

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Basic Financial Statements,  
Management's Discussion and Analysis and  
Schedules of Expenditures of Federal and  
State Awards

June 30, 2015 and 2014

(With Independent Auditors' Reports Thereon)

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Report on Financial Statements and  
Federal and State Awards  
June 30, 2015 and 2014

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## Independent Auditors' Report

**The Board of Trustees  
Bergen Community College**

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. 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 United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We did not audit the financial statements of Bergen Community College Foundation (the Foundation), the discretely presented component unit of Bergen Community College. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bergen Community College Foundation is based on the report of the other auditors.

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

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

O'CONNOR DAVIES, LLP

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## **Opinion**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Bergen Community College as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 2 and 7 to the financial statements, the College adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedule of the College's proportionate share of the net pension liability and the schedule of the College's contributions on pages 47 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 regarding 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenditures of Federal and State Awards on pages 49 through 50 as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bergen Community College's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

Paramus, New Jersey  
December 15, 2015

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis  
June 30, 2015

**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, 2015 and 2014, with selected information pertaining to the year ended June 30, 2013. 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 Position, Statements of Revenues, Expense, and Changes in Net Position 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, NJ 07652.

For the year ending June 30, 2015, the College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date* establish standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts. These statements seek to improve accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses. The statements also require the identification and the methods and assumptions that should be used to project benefit payments to their actual present value and attribute that present value to period of employee service. The result of implementation of GASB Statement No. 68 is the reduction of beginning net position by \$58,142,295 for the year ending June 30, 2015.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis  
June 30, 2015

**Statements of Net Position**

Net position represents the residual interest in the College's assets after liabilities are deducted. Net position consists of three categories: net investment in capital assets, restricted and unrestricted. Net investment in capital assets, reflects the equity in capital assets. Restricted net position primarily includes grants and contracts and capital funds that are subject to regulations or restrictions governing their use. Unrestricted net position are available to the College for general purposes, but are internally designated for various academic and student programs.

The statements of net position present the College's current and non-current assets and liabilities and the resultant net position. The statements of revenues, expenses, and changes in net position show the College's revenues and expenses segregated into operating and non-operating sections. It is important to note that the 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 \$59.9, \$51.7, and \$53.8 million for fiscal years ended June 30, 2015, 2014 and 2013, respectively, while the net of non-operating revenues less non-operating expenses shows an excess of revenues over expenses of \$54.5, \$51.1, and \$48.6 million for fiscal years ended June 30, 2015, 2014 and 2013, respectively. These amounts reflect the reclassification of Pell Grant Revenue from operating revenues to non-operating revenues. 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 position 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 position, 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, 2015

Financial Highlights  
Condensed Schedule of Net Position (in Millions)

The following represents assets, liabilities and net position of the College at June 30, 2015, 2014 and 2013:

	Net Position as of June 30,				
	2013	2014	Change from 2013	2015	Change from 2014
<b>CURRENT ASSETS</b>	\$ 54.5	\$ 59.6	\$ 5.1	\$ 64.2	\$ 4.6
<b>NONCURRENT ASSETS</b>					
Capital assets, net of accumulated depreciation	118.7	115.8	(2.9)	122.4	6.6
Other noncurrent assets	14.5	12.2	(2.3)	20.5	8.3
Total Assets	<u>187.7</u>	<u>187.6</u>	<u>(0.1)</u>	<u>207.1</u>	<u>19.5</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow of pension resources	-	-	-	4.2	4.2
<b>CURRENT LIABILITIES</b>	11.8	10.6	(1.2)	14.9	4.3
<b>NONCURRENT LIABILITIES</b>					
Deposits held in trust	0.6	0.1	(0.5)	0.1	-
Long-term debt	18.3	17.8	(0.5)	17.7	(0.1)
Net pension liability	-	-	-	56.9	56.9
Other noncurrent liabilities	4.0	3.4	(0.6)	3.3	(0.1)
Total Liabilities	<u>34.7</u>	<u>31.9</u>	<u>(2.8)</u>	<u>92.9</u>	<u>61.0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow of pension resources	-	-	-	3.4	3.4
<b>NET POSITION</b>					
Net investment in capital assets	99.8	94.0	(5.8)	94.0	-
Restricted	36.5	55.7	19.2	77.7	22.0
Unrestricted	16.7	6.0	(10.7)	(56.7)	(62.7)
Total Net Position	<u>\$ 153.0</u>	<u>\$ 155.7</u>	<u>\$ 2.7</u>	<u>\$ 115.0</u>	<u>\$ (40.7)</u>

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



**Bergen Community College**  
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Management's Discussion and Analysis  
June 30, 2015

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

The statements of revenues, expenses and changes in net position present the College's changes in net position. 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, 2015, 2014 and 2013 as follows:

	Year Ended June 30				
	2013	2014	Change from 2013	2015	Change from 2014
<b>OPERATING REVENUES</b>					
Tuition and fees and auxiliary enterprises, net of scholarship allowances	\$ 45.4	\$ 46.0	\$ 0.6	\$ 36.7	\$ (9.3)
Federal grants and contracts	21.5	20.0	(1.5)	25.4	5.4
State, county and private grants	6.9	6.9	-	7.1	0.2
Other operating revenues	1.5	1.5	-	1.7	0.2
Total	75.3	74.4	(0.9)	70.9	(3.5)
Less operating expenses	129.1	126.1	(3.0)	130.8	4.7
Operating Loss	(53.8)	(51.7)	2.1	(59.9)	(8.2)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	12.3	12.3	-	12.2	(0.1)
County appropriations	14.1	17.9	3.8	19.1	1.2
Pell Grants	22.5	21.6	(0.9)	23.3	1.7
Investment income/(expenses), net	(0.5)	(0.5)	-	0.3	0.8
Other nonoperating revenues (expenses), net	0.2	(0.2)	(0.4)	(0.4)	(0.2)
Total	48.6	51.1	2.5	54.5	3.4
<b>CAPITAL APPROPRIATIONS</b>	2.5	3.4	0.9	22.9	19.5
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ (2.7)</u>	<u>\$ 2.8</u>	<u>\$ 5.5</u>	<u>\$ 17.5</u>	<u>\$ 14.7</u>

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 \$5.4 million in 2015; this is primarily attributable to an increase in Student Financial Assistance. Pell Grants have been excluded from Operating Revenues.

**Bergen Community College**  
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Management's Discussion and Analysis  
June 30, 2015

**Condensed Schedules of Operating Expenses (in Millions)**

A summary of the College's operating expenses for the years ended June 30, 2015, 2014 and 2013 follows:

	Year Ended June 30				
	2013	2014	Change from 2013	2015	Change from 2014
<b>OPERATING EXPENSES</b>					
Instruction	\$ 60.8	\$ 59.7	\$ (1.1)	\$ 59.9	\$ 0.2
Public service	0.3	0.2	(0.1)	0.3	0.1
Academic support	7.7	7.5	(0.2)	7.6	0.1
Student services	11.0	10.9	(0.1)	10.7	(0.2)
Institutional support	22.9	24.9	2.0	24.8	(0.1)
Operation and maintenance of plant	14.3	11.3	(3.0)	15.8	4.5
Scholarships and fellowships	5.5	5.4	(0.1)	5.2	(0.2)
Auxiliary enterprises	0.3	0.3	-	0.4	0.1
Depreciation	6.3	5.9	(0.4)	6.1	0.2
Total	<u>\$ 129.1</u>	<u>\$ 126.1</u>	<u>\$ (3.0)</u>	<u>\$ 130.8</u>	<u>\$ 4.7</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 union contract, settlement salary costs offset by a continued reduction in overtime salary costs and a reduction in staffing levels with related benefit costs.

**Schedule of Components of Net Position**

The following represents the components of net position at June 30, 2015 and 2014:

	Net Position as of June 30,				
	Net Investment in Capital Assets	Restricted	Unrestricted	Total FY 2015	Total FY 2014
NET INVESTMENT IN CAPITAL ASSETS	\$ 94,067,342	\$ -	\$ -	\$ 94,067,342	\$ 94,044,743
RESTRICTED FOR:				-	-
Capital projects	-	36,246,176	-	36,246,176	43,630,408
Unemployment reserve	-	2,233,163	-	2,233,163	2,413,074
Other reserves	-	53,088	-	53,088	106,779
EXPENDABLE FOR:					
Renewals and replacements of capital assets	-	31,376,546	-	31,376,546	3,636,664
Reserve for Workers Comp.	-	284,190	-	284,190	284,190
Subsequent year's budget	-	4,082,382	-	4,082,382	2,128,884
UNRESTRICTED:					
Current funds	-	-	(56,705,968)	(56,705,968)	5,985,427
Plant funds	-	3,408,312	-	3,408,312	3,502,479
Total per Statements of Net Position	<u>\$ 94,067,342</u>	<u>\$77,683,857</u>	<u>\$(56,705,968)</u>	<u>\$115,045,231</u>	<u>\$155,732,648</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis  
June 30, 2015

Balances on the statements of net position 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 position are included in unrestricted net position on the statements of net position.

<b>Capital Assets Activity for the Year Ended June 30, 2015</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	3,028,166	-	21,385	3,006,781
Buildings	93,335,614	454,415	-	93,790,029
Building improvements	70,118,053	1,323,903	573,830	70,868,126
Furniture and furnishings	224,674	102,979	-	327,653
Equipment	20,443,704	2,420,115	801,706	22,062,113
Vehicles	791,819	126,540	-	918,359
Machinery	36,784	450,560	-	487,344
Infrastructure	4,427,733	8,501	-	4,436,234
Capitalized software	2,222,555	-	-	2,222,555
Equipment leasing fund assets	836,816	1,874,367	9,943	2,701,240
Construction in progress	3,083,588	8,401,651	1,361,951	10,123,288
Total	201,662,975	15,163,031	2,768,815	214,057,191
Accumulated depreciation	85,892,280	6,117,767	360,850	91,649,197
Total per Statements of Net Position	<u>\$ 115,770,695</u>	<u>\$ 9,045,264</u>	<u>\$ 2,407,965</u>	<u>\$ 122,407,994</u>

<b>Capital Assets Activity for the Year Ended June 30, 2014</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	3,015,601	12,565	-	3,028,166
Buildings	93,335,614	-	-	93,335,614
Building improvements	69,606,927	511,126	-	70,118,053
Furniture and furnishings	224,674	-	-	224,674
Equipment	19,307,258	1,136,446	-	20,443,704
Vehicles	791,819	-	-	791,819
Machinery	36,784	-	-	36,784
Infrastructure	4,427,733	-	-	4,427,733
Capitalized software	2,222,555	-	-	2,222,555
Equipment leasing fund assets	836,816	-	-	836,816
Construction in progress	1,755,657	2,302,474	974,543	3,083,588
Total	198,674,907	3,962,611	974,543	201,662,975
Accumulated depreciation	79,965,565	5,926,715	-	85,892,280
Total per Statements of Net Position	<u>\$ 118,709,342</u>	<u>\$ (1,964,104)</u>	<u>\$ 974,543</u>	<u>\$ 115,770,695</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.

**Bergen Community College**  
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Management's Discussion and Analysis  
June 30, 2015

**Debt Administration**

At June 30, 2015, the College had \$77,982,461 of outstanding long-term liabilities, including debt. Of this amount, \$3,287,106 is for compensated absences, \$66,387 is for deposits held in custody for others, \$17,725,532 is for the repayment of bonds issued by the Bergen County Improvement Authority, \$242,002 is for the unamortized premium on the bonds and the remaining \$56,903,416 represents the net pension liability.

For more detailed information, please refer to Notes 5 and 6 to the basic financial statements.

**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.

**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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Net Position

	June 30,	
	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 10,071,970	\$ 13,759,080
Restricted investments	3,966,808	3,949,025
Investments	<u>39,696,546</u>	<u>34,682,298</u>
Total Cash and Equivalents and Investments	<u>53,735,324</u>	<u>52,390,403</u>
Receivables - Student, net of allowance of \$13,046,463 and \$12,032,577, respectively	4,143,866	4,424,731
Other receivables	<u>6,298,908</u>	<u>2,321,144</u>
Total Receivables	<u>10,442,774</u>	<u>6,745,875</u>
Inventories	25,922	25,846
Prepaid expenses	<u>40,674</u>	<u>404,407</u>
Total Current Assets	<u>64,244,694</u>	<u>59,566,531</u>
Noncurrent Assets		
County of Bergen receivable	20,501,353	12,260,114
Capital assets, net of accumulated depreciation of \$91,649,197 and \$85,892,280, respectively	<u>122,407,994</u>	<u>115,770,695</u>
Total Noncurrent Assets	<u>142,909,347</u>	<u>128,030,809</u>
Total Assets	<u>207,154,041</u>	<u>187,597,340</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow of pension resources	<u>4,239,558</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses		
Vendors	2,077,619	1,578,265
Accrued salaries and benefits	826,062	424,688
Compensated absences, current portion	4,127,136	4,096,077
Other accrued expenses	<u>4,033,001</u>	<u>390,314</u>
Total Accounts Payable and Accrued Expenses	11,063,818	6,489,344
Unearned student tuition and fees	3,030,789	3,202,864
Unearned grant revenue	343,227	481,304
Long-term debt, current portion	<u>489,772</u>	<u>425,000</u>
Total Current Liabilities	<u>14,927,606</u>	<u>10,598,512</u>
Noncurrent Liabilities		
Long-term debt, net	17,725,552	17,821,780
Deposits held in custody for others	66,387	71,615
Compensated absences	3,287,106	3,372,785
Net pension liability	<u>56,903,416</u>	<u>-</u>
Total Noncurrent Liabilities	<u>77,982,461</u>	<u>21,266,180</u>
Total Liabilities	<u>92,910,067</u>	<u>31,864,692</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow of pension resources	<u>3,438,301</u>	<u>-</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	94,067,342	94,044,743
Restricted Expendable for		
Unemployment	2,233,163	2,413,074
Other reserves	4,419,660	106,779
Capital projects	71,031,034	53,182,625
Unrestricted	<u>(56,705,968)</u>	<u>5,985,427</u>
Total Net Position	<u>\$ 115,045,231</u>	<u>\$ 155,732,648</u>

The accompanying notes are an integral part of the financial statements.

**Bergen Community College Foundation**  
**(A Component Unit of the County of Bergen)**

Statements of Financial Position

	June 30,	
	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 227,886	\$ 304,773
Investments	9,337,018	9,384,555
Receivables		
Pledges, net of discount	-	234,842
Other receivables	16,828	33,930
Prepaid expenses	138,070	18,290
Total Assets	\$ 9,719,802	\$ 9,976,390
<b>LIABILITIES</b>		
Scholarships and awards payable	\$ 267,598	\$ 259,629
Accounts payable	89,858	57,614
Unearned revenue	74,601	13,000
Total Liabilities	432,057	330,243
<b>NET ASSETS</b>		
Unrestricted	1,085,836	1,081,830
Temporarily restricted	3,192,898	3,618,131
Permanently restricted	5,009,011	4,946,186
Total Net Assets	9,287,745	9,646,147
Total Liabilities and Net Assets	\$ 9,719,802	\$ 9,976,390

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Revenues, Expenses and Changes in Net Position

	Years Ended June 30,	
	2015	2014
<b>OPERATING REVENUES</b>		
Student revenues		
Tuition and fees	\$ 77,794,471	\$ 78,908,224
Auxiliary enterprises	160,373	183,463
Less scholarship allowance	<u>(41,235,399)</u>	<u>(33,175,638)</u>
Net student revenues	36,719,445	45,916,049
Federal grants and contracts	25,362,612	20,050,420
State, county, and private grants	7,142,974	6,912,823
Other operating revenues	<u>1,685,225</u>	<u>1,522,760</u>
Total Operating Revenues	<u>70,910,256</u>	<u>74,402,052</u>
<b>OPERATING EXPENSES</b>		
Instruction	59,912,297	59,567,152
Public service	266,899	220,462
Academic support	7,654,092	7,528,618
Student services	10,661,558	10,916,943
Institutional support	24,846,093	24,898,932
Operation and maintenance of plant	15,835,525	11,287,882
Scholarships and fellowships	5,191,246	5,413,418
Auxiliary enterprises	351,548	326,755
Depreciation	<u>6,117,767</u>	<u>5,926,715</u>
Total Operating Expenses	<u>130,837,025</u>	<u>126,086,877</u>
<b>OPERATING LOSS</b>	<u>(59,926,769)</u>	<u>(51,684,825)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,184,228	12,331,672
County appropriations	19,116,620	17,876,630
Pell grants	23,348,867	21,593,887
Investment income, net of bonding costs of \$8,658 and \$20,000, respectively	312,391	139,835
Interest expense	(713,297)	(683,393)
Other nonoperating revenues/expenses, net	<u>265,968</u>	<u>(224,465)</u>
Net Nonoperating Revenues	<u>54,514,777</u>	<u>51,034,166</u>
<b>LOSS BEFORE OTHER REVENUES</b>	(5,411,992)	(650,659)
<b>OTHER REVENUES</b>		
Capital appropriations	<u>22,866,870</u>	<u>3,366,428</u>
<b>INCREASE IN NET POSITION</b>	17,454,878	2,715,769
<b>NET POSITION</b>		
Beginning of year	155,732,648	153,016,879
Cumulative effect of change in accounting principle	<u>(58,142,295)</u>	<u>-</u>
End of year	<u>\$ 115,045,231</u>	<u>\$ 155,732,648</u>

The accompanying notes are an integral part of the financial statements.

**Bergen Community College Foundation**  
**(A Component Unit of the County of Bergen)**

Statements of Activities

	Year Ended June 30, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUES</b>				
Contributions and grants	\$ 3,433	\$ 298,485	\$ 62,625	\$ 364,543
Special events, net of expenses of \$123,137	59,766	100,160	200	160,126
Contributed services	265,182	-	-	265,182
Interest and dividends	52,221	135,975	-	188,196
Realized and unrealized gain on investments	(11,910)	(31,010)	-	(42,920)
Net assets released from restrictions	928,843	(928,843)	-	-
Total Support and Revenues	<u>1,297,535</u>	<u>(425,233)</u>	<u>62,825</u>	<u>935,127</u>
<b>EXPENSES</b>				
Program services	877,862	-	-	877,862
Support services-management and general	415,667	-	-	415,667
Total expenses	<u>1,293,529</u>	<u>-</u>	<u>-</u>	<u>1,293,529</u>
<b>CHANGE IN NET ASSETS</b>	4,006	(425,233)	62,825	(358,402)
<b>NET ASSETS</b>				
Beginning of year	<u>1,081,830</u>	<u>3,618,131</u>	<u>4,946,186</u>	<u>9,646,147</u>
End of year	<u>\$ 1,085,836</u>	<u>\$ 3,192,898</u>	<u>\$ 5,009,011</u>	<u>\$ 9,287,745</u>

  

	Year Ended June 30, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT AND REVENUES</b>				
Contributions and grants	\$ 551	\$ 599,395	\$ 164,867	\$ 764,813
Special events, net of expenses of \$198,907	78,291	147,241	4,150	229,682
Contributed services	252,148	-	-	252,148
Interest and dividends	54,341	124,794	-	179,135
Realized and unrealized gain on investments	248,462	570,599	-	819,061
Net assets released from restrictions	922,802	(927,615)	4,813	-
Total Support and Revenues	<u>1,556,595</u>	<u>514,414</u>	<u>173,830</u>	<u>2,244,839</u>
<b>EXPENSES</b>				
Program services	849,099	-	-	849,099
Support services-management and general	481,493	-	-	481,493
Total expenses	<u>1,330,592</u>	<u>-</u>	<u>-</u>	<u>1,330,592</u>
<b>CHANGE IN NET ASSETS</b>	226,003	514,414	173,830	914,247
<b>NET ASSETS</b>				
Beginning of year	<u>855,827</u>	<u>3,103,717</u>	<u>4,772,356</u>	<u>8,731,900</u>
End of year	<u>\$ 1,081,830</u>	<u>\$ 3,618,131</u>	<u>\$ 4,946,186</u>	<u>\$ 9,646,147</u>

The accompanying notes are an integral part of the financial statements.



**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Cash Flows

	Years Ended June 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees (including chargebacks to other counties)	\$ 37,011,087	\$ 44,398,660
Federal grants and contracts	25,362,612	19,227,195
State, county, and private grants	2,690,663	7,922,243
Payments to suppliers	(27,638,311)	(27,899,622)
Payments to utilities	(3,227,659)	(3,000,674)
Payments to employees	(66,052,178)	(65,083,560)
Payments for benefits	(19,804,283)	(19,408,625)
Payments for scholarships and fellowships	(5,191,246)	(5,413,418)
Auxiliary enterprises	160,373	209,336
Deposits held in custody for others	(5,229)	(569,780)
Other receipts	<u>1,685,202</u>	<u>1,903,828</u>
Net Cash from Operating Activities	<u>(55,008,969)</u>	<u>(47,714,417)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	12,184,228	12,331,672
County appropriations	19,116,620	17,876,630
Pell grant	23,348,867	21,953,887
Loan program receipts	16,573,082	10,530,320
Loan program disbursements	(16,573,082)	(10,530,320)
Other non-capital financing activities	<u>265,968</u>	<u>(236,229)</u>
Net Cash from Noncapital Financing Activities	<u>54,915,683</u>	<u>51,925,960</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Bergen County Improvement Authority	-	162,785
Payments on capital debt	(434,778)	(424,778)
County Capital appropriation	15,069,285	5,488,453
Interest and bonding paid on capital debt	(753,628)	(683,393)
Purchase of capital assets and construction in progress	<u>(12,755,064)</u>	<u>(2,976,307)</u>
Net Cash from Capital and Related Financing Activities	<u>1,125,815</u>	<u>1,566,760</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	312,392	139,835
Purchase of investments	<u>(5,032,031)</u>	<u>(8,299,862)</u>
Net Cash from Investing Activities	<u>(4,719,639)</u>	<u>(8,160,027)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,687,110)	(2,381,724)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>13,759,080</u>	<u>16,140,804</u>
End of year	<u>\$ 10,071,970</u>	<u>\$ 13,759,080</u>

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Cash Flows

	Years Ended June 30,	
	2015	2014
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS</b>		
<b>FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (59,926,769)	\$ (52,044,825)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation	6,117,767	5,926,715
Changes in operating assets and liabilities		
Student accounts and other receivables, net	(3,696,899)	1,272,949
Inventories	(76)	(3,317)
Prepaid expenses and other	773,802	(404,405)
Deferred outflows of pension resources	(2,450,209)	-
Accounts payable and accrued expenses	4,488,795	(708,262)
Unearned student tuition and fees	(172,075)	(1,286,784)
Unearned grant revenue	(138,077)	103,293
Deposits held in custody for others	(5,228)	(569,781)
Net Cash Flows Used in Operating Activities	\$ (55,008,969)	\$ (47,714,417)

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**1. 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, State of New Jersey.

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 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.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accounting policies of the College conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. The College’s reports are based on all applicable GASB authoritative literature in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 35 and 63 establish 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 asset categories:

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (Continued)**

***Basis of Presentation (continued)***

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted:*
  - Nonexpendable* – Net position subject to externally imposed stipulations that they be maintained permanently by the College. There were no nonexpendable restricted net positions at June 30, 2015.
  - Expendable* – Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted:*
  - Net position not subject to externally imposed stipulations that may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net positions 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 of the College have been prepared on the accrual basis of accounting using the economic resources measurement focus. The College 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.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (Continued)**

***Cash and Cash Equivalents***

Cash and cash 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 position.

***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 as of June 30, 2015 and 2014 was \$13,046,463 and \$12,032,577, 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 \$300 and useful lives of at least two 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

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (Continued)**

***Deferred Outflows and Deferred Inflows of Resources***

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

***Revenue Recognition and Unearned 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 unearned student tuition and fees in the accompanying statements of net position.

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 unearned grant revenue in the accompanying statements of net position.

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 purpose of the statements of revenues, expenses, and changes in net position, 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, Pell Grants, 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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (Continued)**

***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 position. Unexpended money in the current year is available for capital expenditures in subsequent years.

***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. 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 position.

***Income Taxes***

The College is 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, 2012.

***Reclassifications***

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 15, 2015.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**2. Summary of Significant Accounting Policies (Continued)**

***Recently Adopted Accounting Standards***

The College adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as of June 30, 2014, which incorporates into the GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements.

The College also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as of June 30, 2014, which changed the Statement of Net Assets to the Statement of Net Position and provides guidance for reporting deferred outflows and inflows of resources.

GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this Statement are effective for the fiscal year ending June 30, 2014. Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting.

***Cumulative Effect of Change in Accounting Principle***

For the year ending June 30, 2015, the College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date* establish standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts.

These statements seek to improve accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses. The statements also require the identification and the methods and assumptions that should be used to project benefit payments to their actual present value and attribute that present value to period of employee service. The result of implementation of GASB Statement No. 68 is the reduction of beginning net position by \$58,142,295 for the year ending June 30, 2015.



**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**3. Cash and Cash Equivalents and Investments**

***Deposits***

As of June 30, 2015 and 2014, the College's carrying amount of deposits was \$10,071,970 and \$13,759,080, respectively, and the bank balance was \$12,555,954 and \$15,705,290, 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 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, 2015 and 2014, 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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**3. Cash and Cash Equivalents and Investments (Continued)**

***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, 2015 and 2014, unrestricted certificates of deposit were \$39,696,546 and \$34,682,298, respectively, with interest rates ranging from 0.20% to 0.75%, and restricted certificates of deposit were \$3,966,808 and \$3,949,025, respectively, with interest rates ranging from 0.35% to 0.75%. Of the above amounts, \$250,000 of the certificates of deposit were insured by the FDIC at June 30, 2015 and 2014, 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.

***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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**4. Capital Assets**

Capital assets activity for the years ended June 30, 2015 and 2014 is comprised of the following:

	Year Ended June 30, 2015			Ending Balances
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	
<b>DEPRECIABLE ASSETS</b>				
Land improvements	\$ 3,028,166	\$ -	\$ 21,385	\$3,006,781
Buildings	93,335,614	454,415	-	93,790,029
Building improvements	70,118,053	1,323,903	573,830	70,868,126
Furniture & furnishings	224,674	102,979	-	327,653
Equipment	20,443,704	2,420,114	801,705	22,062,113
Vehicles	791,819	126,540	-	918,359
Machinery	36,784	450,560	-	487,344
Infrastructure	4,427,733	8,501	-	4,436,234
Capitalized software	2,222,555	-	-	2,222,555
Equipment leasing fund assets	836,816	1,874,367	9,943	2,701,240
Total Depreciable Assets	<u>195,465,918</u>	<u>6,761,379</u>	<u>1,406,863</u>	<u>200,820,434</u>
<b>ACCUMULATED DEPRECIATION</b>				
Land improvements	1,819,093	188,070	-	2,007,163
Buildings	39,181,749	1,249,710	-	40,431,459
Building improvements	20,904,736	2,299,510	1,560	23,202,686
Furniture & furnishings	169,017	31,048	-	200,065
Equipment	16,866,890	1,272,475	358,269	17,781,096
Vehicles	649,761	49,386	-	699,147
Machinery	32,074	856	-	32,930
Infrastructure	3,258,025	627,246	-	3,885,271
Capitalized software	2,185,683	36,871	-	2,222,554
Equipment leasing fund assets	825,252	362,595	1,021	1,186,826
Total Depreciation	<u>85,892,280</u>	<u>6,117,767</u>	<u>360,850</u>	<u>91,649,197</u>
<b>DEPRECIABLE ASSETS, NET</b>	<u>109,573,638</u>	<u>643,612</u>	<u>1,046,013</u>	<u>109,171,237</u>
<b>NONDEPRECIABLE ASSETS</b>				
Land	3,113,469	-	-	3,113,469
Construction in progress	3,083,588	8,401,652	1,361,952	10,123,288
Total Nondepreciable Assets	<u>6,197,057</u>	<u>8,401,652</u>	<u>1,361,952</u>	<u>13,236,757</u>
End of year	<u>\$ 115,770,695</u>	<u>\$ 9,045,264</u>	<u>\$ 2,407,965</u>	<u>\$ 122,407,994</u>

**Bergen Community College**  
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**4. Capital Assets (Continued)**

	Year Ended June 30, 2014			
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	
<b>DEPRECIABLE ASSETS</b>				
Land improvements	\$ 3,015,601	\$ 12,565	\$ -	\$ 3,028,166
Buildings	93,335,614	-	-	93,335,614
Building improvements	69,606,927	511,126	-	70,118,053
Furniture & furnishings	224,674	-	-	224,674
Equipment	19,307,258	1,136,446	-	20,443,704
Vehicles	791,819	-	-	791,819
Machinery	36,784	-	-	36,784
Infrastructure	4,427,733	-	-	4,427,733
Capitalized software	2,222,555	-	-	2,222,555
Equipment leasing fund assets	836,816	-	-	836,816
Total Depreciable Assets	<u>193,805,781</u>	<u>1,660,137</u>	<u>-</u>	<u>195,465,918</u>
<b>ACCUMULATED DEPRECIATION</b>				
Land improvements	1,607,888	211,205	-	1,819,093
Buildings	37,932,533	1,249,216	-	39,181,749
Building improvements	18,571,106	2,333,630	-	20,904,736
Furniture & furnishings	131,408	37,609	-	169,017
Equipment	15,373,770	1,493,120	-	16,866,890
Vehicles	598,336	51,425	-	649,761
Machinery	30,427	1,647	-	32,074
Infrastructure	2,766,229	491,796	-	3,258,025
Capitalized software	2,132,765	52,918	-	2,185,683
Equipment leasing fund assets	821,103	4,149	-	825,252
Total Depreciation	<u>79,965,565</u>	<u>5,926,715</u>	<u>-</u>	<u>85,892,280</u>
<b>DEPRECIABLE ASSETS, NET</b>	<u>113,840,216</u>	<u>(4,266,578)</u>	<u>-</u>	<u>109,573,638</u>
<b>NONDEPRECIABLE ASSETS</b>				
Land	3,113,469	-	-	3,113,469
Construction in progress	1,755,657	2,302,474	974,543	3,083,588
Total Nondepreciable Assets	<u>4,869,126</u>	<u>2,302,474</u>	<u>974,543</u>	<u>6,197,057</u>
End of year	<u>\$ 118,709,342</u>	<u>\$ (1,964,104)</u>	<u>\$ 974,543</u>	<u>\$ 115,770,695</u>

Estimated costs to complete the projects classified as construction in progress as of June 30, 2015 and 2014 approximated \$35,299,316 and \$23,820,757, 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, 2015 and 2014 was \$6,117,767 and \$5,926,715, respectively.

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**4. 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.

**5. Summary of Changes in Noncurrent Liabilities**

The following tables summarize the changes in noncurrent liabilities during the years ended June 30, 2015 and 2014:

Year Ended June 30, 2015	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt	\$ 18,246,780	\$ 443,654	\$ 475,110	\$ 18,215,324	\$ 489,772
Net pension liability	-	56,903,416	-	56,903,416	-
Deposits held in custody for others	71,615	-	5,228	66,387	-
Compensated absences	7,468,862	802,543	857,163	7,414,242	4,127,136
	<u>\$ 25,787,257</u>	<u>\$ 58,149,613</u>	<u>\$ 1,337,501</u>	<u>\$ 82,599,369</u>	<u>\$ 4,616,908</u>

Year Ended June 30, 2014	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt	\$ 18,671,558	\$ -	\$ 424,778	\$ 18,246,780	\$ 425,000
Deposits held in custody for others	641,396	6,494	576,275	71,615	-
Compensated absences	7,322,615	652,102	505,855	7,468,862	4,096,077
	<u>\$ 26,635,569</u>	<u>\$ 658,596</u>	<u>\$ 1,506,908</u>	<u>\$ 25,787,257</u>	<u>\$ 4,521,077</u>

**6. 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 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.

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Notes to Financial Statements  
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**6. 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 2010A 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 November 1, 2014.

On January 1, 2014, the Board of Trustees of the College and the New Jersey Educational Facilities Authority (the "Authority") have entered into an agreement whereby the College is given funds to pay the costs of acquiring and installing higher education equipment and the College agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority. The College has pledged all net revenues generated.

The principal on the bonds is payable on May 1 of each year and interest is payable semiannually on May 1 and November 1 in each year commencing November 1, 2014.

The following principal payments due the Authority were outstanding at June 30, 2015 and 2014:

	<u>Interest Rate</u>	<u>2015</u>	<u>2014</u>
Bergen County Improvement Authority			
Revenue Bonds:			
Series 2010 A, due serially to 2020	2.00% to 4.00%	\$ 2,350,000	\$ 2,775,000
Series 2010 B, due serially to 2040	5.66% to 5.76%	15,220,000	15,220,000
NJ Educational Facilities Authority			
Revenue Bonds:			
2014 Higher Education Equipment Leasing			
Fund Program 004-03	1.75% to 3.50%	<u>403,322</u>	<u>-</u>
		17,973,322	17,995,000
Plus: Bond premiums		<u>242,002</u>	<u>251,780</u>
		18,215,324	18,246,780
Less: noncurrent portion		<u>489,772</u>	<u>425,000</u>
Total long-term debt, current portion		<u>\$ 17,725,552</u>	<u>\$ 17,821,780</u>

**Bergen Community College**  
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Notes to Financial Statements  
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**6. Long-Term Debt (Continued)**

Payments due on long-term debt for the next five years and thereafter are as follows as of June 30, 2015:

	Principal	Interest
2016	\$ 489,772	\$ 975,049
2017	506,917	959,361
2018	519,491	943,115
2019	542,495	926,290
2020	565,069	908,865
2021-2025	2,959,578	4,045,859
2026-2030	3,400,000	3,178,374
2031-2035	4,080,000	2,126,486
2036-2040	4,910,000	868,868
	\$ 17,973,322	\$ 14,932,267

**7. Retirement Plans**

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, Prudential 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 was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare, 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 administrated 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 healthcare, to substantially all full-time public school employees in the State of New Jersey. The plan’s eligibility requirements are similar to PERS’ requirement. PERS replaced this plan for all new employees and members of TPAF were able to transfer to PERS. 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.

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**7. Retirement Plans (Continued)**

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.

***Public Employees' Retirement System***

***Plan Description***

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.



**Bergen Community College  
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**7. Retirement Plans (Continued)**

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

PERS members are required to contribute 6.92% and 6.78%, respectively, 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.

Employer contributions to the PERS include the College's normal contribution plus any accrued liability, which ensures adequate funding for future pension system liability. The College's contribution, equal to the required contribution for each fiscal year, was as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by College</u>
2015	\$ 581,138	\$ 1,924,391	\$ 2,505,529	\$ -	\$ 2,505,529
2014	455,982	1,836,246	2,292,228	-	2,292,228

**Net Pension Liability**

At June 30, 2015 the College reported a liability in the amount of \$56,903,416 for its proportionate share of the net pension liability.

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary increases:	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

**Bergen Community College  
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**7. Retirement Plans (continued)**

***Net Pension Liability (continued)***

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

***Discount Rate***

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net position liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
College's proportionate share of the net pension liability	<u>\$ 71,586,435</u>	<u>\$ 56,903,416</u>	<u>\$ 44,573,417</u>

**Bergen Community College**  
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**7. Retirement Plans (continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

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**7. Retirement Plans (continued)**

For the year ended June 30, 2015, the College recognized pension expense in the amount of \$2,915,602. At June 30, 2015 the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	1,789,349	-
Net differences between projected and actual earnings on pension plan investments	-	3,391,134
Changes in proportion and differences between College contributions and proportionate share of contributions	-	47,167
College contributions subsequent to the measurement date	2,450,209	-
	<u>\$4,239,558</u>	<u>\$3,438,301</u>

College contributions subsequent to the measurement date reported as deferred outflows of resources related to PERS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources as deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Net Deferred Outflow/Inflow
2015	\$ (534,137)
2016	(534,137)
2017	(534,137)
2018	(534,137)
2019	338,611
Thereafter	148,985

**Bergen Community College  
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Notes to Financial Statements  
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**7. Retirement Plans (continued)**

***Components of Net Pension Liability***

The components of the net pension liability of the participating employers for PFRS as of June 30, 2014 are as follows:

	Local
Total pension liability	\$ 39,071,470,586
Plan fiduciary net position	20,348,735,583
Net Pension Liability	\$ 18,722,735,003
Plan fiduciary net position as a percentage of the total pension liability	52.08%
	College
Net pension liability	\$ 18,722,735,003
Allocation percentage	0.3039268359%
College's Proportionate Share of the Net Pension Liability	\$ 56,903,416

***Teachers' Pension and Annuity Fund***

***Plan Description***

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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**7. Retirement Plans (continued)**

***Plan Description (continued)***

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 member upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

***Contributions***

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization on the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

Contributions recognized by the plan from the College totaled \$11,796 for the year ending June 30, 2015.

**Bergen Community College**  
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Notes to Financial Statements  
June 30, 2015 and 2014

**7. Retirement Plans (continued)**

***Net Pension Liability***

At June 30, 2015, the College's proportionate share of the net present liability was \$1,494,341.

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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Notes to Financial Statements  
June 30, 2015 and 2014

**7. Retirement Plans (continued)**

***Discount Rate***

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the State as of June 30, 2014 calculating using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.68%)	At Current Discount Rate (4.68%)	At 1% Increase (5.68%)
Net Pension Liability	\$ 64,722,984,539	\$ 53,813,067,539	\$ 44,738,870,539
Allocation Percentage	<u>0.0027769103%</u>	<u>0.0027769103%</u>	<u>0.0027769103%</u>
College's proportionate share of the net pension liability	<u>\$ 1,797,299</u>	<u>\$ 1,494,341</u>	<u>\$ 1,242,358</u>



**Bergen Community College  
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**7. Retirement Plans (continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. Retirement Plans (continued)**

***Components of Net Pension Liability***

The components of the net pension liability of the State as of June 30, 2014 are as follows:

	State
Total pension liability	\$ 81,095,320,000
Plan fiduciary net position	<u>27,282,252,461</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>
Plan fiduciary net position as a percentage of the total pension liability	33.64%
	College
Net pension liability	\$ 53,446,745,367
Allocation percentage	<u>0.0027769103%</u>
College's Proportionate Share of the Net Pension Liability	<u>\$ 1,484,168</u>

As employees of the State of New Jersey, College employees receive certain postretirement benefits other than pensions. In accordance with GASB Statement No. 45, the State of New Jersey will be recording the liability for these other postemployment benefits for all its employees on its financial statements. Accordingly the liability for these obligations is not included in financial statements of the College.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**7. Retirement Plans (continued)**

***Alternative Benefit Program (APB) Information***

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, 2015 and 2014, ABP investment carriers received employer and employee contributions that were approximately as follows:

	2015	2014
Employer contributions	\$2,730,274	\$2,556,910
Employee contributions	1,706,421	1,598,068
Basis for contributions - Participating employee salaries	34,128,427	31,961,369

***Other Postemployment Benefits***

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.

**8. Compensated Absences**

The College has recorded a liability for compensated absences of \$7,414,242 and \$7,468,862 as of June 30, 2015 and 2014, respectively, which is included in accounts payable and accrued expenses and non-current liabilities in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation, sick leave and compensatory time as of the statement of net position date. Vacation, sick leave and compensatory time provisions are documented in the employees' collective bargaining agreements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**9. 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, 2015, 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.

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.

Union contracts for faculty expired in 2014 and union contracts for support and professional staff expired in 2015. Contract negotiations have been ongoing. The effect of finalizing these negotiations may have a financial impact in the upcoming fiscal year. A provision for the salary increases has been included with the financial results of this fiscal year.

**10. Components of Net Position**

At June 30, 2015 and 2014, the College's components of net position consisted of the following:

	Net Investment in Capital Assets	Restricted	Unrestricted	Total FY 2015	Total FY 2014
<b>NET INVESTMENT IN CAPITAL</b>					
ASSETS RESTRICTED FOR	\$ 94,067,342	\$ -	\$ -	\$ 94,067,342	\$ 94,044,743
Capital projects	-	36,246,176	-	36,246,176	43,630,408
Unemployment reserve	-	2,233,163	-	2,233,163	2,413,074
Other reserves	-	53,088	-	53,088	106,779
<b>EXPENDABLE FOR</b>					
Renewals and replacements of capital assets	-	31,376,546	-	31,376,546	3,636,664
Unemployment reserve	-	284,190	-	284,190	284,190
Subsequent year's budget	-	4,082,382	-	4,082,382	2,128,884
<b>UNRESTRICTED</b>					
Current funds	-	-	(56,705,968)	(56,705,968)	5,985,427
Plant funds	-	3,408,312	-	3,408,312	3,502,479
Total per Statements of Net Position	<u>\$ 94,067,342</u>	<u>\$ 77,683,857</u>	<u>\$ (56,705,968)</u>	<u>\$ 115,045,231</u>	<u>\$ 155,732,648</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**11. 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.

*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 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.

***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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**11. Component Unit – Bergen Community College Foundation (Continued)**

The FASB 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.

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:

	2015		2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Certificates of Deposit	\$ -	\$ -	\$ 16,330	\$ 16,330
Bonds	5,023,743	5,161,556	4,539,086	4,701,387
Stocks	2,972,984	4,175,462	3,222,481	4,666,838
	<u>\$ 7,996,727</u>	<u>\$ 9,337,018</u>	<u>\$ 7,777,897</u>	<u>\$ 9,384,555</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**11. Component Unit – Bergen Community College Foundation (Continued)**

***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

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.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to Financial Statements  
June 30, 2015 and 2014

**11. Component Unit – Bergen Community College Foundation (*Continued*)**

***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, 2015 and 2014, the Foundation distributed approximately \$877,862 and \$849,099, 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 2014 Foundation financial statements have been reclassified to conform to the 2015 presentation.

\* \* \* \* \*



**REQUIRED SUPPLEMENTARY INFORMATION**

**Bergen Community College  
(A Component Unit of the County of Bergen)**

**Schedule of the College's Proportionate Share of the Net Pension Liability  
Public Employee's Retirement System  
Last 10 Years \***

	2015
College's proportion of the net pension liability	0.3039268359%
College's proportionate share of the net pension liability	\$ 56,903,416
College's covered-employee payroll	\$ 20,417,421
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	278.70%
Plan fiduciary net position as a percentage of the total pension liability	52.08%

\* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

**Schedule of the College's Contributions  
Public Employee's Retirement System  
Last 10 Years \***

	2015
Contractually required contribution	\$ 2,505,529
Contributions in relation to the contractually required contribution	2,505,529
Contribution deficiency (excess)	\$ -
College's covered-employee payroll	\$ 20,417,421
Contributions as a percentage of covered-employee payroll	12.27%

\* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

## **OTHER SUPPLEMENTARY INFORMATION**

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Schedule of Expenditures of Federal Awards  
June 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA/ Grant Number</u>	<u>Federal Expenditures</u>
Student Financial Assistance Cluster		
U.S. Department of Education		
Federal Pell Grant Program	84.063	\$ 23,360,304
Federal Pell Grant Program - Prior Year ROF	84.063	(11,437)
Federal Supplemental Educational Opportunity Grants	84.007	275,425
Federal Direct Loans	84.268	16,589,715
Federal Direct Loans - Prior Year	84.268	(16,633)
Federal Work-Study Program	84.033	<u>273,678</u>
Total Student Financial Assistance Cluster		40,471,052
Other Federal Programs		
Small Business Administration		
Small Business Development Center Grant	59.037	138,702
National Science Foundation -		
Northern NJ Bridges to the Baccalaureate Degree	47.076	7,490
U.S. Department of Justice		
Office on Violence Against Women Grant	16.525	62,203
U.S. Department of Education		
Passed through the State of New Jersey -		
Carl D. Perkins Vocational and Applied Technology Art	84.048	645,937
Title V: Developing Hispanic Serving Institutions	84.031S	567,955
Title V: HSI STEM GPS Grant	84.031C	785,089
Transition Program for Students with Intellectual Disabilities	84.407A	510,167
Department of Labor Employment and Training Administration		
Trade Adj Assistance Community Colleges & Career		
Training (TAACCT)	17.282	243,350
U.S. Department of Health & Human Services -		
HPOG: Health Professions Opportunity Grant	93.093	5,164,793
Substance Abuse and Mental Health Services	93.243	<u>114,743</u>
Total Other Federal Programs		<u>8,240,429</u>
Total Expenditures of Federal Awards		<u>\$ 48,711,481</u>

See independent auditors' report and accompanying notes to schedules of expenditures of Federal and State Awards

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Schedule of Expenditures of State Awards  
June 30, 2015

State of New Jersey Grantor/Program	State of New Jersey Account/ Grant Number	FY 2015 Award Amount	Grant Period	State Expenditures
<b>Student Financial Assistance</b>				
New Jersey Department of Treasury				
Tuition Aid Grant 2014 - 2015	2405-100-074-2405- 007-KKKK-6150	\$ 5,156,213	7/1/14-6/30/15	\$ 5,156,213
EOF Article III 2014 - 2015	2401-100-074-2401- 001-KKKK-6140	322,897	7/1/14-6/30/15	322,897
EOF Article III Summer 2014 - 2015	2401-100-074-2601- 001-KKKK-6140	69,515	7/1/14-6/30/15	69,515
EOF Title IV 2014 - 2015	2401-100-074-2401- 002-KKKK-6140	103,255	7/1/14-6/30/15	103,255
New Jersey STARS 2014 - 2015	100-074-2405-313- STARS	433,244	7/1/14-6/30/15	433,244
New Jersey Class Loans 2014 - 2015	NJCL	<u>62,414</u>	7/1/14-6/30/15	<u>62,414</u>
Total Student Financial Assistance		<u>6,147,538</u>		<u>6,147,538</u>
<b>Other State of New Jersey Programs</b>				
New Jersey Department of Education				
Integrated English Literature & Civics Education 2014 - 2015	ABS-FY14002	339,289	7/1/14-6/30/15	339,289
New Jersey Department of Community Affairs				
Uniform Construction Code	8015-100-022-8015 036-F311-6130	9,754	7/1/14-6/30/15	9,754
New Jersey Office of Homeland Security				
Urban Area Security Initiative - UASI	97.008 EMW-20912SS- 00032-S01	157,000	7/1/14-6/30/15	157,000
Urban Area Security Initiative - UASI Phase II		4,000	7/1/14-6/30/15	4,000
New Jersey Council of County Colleges				
College Readiness Now	Not available	23,564	7/1/14-6/30/15	23,564
New Jersey Department of Labor & Workplace Development				
Literacy Innovation Grant	Not available	8,352	7/1/14-6/30/15	8,352
New Jersey Small Business Development				
Small Business Development Center 2014 - 2015	Not available	12,759	7/1/14-6/30/15	12,759
New Jersey Department of Treasury				
Operational Costs - County Colleges	01-100-082-2155-015	12,184,228	7/1/14-6/30/15	12,184,228
Alternate Benefit Program	01-100-082-2155-017	1,775,062	7/1/14-6/30/15	1,775,062
<b>State of New Jersey</b>				
Secretary of Higher Education				
Building Our Future Bond Act	004-01	12,750,000	3/1/14-6/30/15	5,179,339
New Jersey Educational Facilities Authority				
Higher Education Equipment Leasing Fund Program	004-03	2,023,000	1/1/14-6/30/15	1,944,155
Higher Education Technology Infrastructure Fund Program	004-04	<u>1,071,000</u>	1/1/14-6/30/15	<u>81,875</u>
Total Other State of New Jersey Programs		<u>30,358,008</u>		<u>21,719,377</u>
Total Expenditures of State Awards		<u>\$ 36,505,546</u>		<u>\$ 27,866,915</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Schedules of Expenditures of Federal and State Awards  
June 30, 2015

**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 position 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, 2015. During the fiscal year ended June 30, 2015, the College processed \$16,573,082 under the Federal Loan Program.

**3. Alternate Benefit Program**

During the year ended June 30, 2015, the State of New Jersey, Department of Treasury made payments on behalf of Bergen Community College to the Alternate Benefit Program of \$ 1,775,062. 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 year ended June 30, 2015. The June 30, 2015 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 \$5,164,793 and for the Transition Programs for Students with Intellectual Disabilities into Higher Education (Federal CFDA 84.407A) of \$510,167 for the year ended June 30, 2015.

**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***

**Independent Auditors' Report**

**The Board of Trustees  
Bergen Community College  
Paramus, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Bergen Community College (the College), a component unit of the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 15, 2015. Our report includes a reference to other auditors who audited the financial statements of the Bergen County College Foundation (the Foundation), a discretely presented component unit as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

***Internal Control over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*O'Connor Davies, LLP*

Paramus, New Jersey  
December 15, 2015

**Report on Compliance for Each Major Program and Report on Internal Control Over  
Compliance Required by OMB Circular A-133 and New Jersey OMB Circular Letter 04-04**

**Independent Auditors' Report**

**The Board of Trustees  
Bergen Community College  
Paramus, New Jersey**

***Report on Compliance for Each Major Federal and State Program***

We have audited Bergen Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Bergen Community College's major federal and state programs for the year ended June 30, 2015. Bergen Community 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Bergen Community College's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, Bergen Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

O'CONNOR DAVIES, LLP

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## ***Report on Internal Control over Compliance***

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

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

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

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

*O'Connor Davies, LLP*

Paramus, New Jersey  
December 15, 2015

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Schedule of Findings and Questioned Costs  
June 30, 2015

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

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

***Federal and State Awards***

Internal control over major federal and state programs:

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

Type of auditors' report issued on compliance for major federal and state programs: Unmodified

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?  Yes  No

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Schedule of Findings and Questioned Costs  
June 30, 2015  
(Continued)

**Section 1 – Summary of Auditors’ Results (continued)**

Identification of major federal and state programs:

<u>CFDA Number/ State Account Number</u>	<u>Name of Federal and State Program or Cluster</u>
<b>Federal:</b>	
84.063/84.007/84.033/84.268	U.S. Department of Education-Student Financial Aid Cluster
84.031S	Title V: Developing Hispanic Serving Institutions
84.031C	Title V: HSI STEM GPS Grant
84.407A	Transition Program for Students with Intellectual Disabilities
93.093	HPOG: Health Professions Opportunities Grant
17.282	Carl D. Perkins Vocational and Applied Technology Art
<b>State:</b>	
Various	Student Financial Assistance Cluster
01-100-082-2155-015	Operational Costs - County Colleges
01-100-082-2155-017	Alternate Benefit Program
004-01	Building Our Future Bond Act
004-03	Higher Education Equipment Leasing Fund Program
004-04	Higher Education Technology Infrastructure Fund Program

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

Federal	<u>\$300,000</u>
State	<u>\$836,007</u>

Auditee qualified as low-risk auditee?  Yes  No

**Section 2 – Financial Statement Findings**

During our audit, we noted no material findings for the year ended June 30, 2015.

**Section 3 – Federal and State Awards Findings and Questioned Costs**

During our audit, we noted no material instances of non-compliance for the year ended June 30, 2015.

**Section 4 – Prior Year Findings**

There are no prior year findings.