelong learning opportunities to the citizens and businesses of the County of Bergen. The College is a component unit of the County of Bergen under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

Bergen Community College Foundation, (the Foundation) is a legally separate component unit of Bergen Community College, exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of Bergen Community College. Because the resources of the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Complete financial statements can be obtained from the Bergen Community College Foundation at 400 Paramus Road, Paramus, New Jersey 07652.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to governmental colleges and universities and the accounts are maintained on the accrual basis of accounting. The College's financial statements are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has not elected to apply FASB Statements and Interpretations issued after November 30, 1989.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net assets categories:

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 — NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Invested in capital assets, net of related debt - Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted:**

- Nonexpendable*** - Net assets subject to externally imposed stipulations that they be maintained permanently by the College.

- Expendable*** - Net assets 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 assets 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 assets are designated for academic programs and initiatives and capital programs.

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

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus in accordance with the Governmental Accounting Standards Board. The College reports its financial statements as a business-type activity, as defined by GASB Statements No. 34 and 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Equivalents

Cash and equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and that have original maturities of three months or less when purchased.

Investments

The College carries investments in certificates of deposit at cost which approximates fair market value; interest income is included in investment income in the accompanying statements of revenues, expenses, and changes in net assets.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 — NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable, students and other, 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. Student accounts receivable are deemed uncollectible if payment is not received within one academic year. The College will reserve for each individual student receivable deemed uncollectible by the end of the next fiscal year. The allowance for June 30, 2012 and 2011 was \$8,482,477 and \$6,972,478, respectively.

Inventories

Inventories consist of stock room supplies at cost. Cost is determined by the first-in, first-out (FIFO) method.

Capital Assets

Capital assets with acquisition costs of at least \$2,500 and useful lives of at least four years are recorded at historical cost if purchased or constructed. Construction-in-progress is recorded as costs are incurred during construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets of the College are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	50 years
Land improvements	20 years
Infrastructure	20 years
Equipment, furniture and furnishings, machinery, vehicles, and capitalized software	4 - 20 years

Revenue Recognition and Deferred Revenue

Student tuition and fees 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 periods earned. Student tuition and fees collected before year end for courses that are held subsequent to year end are recorded as deferred student tuition and fees in the accompanying statements of net assets.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 — NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Revenue (Continued)

Grants and contracts revenue is comprised mainly of revenues received from grants from the State of New Jersey, the Federal government and the County of Bergen are recognized as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as deferred grant revenue in the accompanying statements of net assets.

Revenue from federal, state and county appropriations is recognized in the fiscal years during which the United States, State of New Jersey and the County of Bergen appropriate the funds to the College.

Classification of Revenue

For the purposes of the statements of revenues, expenses, and changes in net assets, the College's policy is to define operating activities as those that serve the College's principal purpose and generally result from exchange transactions, such as the payment received for services or the payment made for the purchase of goods and services. Examples of such operating activities include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the state and county, net investment income and interest expense.

Financial Dependency

Significant sources of revenue include appropriations from the State of New Jersey and the County of Bergen. The College is economically dependent on these appropriations to carry on its operations.

Deferred issuance costs

Debt issuance costs are capitalized and amortized over the life of the related long-term debt.

County of Bergen Capital Support

The County of Bergen is responsible for the issuance of certain bonds and notes for the College's capital expenditures which are authorized by county bond ordinances. The County of Bergen is also responsible for the payment of interest on issued debt and the retirement of such obligations. Accordingly, such debt is not included in the accompanying statement of net assets. Unexpended money in the current year is available for capital expenditures in subsequent years.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 — NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bergen County Improvement Authority

The Bergen County Improvement Authority ("Authority") is responsible for the issuance of certain lease revenue bonds and notes for the College's capital expenditures which are financed by revenues which include rental payments made by the College pursuant to lease agreements between the Authority and the College. Accordingly, the debt is included in the accompanying statements of net assets. The Bergen County Improvement Authority is responsible for the payment of interest on issued debt and the retirement of such obligations solely from the revenues associated with such bonds. The obligation of the College to pay rent under the lease is a direct obligation of the College and is recorded as long-term debt in the accompanying statements of net assets.

Use of Estimates

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 those estimates.

Income Taxes

The College and Foundation are exempt from Federal income taxes under Internal Revenue Code Section 115(1). The Foundation is exempt from federal income taxes under the Internal Revenue Code Section 501C(3) and, therefore, has made no provision for federal income taxes. The Foundation is subject to the accounting standard for uncertain tax positions and has determined that no liabilities are required to be recorded for uncertain tax positions. The Foundation is no longer subject to Federal tax examinations for its Federal Form 990 and for the State of New Jersey Form CRI-300R for years prior to June 30, 2008.

NOTE 2 — CASH AND EQUIVALENTS AND INVESTMENTS

Deposits

As of June 30, 2012 and 2011, the College's carrying amount of deposits was \$15,004,415 and \$16,314,596, respectively, and the bank balance was \$16,606,049 and \$18,481,574, respectively.

GASB Statement No. 40 requires that the College disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the College would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 — CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

securities held by the pledging financial institution's trust department or agent but not in the name of the College.

Of the above amounts, \$250,000 of the total deposits was insured by the Federal Deposit Insurance Corporation (the FDIC) as of June 30, 2012 and 2011, respectively, and the remainder was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Government Unit Deposit Protection Act.

Credit Risk and Custodial Credit Risk

The College does not have a policy for either credit risk or custodial credit risk. However, it is the College's policy only to invest with banks that are approved by the Board of Trustees and insured by FDIC and covered by the New Jersey Government Unit Deposit Protection Act (GUDPA).

New Jersey statutes permit the deposit of public funds into the State of New Jersey Cash Management Fund or into institutions located in New Jersey that are insured by the FDIC or by any other agencies of the United States that insure deposits. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds, or
- (b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

The College's investment policy is to invest in certificates of deposit with maturities of less than one year as approved by the Board of Trustees. As of June 30, 2012 and 2011, unrestricted certificates of deposit were \$25,640,279 and \$20,883,945, respectively, with a rate of 0.10% to 0.50%, and restricted certificates of deposit were \$3,921,159 and \$3,912,660, respectively, with a rate of 0.10% to 0.50%. Of the above amounts, \$500,000 of the certificates of deposit were insured by the FDIC at June 30, 2012 and 2011, respectively, and the remainder was covered by collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Government Unit Deposit Protection Act.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 — CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The College does not have a policy to limit interest rate risk. Investments consist of certificates of deposit with original maturities of greater than three months and less than one year.

NOTE 3 — CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2012 and 2011 is comprised of the following:

	Year Ended June 30, 2012			
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	Ending Balances
DEPRECIABLE ASSETS:				
Land Improvements	\$ 2,569,105	\$ 433,931	\$ -	\$ 3,003,036
Buildings	93,335,614	-	-	93,335,614
Building Improvements	52,972,420	16,266,578	-	69,238,998
Furniture & Furnishings	158,774	44,850	-	203,624
Equipment	17,171,397	1,514,883	10,291	18,675,989
Vehicles	692,224	-	-	692,224
Machinery	30,789	-	-	30,789
Infrastructure	3,198,600	-	-	3,198,600
Capitalized Software	2,207,618	14,938	-	2,222,556
Equipment Leasing Fund Assets	836,816	-	-	836,816
Total Depreciable Assets	<u>173,173,357</u>	<u>18,275,180</u>	<u>10,291</u>	<u>191,438,246</u>
ACCUMULATED DEPRECIATION:				
Land Improvements	1,202,208	194,192	-	1,396,401
Buildings	34,445,043	2,002,973	-	36,448,016
Building Improvements	14,584,302	1,673,971	-	16,258,273
Furniture & Furnishings	63,261	29,853	-	93,114
Equipment	11,944,202	1,705,910	7,752	13,642,360
Vehicles	469,631	65,241	-	534,871
Machinery	26,838	1,580	-	28,418
Infrastructure	2,115,280	293,829	-	2,409,110
Capitalized Software	1,995,937	71,771	-	2,067,708
Equipment Leasing Fund Assets	804,756	12,197	-	816,953
Total Accumulated Depreciation	<u>67,651,458</u>	<u>6,051,518</u>	<u>7,752</u>	<u>73,695,224</u>
DEPRECIABLE ASSETS, NET	<u>105,521,899</u>	<u>12,223,662</u>	<u>2,539</u>	<u>117,743,022</u>
NONDEPRECIABLE ASSETS:				
Land	3,113,469	-	-	3,113,469
Construction In Progress	10,654,570	364,456	10,236,383	782,643
Total Nondepreciable Assets	<u>13,768,039</u>	<u>364,456</u>	<u>10,236,383</u>	<u>3,896,112</u>
Total Capital Assets Net	<u>\$ 119,289,938</u>	<u>\$ 12,588,118</u>	<u>\$ 10,238,922</u>	<u>\$ 121,639,134</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 — CAPITAL ASSETS (CONTINUED)

	Year Ended June 30, 2011			
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	Ending Balances
DEPRECIABLE ASSETS:				
Land Improvements	\$ 2,484,655	\$ 84,450	\$ -	\$ 2,569,105
Buildings	93,330,438	5,176	-	93,335,614
Building Improvements	38,854,798	14,117,622	-	52,972,420
Furniture & Furnishings	87,386	71,388	-	158,774
Equipment	15,161,813	2,289,854	280,270	17,171,397
Vehicles	717,359	64,657	89,792	692,224
Machinery	30,789	-	-	30,789
Infrastructure	3,198,600	-	-	3,198,600
Capitalized Software	2,013,027	194,591	-	2,207,618
Equipment Leasing Fund Assets	845,572	-	8,756	836,816
Total Depreciable Assets	<u>156,724,437</u>	<u>16,827,738</u>	<u>378,818</u>	<u>173,173,357</u>
ACCUMULATED DEPRECIATION:				
Land Improvements	1,020,069	182,139	-	1,202,208
Buildings	32,443,257	2,001,787	-	34,445,044
Building Improvements	13,476,726	1,107,577	-	14,584,303
Furniture & Furnishings	42,972	20,289	-	63,261
Equipment	10,445,106	1,725,423	226,327	11,944,202
Vehicles	488,532	66,019	84,920	469,631
Machinery	24,008	2,829	-	26,837
Infrastructure	1,821,450	293,830	-	2,115,280
Capitalized Software	1,911,314	84,623	-	1,995,937
Equipment Leasing Fund Assets	779,150	34,361	8,756	804,755
Total Accumulated Depreciation	<u>62,452,584</u>	<u>5,518,877</u>	<u>320,003</u>	<u>67,651,458</u>
DEPRECIABLE ASSETS, NET	<u>94,271,853</u>	<u>11,308,861</u>	<u>58,815</u>	<u>105,521,899</u>
NONDEPRECIABLE ASSETS:				
Land	3,113,469	-	-	3,113,469
Construction In Progress	14,934,149	7,450,614	11,730,193	10,654,570
Total Nondepreciable Assets	<u>18,047,618</u>	<u>7,450,614</u>	<u>11,730,193</u>	<u>13,768,039</u>
Total Capital Assets Net	<u>\$ 112,319,471</u>	<u>\$ 18,759,475</u>	<u>\$ 11,789,008</u>	<u>\$ 119,289,938</u>

Estimated costs to complete the projects classified as construction in progress as of June 30, 2012 and 2011 approximated \$9,557,320 and \$6,330,190, respectively. The projects are expected to be funded primarily from County Capital, New Jersey Chapter 12, and College funds. Depreciation expense for the years ended June 30, 2012 and 2011 was \$6,051,518 and \$5,518,877, respectively. Commitments outstanding on projects amounted to approximately \$1,604,603 and \$6,755,905 as of June 30, 2012 and 2011, respectively.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 — CAPITAL ASSETS (CONTINUED)

On March 16, 2010, the Bergen County Improvement Authority (the Authority) issued \$20,555,000 of secured lease revenue bond (Series 2010) on behalf of the College. A portion of the proceeds was used to finance the costs of purchasing a building in Lyndhurst, New Jersey for \$13,887,540 with the remaining funds used for building improvements. At June 30, 2012, \$23,797 of funds remained available to be utilized for improvements to the Lyndhurst location and \$258,843 of funds remained available for future debt service payments.

NOTE 4 — NON-CURRENT LIABILITIES

Summary of Changes in Non-Current Liabilities

The following tables summarize the changes in non-current liabilities during the years ended June 30, 2012 and 2011:

<u>Year Ended June 30, 2012</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-term debt	\$ 19,200,000	\$ -	\$ 390,000	\$ 18,810,000	\$ 400,000
Deposits held in					
Custody for others	147,926	216,955	-	364,881	-
Compensated absences	6,665,956	1,052,506	545,417	7,173,045	3,117,145
	<u>\$ 26,013,882</u>	<u>\$ 1,269,461</u>	<u>\$ 935,417</u>	<u>\$ 26,347,926</u>	<u>\$ 3,517,145</u>
<u>Year Ended June 30, 2011</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-term debt	\$ 19,585,000	\$ -	\$ 385,000	\$ 19,200,000	\$ 390,000
Deposits held in					
Custody for others	183,264	-	35,338	147,926	-
Compensated absences	6,546,740	660,644	541,428	6,665,956	2,892,647
	<u>\$ 26,315,004</u>	<u>\$ 660,644</u>	<u>\$ 961,766</u>	<u>\$ 26,013,882</u>	<u>\$ 3,282,647</u>

NOTE 5 — LONG-TERM DEBT

On March 16, 2010, the Bergen County Improvement Authority (the Authority) issued \$20,555,000 of Bergen County Secured Lease Revenue Bonds, Series 2010 (Bergen Community College Building Project), consisting of \$5,335,000 County Secured Lease Revenue Bonds, Series 2010A and \$15,220,000 County Secured Lease Revenue Bonds, Series 2010B. Both series are guaranteed by the County of Bergen. Series 2010B are federally taxable and are Build America Bonds. Build America Bonds entitle the Authority to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable. The bonds were issued to provide funds to the Authority for various improvements to the facilities at The Bergen Community College (the College), including the acquisition, reconstruction, alteration and renovation of a 118,000 square foot building in the Township of Lyndhurst, New Jersey to be used as a satellite campus for the College and for financing other capital projects of the College and for the payment of certain costs of issuance of the Bonds.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 5 — LONG-TERM DEBT (CONTINUED)

Concurrent with the bond issuance the Authority entered into a Lease Agreement with the College for the lease and purchase of the facilities described above. The lease terminates when all of the 20120A and 2010B bonds are no longer outstanding. Under the terms of the lease, the College is required to make annual rental payments to the Authority sufficient to pay debt service on the 2010 bonds and other expenses of the Authority.

The Bonds are special obligations of the Authority payable solely by certain revenues of the Authority, including the rental payments to be made by the College to the Authority pursuant to a Lease Agreement by and between the Authority and the College, dated March 1, 2010. The obligation of the College to pay Rentals under the Lease is the direct obligation of the College.

The principal on the bonds is payable on June 1 of each year and interest is payable semiannually on June 1 and December 1 in each year commencing June 1, 2010. The bonds were issued with a premium of \$293,336, which will be amortized over the life of the bonds.

Payments due on long-term debt for the next five years and thereafter are as follows as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 400,000	\$ 992,083
2014	415,000	980,083
2015	425,000	967,633
2016	440,000	954,883
2017	455,000	941,683
2018-2022	2,525,000	4,437,472
2023-2027	3,045,000	3,714,846
2028-2032	3,655,000	2,785,941
2033-2037	4,395,000	1,656,865
2038-2040	3,055,000	356,008
Total	<u>\$ 18,810,000</u>	<u>\$ 17,787,497</u>

Costs related to the issuance of the bonds such as underwriting, financial advisory, legal, printing and other financing costs, have been capitalized. These costs will be amortized over the life of the bonds.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 5 — LONG-TERM DEBT (CONTINUED)

The following represents the components and changes in bonds payable for the year ended June 30, 2012:

	June 30, 2012			
	Beginning of Year	Reductions	End of Year	Amount Due Within One Year
Bonds payable - gross	\$ 19,200,000	\$ 390,000	\$ 18,810,000	<u>\$ 400,000</u>
Unamortized premium	281,114	9,778	271,336	
Total Bonds Payable- Net	<u>\$ 19,481,114</u>	<u>\$ 399,778</u>	<u>\$ 19,081,336</u>	

NOTE 6 — RETIREMENT PLANS

Plan Descriptions

The College participates in several retirement plans for its employees - the State of New Jersey Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF), and the Alternate Benefit Program (ABP), which presently makes contributions to Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA/CREF), Metropolitan Life Insurance Company, AXA/Equitable, Hartford, ING and VALIC. ABP is administered by a separate board of trustees. Generally, all employees, except certain part-time employees, participate in one or more of these plans.

PERS and TPAF 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 agencies, provided the employee is not a member of another retirement system administered by the State of New Jersey. PERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of New Jersey.

Certain faculty members of the College participate in TPAF, which is a State of New Jersey cost-sharing, defined benefit pension plan. TPAF was established under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public school employees in the State of New Jersey. The State of New Jersey issues publicly available financial reports for PERS and TPAF that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 6 — RETIREMENT PLANS (CONTINUED)

PERS Funding Policy

PERS members are required to contribute 6.5% of their annual covered salaries, and the College is required to contribute at an actuarially determined rate. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

Alternative Benefit Program Information

ABP provides the choice of six investment carriers, all of which are privately operated, defined contribution retirement plans. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for, or on behalf of, those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility is established by the State of New Jersey Retirement and Social Security Law, as are contributory and noncontributory requirements. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees contribute 5% of their salaries and may contribute a voluntary additional contribution, up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions are 8% of participating employee eligible salaries. During the years ended June 30, 2012 and 2011, ABP investment carriers received employer and employee contributions that were approximately as follows:

	2012	2011
Employer contributions	\$ 2,487,000	\$ 2,347,000
Employee contributions	\$ 1,406,000	\$ 1,350,000
Basis for contributions -		
Participating employee salaries	\$ 31,082,169	\$ 29,335,000

GASB Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* established standards of accounting and financial reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures and required supplementary information (RSI) in the financial reports of state and local government employers. Since the State of New Jersey pays OPEB benefits on behalf of the College and the State is recording the OPEB liability on its financial statements, the College does not record a liability for OPEB.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 7 — COMPENSATED ABSENCES

The College has recorded a liability for compensated absences of approximately \$7,173,000 and \$6,666,000 as of June 30, 2012 and 2011, respectively, which is included in accounts payable and accrued expenses and non-current liabilities in the accompanying statements of net assets. The liability is calculated based upon employees' accrued vacation, sick leave and compensatory time as of the statement of net assets date. Vacation, sick leave and compensatory time provisions are documented in the employees' collective bargaining agreements.

NOTE 8 — CONTINGENCIES

The College receives support from Federal and State of New Jersey grant programs, primarily for student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2012, the College estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the College's financial statements.

The College is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the College.

There have been no significant reductions in insurance coverage from the prior year and there have been no settlements in the prior three years that exceeded insurance coverage.

NOTE 9 — COMPONENTS OF NET ASSETS

At June 30, 2012 and 2011, the College's components of net assets consisted of the following:

	Invested in Capital Assets	Restricted	Unrestricted	Total FY 2012	Total FY 2011
INVESTED IN CAPITAL ASSETS, NET	\$ 102,818,292	\$ -	\$ -	\$ 102,818,292	\$ 103,906,081
RESTRICTED FOR:					
Capital projects	-	30,659,696	-	30,659,696	18,040,754
Unemployment reserve	-	2,615,496	-	2,615,496	2,904,694
Other reserves	-	90,092	-	90,092	74,378
BOARD-DESIGNATED FOR:					
Renewals and replacements of capital assets	-	-	9,600,750	9,600,750	10,928,225
Unemployment reserve	-	-	284,190	284,190	284,190
Subsequent year's budget	-	-	3,100,000	3,100,000	4,504,190
UNDESIGNATED:					
Current funds	-	-	2,453,758	2,453,758	2,087,767
Plant funds	-	-	4,498,380	4,498,380	4,435,043
Total per Statements of Net Assets	<u>\$ 102,818,292</u>	<u>\$ 33,365,284</u>	<u>\$ 19,937,078</u>	<u>\$ 156,120,654</u>	<u>\$ 147,165,322</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 — COMPONENT UNIT - BERGEN COMMUNITY COLLEGE FOUNDATION

Bergen Community College Foundation (the Foundation) is a legally separate, tax exempt component unit of Bergen Community College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation's board is comprised of community leaders from the public and private sector. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that conforms with Statement of Financial Accounting Standards Board Accounting Standards Certification (FASB ASC) Topic 958, *"Financial Statements for Non-for-Profit Organizations."* Thus, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity to account for these differences.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Included in temporarily restricted net assets is the unexpended balance of a \$2 million pledge from the Emil Buehler Perpetual Trust, which was recognized as income in fiscal year 2010. These funds are available for College projects and include the acquisition of state-of-the-art laboratories and equipment for the science, aviation and avionics programs

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 — COMPONENT UNIT - BERGEN COMMUNITY COLLEGE FOUNDATION
(CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets or temporarily restricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Codification (ASC 820) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;
- Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;
- Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 — COMPONENT UNIT - BERGEN COMMUNITY COLLEGE FOUNDATION
(CONTINUED)

Investment securities are carried at fair value based on quoted prices in active markets (all level 1 measurements) and consist of the following at June 30:

	2012		2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Certificates of Deposit	\$ 16,114	\$ 16,114	\$ 15,893	\$ 15,893
Bonds	4,008,441	4,232,539	3,981,674	4,126,652
Stocks	2,915,341	3,155,215	2,733,085	3,327,390
	<u>\$ 6,939,896</u>	<u>\$ 7,403,868</u>	<u>\$ 6,730,652</u>	<u>\$ 7,469,935</u>

Endowment

The Foundation's endowments consist of donor-restricted endowment funds. As required by GAAP (ASC 958-205), net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of the Foundation is responsible for the long-term investment policies for donor restricted endowment funds. No such distribution shall be made to the extent it would reduce the value below the endowed corpus.

The Foundation interprets the UPMIFA of the State of New Jersey as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 10 — COMPONENT UNIT - BERGEN COMMUNITY COLLEGE FOUNDATION
(CONTINUED)

The market value of assets associated with the donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund perpetual duration. Deficiencies of that nature would be reported in unrestricted net assets.

Pledges receivable

Pledges are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on pledges receivable using the allowance method. The allowance is based on management's knowledge of which individual receivables are likely to not be collected. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Revenue

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional pledges are recognized when the conditions on which they depend are substantially met. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Distributions to the College

During the years ended June 30, 2012 and 2011, the Foundation distributed approximately \$1,290,500 and \$636,000, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the administrative office at 400 Paramus Road, Paramus, New Jersey 07652.

Reclassifications

Certain amounts in the 2011 Foundation financial statements have been reclassified to conform to the 2012 presentation

NOTE 11 – SUBSEQUENT EVENTS

Management evaluated subsequent events through December 11, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to December 11, 2012, that provided additional evidence about conditions that existed at June 30, 2012, have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2012.

Management did not identify any subsequent events that required adjustment to or disclosure in the financial statements for the year ended June 30, 2012.

OTHER SUPPLEMENTARY INFORMATION

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA/ Grant Number	Current Year's Expenditures
Student Financial Assistance Cluster:		
U.S. Department of Education:		
Federal Pell Grant Program	84.063	\$ 24,159,203
Federal Pell Grant Program - Prior Year ROF	84.063	(1,454)
Federal Supplemental Educational Opportunity Grants	84.007	302,897
Federal Direct Loans	84.268	11,811,115
Federal Direct Loans - Prior Year ROF	84.268	(5,132)
Federal Work-Study Program	84.033	<u>362,733</u>
Total Student Financial Assistance Cluster		<u>36,629,362</u>
Other Federal Programs:		
Small Business Administration -		
Small Business Development Center Grant	59.037	161,847
Department of Justice -		
Office on Violence Against Women	16.580	96,109
Department of Labor -		
Community Based Job Training	17.269	625,125
National Science Foundation -		
Quality Assurance Training Program	47.076	111,762
U.S. Department of Education:		
Passed through the State of New Jersey -		
Carl D. Perkins Vocational and Applied Technology Art	84.048	424,859
Carl D. Perkins Vocational and Applied Technology Art - Prior Year ROF	84.048	(11,993)
Title V: Developing Hispanic Serving Institutions	84.031S	651,361
Title V: HSI STEM GPS Grant	84.031C	213,432
Transition Program for Students with Intellectual Disabilities	84.407A	284,079
U.S. Department of Health & Human Services -		
HPOG: Health Professions Opportunity Grant	93.096	<u>2,431,713</u>
Total Other Federal Programs		<u>4,988,294</u>
Total expenditures of federal awards		<u>\$ 41,617,656</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF EXPENDITURES OF STATE AWARDS
June 30, 2012

<u>State of New Jersey Grantor/Program</u>	<u>State of New Jersey Account/ Grant Number</u>	<u>FY 2012 Award Amount</u>	<u>Grant Period</u>	<u>FY 2012 Year's Expenditures</u>
Student Financial Assistance:				
New Jersey Department of Treasury				
Tuition Aid Grant	2405-100-074-2405			
2011-2012	007-KKKK-6150	\$ 5,122,773	7/1/11-6/30/12	\$ 5,122,773
EOF Article III	2401-100-074-2401			
2011-2012	001-KKKK-6140	347,969	7/1/11-6/30/12	347,969
EOF Article III Summer	2401-100-074-2601			
2011-2012	001-KKKK-6140	69,515	7/1/11-6/30/12	69,515
EOF Title IV	2401-100-074-2401			
2011-2012	002-KKKK-6140	98,095	7/1/11-6/30/12	98,095
Distinguished Scholars	2405-100-074-DS10			
2011-2012	278-KKKK-6150	930	7/1/11-6/30/12	930
Urban Scholarship	2405-100-074-US11			
2011-2012	278-KKKK-6150	1,395	7/1/11-6/30/12	1,395
New Jersey STARS				
2011-2012	STARS	415,434	7/1/11-6/30/12	415,434
New Jersey Class Loans				
2011-2012	NJCL	116,416	7/1/11-6/30/12	116,416
Total Student Financial Assistance		<u>6,172,527</u>		<u>6,172,527</u>
Other State of New Jersey Programs				
New Jersey Department of Community Affairs				
Uniform Construction Code	8015-100-022-8015			
2011-2012	036-F311-6130	5,518	7/1/11-6/30/12	5,518
Integrated English Literature & Civics Education				
2011-2012	ABS-FY09002	334,500	7/1/11-6/30/12	334,500
New Jersey Small Business Development Center				
2011-2012	Not available	12,769	7/1/11-6/30/12	12,769
New Jersey Department of Treasury				
Operational Costs - County Colleges	01-100-082-2155-015	12,163,635	7/1/11-6/30/12	12,163,635
Alternate Benefit Program	01-100-082-2155-017	<u>1,777,919</u>	7/1/11-6/30/12	<u>1,777,919</u>
Total other State of New Jersey programs		<u>14,294,341</u>		<u>14,294,341</u>
Total expenditures of State awards		<u>\$ 20,466,868</u>		<u>\$ 20,466,868</u>

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2012

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of Bergen Community College and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Office of Management and Budget Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the purposes of these schedules, Federal Awards and State Awards include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations and other non-cash assistance. Because these schedules present only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position, changes in net assets and other changes of the College in conformity with generally accepted accounting principles.

The accounting practices followed by the College in preparing the accompanying schedules are as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Federal Direct Loan Program

Bergen Community College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. It is not practical to determine the balance of loans outstanding to students of Bergen Community College under this program as of June 30, 2012 and 2011. During the fiscal years ended June 30, 2012 and 2011, the College processed \$11,811,115 and \$9,826,787, respectively, under the Federal Loan Program.

3. Alternate Benefit Program

During the years ended June 30, 2012 and 2011, the State of New Jersey, Department of Treasury made payments on behalf of Bergen Community College to the Alternate Benefit Program of \$1,777,919 and \$1,774,318, respectively. These benefits are reimbursed by the State of New Jersey for faculty only, all other disbursement for administration, professional and support staff are reflected in the accompanying basic financial statements for the years ended June 30, 2012 and 2011, respectively. The June 30, 2012 benefit reimbursement for faculty is included in the accompanying schedule of expenditures of state awards.

4. Subrecipients

Of the federal expenditures presented in the Schedule of Federal Awards, the College passed through federal awards to subrecipients for the Health Professions Opportunity Grant (Federal CFDA 93.093) of \$1,893,973 and for the Transition Programs for Students with Intellectual Disabilities into Higher Education (Federal CFDA 84.407A) of \$140,265 for the year ended June 30, 2012.



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**Independent Auditor's 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***

The Board of Trustees
Bergen Community College
Paramus, New Jersey

We have audited the financial statements of the business-type activities and the discretely presented component unit of Bergen Community College (the College) as of and for the year ended June 30, 2012, which collectively comprise the College's component unit financial statements, and have issued our report thereon dated December 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Department of Treasury, State of New Jersey.

Internal Control over Financial Reporting

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


A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Mt. Laurel, New Jersey
December 11, 2012



CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

**Independent Auditor's Report on Compliance with
Requirements Applicable that Could
Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133
and State of New Jersey Circular 04-04-OMB**

The Board of Trustees
Bergen Community College
Paramus, New Jersey

Compliance

We have audited Bergen Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the fiscal year ended June 30, 2012. The College's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Department of Treasury, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Bergen Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 12-01 and 12-02.

Internal Control over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-01 and 12-02. 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 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.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Management's responses and, accordingly, we express no opinion on them.



Mt. Laurel, New Jersey
December 11, 2012

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(cies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(cies) identified? X Yes None reported

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

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133
or NJ OMB 04-04? X Yes No

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Identification of major programs:

CFDA Number/ State Account Number	Name of Federal and State Program or Cluster
Federal:	
84.063/84.007/84.033/84.268	U.S. Depart. of Education-Student Financial Aid Cluster
84.048	Perkins Career and Technical Education
84.031S	Title V: Developing Hispanic Serving Institutions Grant
84.031C	Title V: HSI STEM GPS Grant
84.407A	Transition Program for Students with Intellectual Disabilities
93.096	HPOG: Northern NJ Health Professions Opportunities Grant
State:	
2405-100-074-2405	Tuition Aid Grant
01-100-082-2155-017	Alternate Benefit Programs
01-100-082-2155-015	Operational Costs - County Colleges

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

Federal	<u>\$ 300,000</u>
State	<u>\$ 613,898</u>

Auditee qualified as low-risk auditee? Yes X No

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings

None to report

Section III – Federal and State Award Findings and Questioned Costs

Finding Reference: 12-01 – Student Status Changes

Federal Agency:	U.S. Department of Education
Federal Program:	Student Financial Assistance Cluster
Compliance	
Requirement:	Special Test and Provisions (Student Status Changes)
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Finding: The National Student Loan Database System (NSLDS) contained inaccurate or incomplete student information.

Cause: Control procedures relating to the review of the submission files uploaded to NSLDS were not consistently applied.

Effect: The status change for five students was not properly reported to NSLDS to notify the Department of Education that a student's loan is to be placed into collection status.

Context: The NSLDS contained inaccurate information for five of the forty students selected for testing. For two students who graduated during the year, the institution did not report the status change to the NSLDS within 60 days. For three students who withdrew or graduated during the semester, the withdrawal was not reported to NSLDS.

Criteria: The school must ensure that information related to the student's status change is reported to the NSLDS within 60 days from the date that student borrower provides the information (34 CFR 685.304(b)(4)(xi) and 34 CFR 685.304(b)(5)).

Questioned Costs: None

Recommendation: We recommend that management review and revise its current procedures to ensure that the status change for students receiving loan funds is properly reported to NSLDS.

Corrective Action Plan: The Financial Aid Department has developed and implemented policies and procedures to ensure accurate and timely reporting to NSLDS through the National Student Clearinghouse.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Finding Reference: 12-02 – Suspension and Debarment

Federal Agency:	U.S. Department of Education and Department of Health and Human Services
Federal Program:	Title V, TPSID, Perkins, and HPOG
Compliance Requirement:	Procurement and Suspension
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Finding: The College does not document and maintain verification that vendors were not suspended or debarred from receiving federal funds.

Cause: The College did not include verification of suspension and debarment of potential award vendors as part of its procurement process.

Effect: The College is not in compliance with Federal suspension and debarment requirements for procurement contracts for goods and services.

Context: Our testing of procurement for the federally funded programs revealed that documentation that the vendors were neither suspended nor debarred was not maintained in the College's records.

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause to the covered transaction with that entity (2CFR section 180.300).

Questioned Costs: None.

Recommendation: We recommend that the College implement policies and procedures to ensure that the required suspension and debarment verifications are performed, properly documented, and maintained for vendors and subrecipients with contracts that are expected to equal or exceed the \$25,000 threshold or other criteria.

Corrective Action Plan: The College concurs with the finding. The Grant and Purchasing Departments will develop and implement policies and procedures which will ensure compliance related to Federal funds.

BERGEN COMMUNITY COLLEGE
(A Component Unit of the County of Bergen)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2012

Finding Reference: 11-01 – Return of Title IV Funds

Federal Agency: U.S. Department of Education
Federal Program: Student Financial Assistance Cluster

Condition: Two out of a sample of seventy-one items selected in which a Return of Title IV funds calculation was not performed accurately within the College's computer system. It appears that the required information was input correctly in the database but for the two items identified, the system did not calculate the correct amount.

Recommendation: The College should implement procedures to ensure the Return of Title IV funds are calculated properly and review procedures be performed throughout the year to ensure the Return of Funds Calculation is accurate for students who have officially or unofficially withdrawn. Also, the computer system should be reviewed to determine why certain transactions are not being calculated accurately.

Current Year Status: Corrected. Testing of Return of Title IV fund calculations did not reveal any inaccurate amounts.