

Report of Audit

Fiscal Year Ended June 30, 2012



CAMDEN COUNTY COLLEGE
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INTRODUCTORY SECTION

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

Camden County College
Members of the Board of Trustees
As of June 30, 2012

NAME

Kevin G. Halpern, Chair
Sandee G. Vogelson, Vice Chair
Louis F. Cappelli, Sr., Treasurer
Hazel T. Nimmo, Secretary
Annette Castiglione
Susan R. Croll
Steven J. Greenfogel
Anthony J. Maressa
Wilbert Mitchell
Margaret J. Nicolosi (Executive County Superintendent of Schools)
Helen Albright Troxell
Angelica Santiago, Alumna Trustee

COLLEGE OFFICIALS

Dr. Raymond Yannuzzi, President
Sivaraman Anbarasan, Executive Dean of Continuing Education
Helen Antonakakis, Executive Assistant to the President
Dr. James Canonica, Executive Dean of Enrollment & Student Services
Edward Carney, Executive Director of Safety and Facilities
Rose Coston-McHugh, Executive Director of Human Resources
Dr. Margaret Hamilton, Vice President for Academic Affairs
Darrell McMillon, Chief Information Officer
Patricia Meehan, Chief Financial Officer
William Thompson, Vice President for Institutional Advancement
Richard Shapiro, Esq., College Counsel

FINANCIAL SECTION

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and
Members of the Board of Trustees
Camden County College
Blackwood, New Jersey 08012

We have audited the accompanying basic financial statements of the business-type activities of Camden County College, State of New Jersey, a component unit of the County of Camden, State of New Jersey, as of and for the fiscal years ended June 30, 2012 and 2011, which collectively comprise the College's basic financial statements as listed in the table of contents and the financial statements of the discretely presented component unit (Camden County College Foundation) for the fiscal years ended June 30, 2012 and 2011. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Department of Treasury, State of New Jersey. The financial statements of the discretely presented component unit (Camden County College Foundation) were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Camden County College, State of New Jersey, and the discretely presented component unit, as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2012 on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis (MD&A) as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The College has presented certain information in management's discussion and analysis that is not required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the College. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance Programs are the responsibility of management and were derived from and relate 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 of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
December 3, 2012

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

The Honorable Chairman and
Members of the Board of Trustees
Camden County College
Blackwood, New Jersey 08012

We have audited the accompanying basic financial statements of the business-type activities of Camden County College, State of New Jersey, a component unit of the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Department of Treasury, State of New Jersey. The financial statements of the discretely presented component unit (Camden County College Foundation) were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We did note certain matters that we reported to the management of the College in a separate letter dated December 3, 2012.

Compliance and Other Matters

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
December 3, 2012

REQUIRED SUPPLEMENTARY INFORMATION

This discussion and analysis of Camden County College's financial performance provides an overall review of the College's financial activities for the fiscal year ended June 30, 2012. The intent of this review is to look at the College's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the College's financial performance.

This narrative explaining Management's review and analysis of the June 30, 2012 statements is divided into the following five parts:

- An overview of all of the College's financial statements and notes included in this report.
- An analysis of the College's Statement of Net Assets.
- An analysis of the College's Statement of Revenues, Expenditures and Changes in Net Assets.
- A review of factors that will effect the College's future financial statements.
- An analysis of the College Foundation's financial activity.

Overview of the Financial Statements

The first section of the report contains management's discussion and analysis, the basic financial statements and the accompanying note disclosures. For FY2012, the College included comparative data for FY2012 and FY2011 in the Notes to the Financial Statements. The following three financial statements are prescribed by the Governmental Accounting Standards Board (GASB): the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements demonstrate the net value of assets and the results of operations on a college-wide basis. These statements also include the most recent audited financial statements for the Camden County College Foundation as a component unit in accordance with GASB 39.

Throughout this analysis, the reader will note the impact of several events:

- Credit student enrollment decreased 5.78% to 306,719 during FY2012 and decreased 5.45% to 325,541 total credit hours during FY2011. Credit student enrollment was 344,301 for FY2010.
- The College continues to experience increases in accounts receivable from multiple sources including a slowdown in payments from students and governmental entities.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Net Assets

The Statement of Net Assets includes all assets, liabilities, and net assets of the entire College. Current (available within one year) assets are distinguished from non-current (capital) assets. Liabilities are also distinguished between current (short term) and non-current (long term). As summarized in Table 1, net assets are displayed as:

- Amounts invested in capital assets (net of debt).
- Restricted assets.
- Unrestricted assets.

Table 1: Statement of Net Assets as of June 30 (In Millions)

	2012	2011	2010	12 to 11 Percent Change	11 to 10 Percent Change
<u>Assets</u>					
Current Assets	\$ 37.24	\$ 29.51	\$ 23.34	26.2%	26.4%
Non-Current Assets:					
Capital Assets, net of Depreciation	144.79	94.87	92.63	52.6%	2.4%
Total Assets	182.03	124.38	115.97	46.3%	7.3%
<u>Liabilities</u>					
Current Liabilities	19.33	15.44	12.61	25.2%	22.4%
Non-Current Liabilities	22.37	22.48	8.69	-0.5%	158.7%
Total Liabilities	41.70	37.92	21.30	10.0%	78.0%
<u>Net Assets</u>					
Investment in Capital Assets, net	122.96	72.35	84.76	70.0%	-14.6%
Restricted	9.23	5.81	3.58	58.9%	62.3%
Unrestricted	8.13	8.30	6.33	-2.0%	31.1%
Total Net Assets	\$ 140.32	\$ 86.46	\$ 94.67	62.3%	-8.7%

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Net Assets(Cont’d)

Total Assets, which are composed of current assets and non-current or capital assets, increased in each of the last two years, by 46.3% in FY2012 and 7.3% in FY2011. The increases are primarily a result of increases in accounts receivable and a partial decrease in cash and cash equivalents.

Current assets for FY2012 increased by \$7.73 million (26.2%) resulting from a decrease in cash and cash equivalents and an increase in accounts receivable of \$16.67 million (149.5%) Current assets for FY2011 increased by \$6.17 million (26.5%) resulting from an increase in cash and cash equivalents, an increase in accounts receivable and an increase in prepaid expenses. The accounts receivable increase was comprised of an increase in County and Federal receivables, partially offset by a decrease in other receivables.

Table 2: Comparison of Current Assets (In Millions)

	2012	2011	2010	12 to 11 Percent Change	11 to 10 Percent Change
Cash & Cash Equivalents	\$ 8.64	\$ 17.57	\$ 11.90	-50.8%	47.6%
Accounts Receivable, net	27.82	11.15	10.40	149.5%	7.2%
Inventories	0.02	0.02	0.02	0.0%	0.0%
Prepaid Expenses	0.76	0.77	1.01	-1.3%	-23.8%
Total Current Assets	\$ 37.24	\$ 29.51	\$ 23.33	26.2%	26.5%

Over the examined three-year period, combined cash/cash equivalents and net accounts receivable have remained relatively stable at approximately 97.0% of current assets. The FY2012 increase in accounts receivable reflect an increase in Student, Federal and County receivables, partially offset by a decrease in the State receivable. FY2011 accounts receivable reflect an increase in student accounts and corresponding increases in Federal, and County receivables. The county increase is a result of amounts due for billings by the College in costs associated with the College’s construction costs funded by County Bonds.

Table 3: Comparison of Accounts Receivable (In Millions)

	2012	2011	2010	12 to 11 Percent Change	11 to 10 Percent Change
Student	\$ 2.11	\$ 1.44	\$ 0.79	46.5%	82.3%
Federal	4.12	3.88	3.56	6.2%	9.0%
State	0.02	0.09	0.66	-77.8%	-86.4%
County	19.44	4.58	3.83	324.5%	19.6%
Other	2.13	1.16	1.57	83.6%	-26.1%
Total Receivables	\$ 27.82	\$ 11.15	\$ 10.41	149.5%	7.1%

Statement of Net Assets(Cont’d)

The amount due from the federal government is primarily for student financial aid. In FY2012, the receivable accounts from the federal government increased by only \$238,464 (6.2%). For FY2011, the Federal receivable increased \$314,973 (9.0%). The amount due in this receivable at fiscal year-end is dependent on the College’s ability to document the draw-downs required to balance the federally funded student financial aid programs.

The State of New Jersey receivable decreased from FY2012 by \$76,840 (77.8%) and a decrease in FY2011 by \$565,344, or (86.4%).

The receivable from Camden County fluctuates over the three year period due to the annual fluctuation in the Board of School Estimates calculation of the College’s appropriation. The statutory calculation of the County appropriation has both “up years” and “down years” as the result of a reduction in the County appropriation over a decade ago. As shown in the following table, in “up years” the College will record deferred County revenue and conversely, a receivable for County revenue will be recorded in “down” years. In FY2010, the College experienced a delay in its receipt of the County appropriation for June 2010 and subsequently recognized a receivable due from the county.

Table 4: County Aid Fluctuations

	FY 2012 "Down Year"	FY 2011 "Up Year"	FY 2010 "Down Year"
County Revenue Based on Board of School Estimates	\$ 9,725,814	\$ 9,998,756	\$ 9,725,814
Actual County Payments Received	10,633,141	10,251,698	9,624,704
Accounts Receivable or (Deferred Revenue)	(907,327)	(262,942)	101,110

In addition to the fluctuating receivable/deferred revenue of the annual County appropriation, there are other County receivables for funded capital projects. Since payment is made on a reimbursement basis, billing cannot occur until the payable is liquidated and the contractors are paid. The receivable for capital projects was \$19,367,459, \$4,524,773, and \$3,612,585 in FY2012, FY2011 and FY2010 respectively.

Receivable accounts classified as “other” include receivables for facility partnerships, customized training programs, and insurance claims. For FY2012, the college experienced an increase in receivables in the amount of \$909,328 or (83.6%). For FY2011, the college experienced a decrease in other receivables in the amount of \$407,872 that included reductions in non-credit and credit other accounts receivables.

Concluding the analysis of assets, we need to review the second component: non-current or capital assets. Capital assets have grown by a net amount of \$52.153 million over the three year period covering FY2010 to FY2012. This growth is the result of multiple capital projects: the majority of the completion Ring Road, the completion of construction and renovation of Madison Hall the Connector Building, the Science Building the later four being all part of Phase I&II of the Freeholder Initiative and the acquisition of the RETC Building located at Lakeland.

**Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011**

Statement of Net Assets(Cont’d)

The additions to capital assets were partially offset by annual depreciation of approximately \$3.954 million for FY2012. Consistent with guidance in GASB 35, the College began including depreciation on its financial statements for the year ended June 30, 2002. Prior to FY2005, 41% of the College’s assets were non-depreciable.

As shown in Table 5 below, the College had \$144.78 million invested in land, buildings, furniture, equipment and other assets as of June 30, 2012.

Table 5: Calculation of Capital Asset Balances (In Millions)

	FY 2010	FY 2011	FY 2011	FY 2011		FY 2012	FY 2012	FY 2012
	Balance	Net	Depr.	Balance		Net	Depr.	Balance
		Additions	Expense		Adjustments	Additions	Expense	
Land	\$ 3.86			\$ 3.86		5.60		9.46
Construction in Progress	25.95	\$ (19.89)		6.06		30.32		36.38
Bond Issue Costs	0.17	(0.02)		0.15		(0.03)		0.12
Land Improvements	1.32	(0.17)	(0.05)	1.10	0.77	2.15	(0.11)	3.91
Buildings	55.81	24.66	(1.94)	78.53	1.03	13.52	(3.25)	89.83
Infrastructure	1.59	0.29	(0.06)	1.82		0.18	(0.07)	1.93
Equipment	2.69	0.96	(0.58)	3.07	(1.57)	0.86	(0.35)	2.01
Grouped Furniture	0.93	0.13	(0.13)	0.93	(0.93)			-
Vehicles	0.11		(0.03)	0.08	(0.14)	1.13	(0.09)	0.98
Assets under Capital Lease	0.16		(0.09)	0.07			(0.07)	-
Capitalized Software	-			-		0.13		0.13
Library Books	0.04			0.04			(0.01)	0.03
	\$ 92.63	\$ 5.96	\$ (2.88)	\$ 95.71	\$ (0.84)	\$ 53.86	\$ (3.95)	\$ 144.78

Also displayed in the Statement of Net Assets, summarized in Table 1 are current and non-current liabilities. Total liabilities were \$41.70 million, \$37.92 million, and \$21.30 million in FY2012, FY2011 and FY2010 respectively. For FY2012, the College recorded non-current liabilities in the amount of \$22.37 million representing the College’s obligation due related the Camden County Capital Investment Initiative.

Current liabilities are composed of payables due within the next fiscal year, the current portion of long-term debt and deferred revenue. Accounts payable were \$10,439,982, \$6,344,900 and \$4,933,189 in FY2012, FY2011 and FY2010 respectively. In all the fiscal years presented in this report, over 25% of these payables are amounts due to contractors based on the College’s retainage on construction contracts. Although technically due to various contractors, these funds are generally equal to 10% of the completed work and are withheld until the project is completed satisfactorily. Another 44% of these liabilities represent the College’s current liabilities for operations.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Net Assets(Cont’d)

The current portion of long-term debt, the amount of long-term debt due within the next fiscal year decreased by \$77,373. The current portion of long-term debt represents amount due for debt service on capital improvement projects and the amount due on the mortgage for the parking garage. Camden County holds a mortgage on the facility that is paid from the proceeds of the parking garage operations. The current portion of the Long-term debt is reflected in the amounts of \$1,008,347 and \$1,085,700 for fiscal years 2012 and 2011, respectively.

As previously discussed, the College alternately recognizes receivable or deferred revenue for its County appropriation. In FY2012 deferred revenue is \$907,327 and 268,942 for FY2011. In addition the college recognized deferred revenue for tuition and fees and summer Pell receipts. Deferred tuition and fee revenue is 6,599,428 for FY2012 and 6,999,753 for FY2011.

Non-current liabilities include the accrual of compensated absences and the long-term portion of liabilities that include an existing mortgage on the Camden Technology Center and the recording of \$13.1 million of capital leases payable representing the College’s obligation due related to the Camden County Capital Investment Initiative. As shown in Table 6, total non-current liabilities were relatively constant between the comparative fiscal years exception for the increase in capital leases.

Table 6: Comparison of Annual Non-Current Liabilities (In Millions)

	2012	2011	2010	12 to 11 Percent Change	11 to 10 Percent Change
Accrued Compensated Sick Leave	\$ 1.28	\$ 0.92	\$ 0.90	39.1%	2.2%
Accrued Compensated Vacation Leave	1.79	1.69	1.70	5.9%	-0.6%
Capital Leases Payable	13.36	13.90	0.10	-3.9%	13800.0%
Camden Technology Center Mortgage	5.94	5.97	5.99	-0.5%	-0.3%
Total	\$ 22.37	\$ 22.48	\$ 8.69	-0.5%	158.7%

The total liability, current and non-current, for compensated absences was \$3,604,661, \$2,938,994, in FY2012, FY2011 and respectively. This liability represents full funding of earned but unused vacation time payable at employees’ separation as well as funding of estimated earned but unused sick time that would be paid to retiring employees. The annual fluctuations reflect the pattern of individual staff vacation schedules and illnesses. For FY2012, the liabilities for compensated absences increased by 20% or \$588,367. For FY2011, the liabilities increased \$25,000 or 3.46%.

Statement of Net Assets(Cont’d)

In addition, the College recorded non-current liabilities in the amount of \$13.1 million representing the College’s obligation due related to the Camden County Capital Investment Initiative and 5.9 million for the mortgage payable on the parking garage.

The final component of the Statement of Net Assets, summarized in Table 1, is net assets. Conceptually, net assets are similar to the College’s previous fund balances. Net assets are composed of capital assets like buildings and equipment as well as more liquid assets that are designated as either restricted or unrestricted. Table 7 summarizes the components of the College’s net assets in the previous three fiscal years.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Table 7: Comparison and Composition of Net Assets as of June 30

	2012	2011	2010	12 to 11 Dollar Change	11 to 10 Dollar Change
<u>Investment in Capital Assets</u>					
Investment in Plant Fund Balance	\$ 86,582,423	\$ 67,129,360	\$ 58,808,002	\$ 19,453,063	\$ 8,321,358
Construction in Progress	36,380,778	6,056,198	25,950,218	30,324,580	(19,894,020)
Total	122,963,201	73,185,558	84,758,220	49,777,643	(11,572,662)
<u>Restricted Net Assets</u>					
Restricted Fund Balance	5,675	5,675	5,675	-	-
Financial Aid Fund Balance	81,314	92,272	92,272	(10,958)	-
Peter Cheeseman Facility Reserve	3,424	3,424	3,424	-	-
Reserve for Parking Garage	368,370	327,335	279,785	41,035	47,550
Reserve for Camden Campus:					
Renewal and Replacement	301,789	306,009	306,009	(4,220)	-
Reserve for FY 2012 Operations	3,630,000	3,442,942	1,742,607	187,058	1,700,335
Unexpended Plant Fund Balance,					
Net of Construction in Progress	4,843,147	1,041,083	1,153,416	3,802,064	(112,333)
Stabilization Reserve		594,341		(594,341)	594,341
Total	9,233,719	5,813,081	3,583,188	3,420,638	2,229,893
<u>Unrestricted Net Assets</u>					
Current Fund Balance	8,130,562	8,300,398	6,333,229	(169,836)	1,967,169
	\$ 140,327,482	\$ 87,299,037	\$ 94,674,637	\$ 53,028,445	\$ (7,375,600)

For FY2012 the College experienced an increase in Net Assets of \$53.01 million and for FY2011 a decrease in Net Assets of \$7.37. The increase is primarily attributable to the increases in investment in plant and construction in progress due to the Blackwood Transformation Initiative.

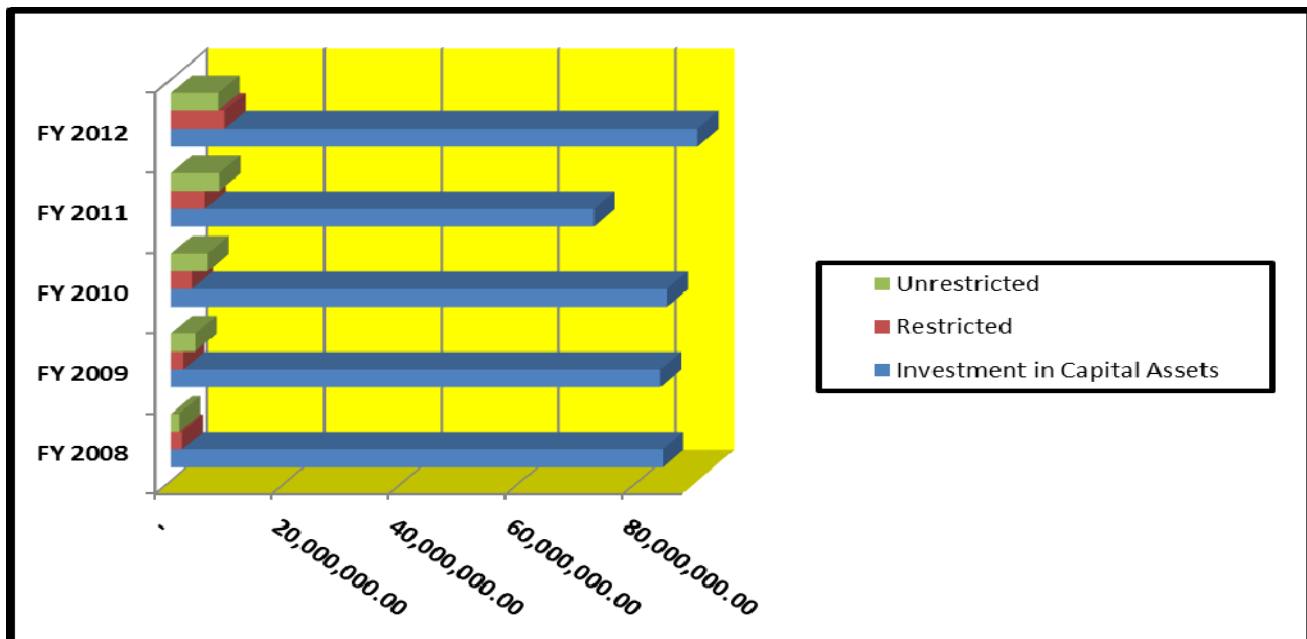
Restricted net assets for FY2012 increased by \$3.49 million. For FY2012 restricted net assets increased by \$3.5 million primarily due to the increase in the Plant Fund. Within this category is the stabilization reserve. The stabilization reserve fund is established every other fiscal year in order to equalize annual appropriations from Camden County. Budgeting and spending at the artificial levels of the Board of School Estimates calculation was extremely problematic for the College. Therefore, the College established a stabilization reserve in FY1999 to address these differences. The College now budgets and spends at the level of the County calendar year appropriation. The difference between the calendar appropriation and the statutory calculation is either “banked” or “spent” depending on whether it is an “up” or “down” year. During FY2006, the College established a reserve for the parking garage in accordance with the 2002 Revenue Bond documents and continues to reserve funds on an annual basis.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Net Assets(Cont’d)

Finally, for FY2012, the Unrestricted Fund Balance decreased from \$8,300,398 to \$8,130,562. The Current Unrestricted Fund Balance decreased by \$169,836. As stated below, FY2012 reserves are above the Board of Trustees’ policy.

By Board policy, the Current Fund balance is targeted between 7.5% and 10% of total operating revenues. As a result of operations for fiscal year FY2012, \$47,777 was added to the current fund reserve. The Current Unrestricted Fund Balance for FY2012 is at 11% of operating revenues which is slightly over the target.



The composition of the College’s net assets shows a financially viable but tightly run institution. Unrestricted net assets make up only 5% of the total net assets. 12.4% of the net assets are relatively liquid assets as opposed to capital assets that must be sold to raise funds. The expected consistency between all three fiscal years is reflected in the preceding graph.

Statement of Revenues, Expenses and Change in Net Assets

The next statement in the first section of the audit report is the Statement of Revenues, Expenses and Changes in Net Assets (SRECNA). The SRECNA reports the results of college-wide operations using the business model prescribed by GASB. This model defines operating revenues as tuition and fees (net of scholarships), direct financial aid related to students’ tuition and fees, and other miscellaneous sources. Non-operating revenues include the state and county appropriations as well as investment earnings. Expenses related to the operational purposes of the College are functionally displayed. Table 8 summarizes this year’s SRECNA and provides comparative data for the prior fiscal years.

As seen in Table 8, operating expenses decreased slightly over the period, decreasing by (12.98%) for FY2012 and by (12.53%) for FY2011. Operating revenues for FY2012 increased by 3.79% for FY2012. The largest component of operating revenues is student tuition and fees paid both by students directly and through state and federal financial aid. During FY2012, the Financial Aid revenue remained fairly constant at \$28.3 million. College experienced an increase in scholarships, inclusive of federal grants and contracts of \$3.96 million. The College experienced credit enrollment decreases of 5.8% during FY2012 and 5.4% during FY2011.

Overall, operating Revenue increased by 3.79% primarily due to an increase in other revenues of \$2.38 million. This was the result of additional rentals and a one-time payment from ABP for adjuncts. Tuition and fees increased by 1.49% due to the increase in tuition.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

Table 8: Statement of Revenues, Expenses & Changes in Net Assets for the Year Ended June 30 (In Millions)

	2012	2011	2010	12 to 11 Dollar Change	11 to 10 Dollar Change
Operating Revenues					
Student Tuition and Fees, net	\$ 33.80	\$ 32.31	\$ 34.47	\$ 1.49	\$ (2.16)
State and Local Grants and Contracts	4.79	4.90	7.10	(0.11)	(2.20)
Federal Grants and Contracts	27.12	27.00	25.70	0.12	1.30
Nongovernmental Grants and Contracts	0.16	0.09	0.03	0.07	0.06
Chargeback Revenue	0.06	0.07	0.09	(0.01)	(0.02)
Auxiliary Enterprises	0.87	1.02	0.66	(0.15)	0.36
Other Operating Revenues	4.73	2.35	2.24	2.38	0.11
Total Operating Revenue	71.53	67.74	70.29	3.79	(2.55)
Operating Expenses					
Instruction	28.48	27.57	27.07	0.91	0.50
Public Services	1.35	0.95	1.30	0.40	(0.35)
Academic Support	8.47	8.74	8.43	(0.27)	0.31
Student Services	8.08	8.18	7.92	(0.10)	0.26
Institutional Support	11.78	12.05	12.41	(0.27)	(0.36)
Student Aid	11.10	13.97	11.61	(2.87)	2.36
Operation and Maintenance of Plant	14.62	27.33	16.68	(12.71)	10.65
Depreciation	3.95	2.89	2.54	1.06	0.35
Amortization		0.02	0.02	(0.02)	-
Other expenses	1.86	0.97	2.16	0.89	(1.19)
Total Operating Expenses	89.69	102.67	90.14	(12.98)	12.53
Operating Loss	(18.16)	(34.93)	(19.85)	16.77	(15.08)
Non-Operating Revenues (Expenses)					
State Appropriations	10.15	10.54	11.21	(0.39)	(0.67)
County Appropriations	9.72	9.72	9.72	-	-
State and Local Grants and Contracts	0.15	0.08		0.07	0.08
Federal Stimulus			0.66	-	(0.66)
Investment Income Earned		0.03	0.54	(0.03)	(0.51)
Insurance Claims-Revenue		1.87	0.18	(1.87)	1.69
On-Behalf Payments:					
State of N.J. Alternative Benefits Program:					
Revenues	0.95	0.93	0.86	0.02	0.07
Expenses	(0.95)	(0.93)	(0.86)	(0.02)	(0.07)
Total Non-Operating Revenues	20.02	22.24	22.31	(2.22)	(0.07)
Income (Loss) before Other Revenues	1.86	(12.69)	2.46	14.55	(15.15)
Capital Grants and Contributions	52.01	5.31	2.61	46.70	2.70
Increase (Decrease) in Net Assets	53.87	(7.38)	5.07	61.25	(12.45)
Net Assets					
Net Assets - Beginning of Year	86.46	93.84	88.77	(7.38)	5.07
Net Assets - End of Year	\$ 140.33	\$ 86.46	\$ 93.84	\$ 53.87	(7.38)

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

Due to changes in the FAFSA (Free Application for Federal Student Aid) and the state requiring additional data elements we saw a \$1,514,406 decrease in state funding in FY2011. For the current award year the state has worked with the Department of Education to assist students in submitting this information so they can be evaluated for state grant eligibility.

Students at the College are also borrowing less; which keeps their student loan indebtedness down. This is an area where the College wants student usage to decrease. In FY2012 students borrowed \$187,792 less than in FY2011.

Table 9: Comparison of Financial Aid Program Revenue

	2012	2011	2010	2009	2008
Federal Grants					
Pell Grants	\$ 23,052,006	\$ 22,790,870	\$ 21,697,019	\$ 13,376,676	\$ 10,408,940
Loan Programs	11,217,492	11,405,284	14,955,185	12,847,123	10,906,922
Other Federal Aid	804,733	826,281	1,013,057	594,842	965,505
State Grants					
Tuition Aid Grant	3,428,679	3,481,174	4,995,580	3,698,578	3,058,318
Other State Grants	968,761	1,232,225	1,771,545	1,703,390	1,224,708
Total	\$ 39,471,671	\$ 39,735,834	\$ 44,432,386	\$ 32,220,609	\$ 26,564,393
% Change	-0.66%	-10.57%	37.90%	21.29%	22.54%

Seventy-four percent of the College’s revenues are classified as operating revenues while 22% are classified by GASB as non-operating revenues for FY2011. Similarly for FY2010, 78% percent of the College’s total revenues are classified as operating revenues while 26% are classified as non-operating revenues. Non-operating revenues include operating appropriations from the State and County as well as grants or contracts that are not related to student tuition and fees. As a public county college, the College views these annual subsidies as appropriate operating revenues. Non-operating revenues also include funding sources for the County’s Capital Initiative.

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

Non-operating revenues were \$20.02 and \$22.24 million in FY2012 and FY2011, respectively. These changes were the net result of the following shifts.

- Our calculated state operating appropriation was \$10,151,513 and \$10,540,430 in FY2012 and FY2011 respectively. Camden County operating appropriation was \$9,725,814 for FY2012 and FY2011.
- Capital Grants and Contacts were \$52,006,843 in FY2012 and \$5,310,439 in FY2011. The large increase in FY2012 was due to the capital revenue for the college’s ring road, science building and the acquisition of the Helene Fuld building and the RETC building in Lakeland.
- Other non-operating revenues were \$150,421 in FY2012 and \$1,979,761 in FY2011. The composition of these non-operating revenues consists of investment earnings, gifts and donations and insurance claims proceeds. In FY2011, non-operating revenues were higher due to the receipt of \$1,874,979 in insurance proceeds from the community center fire.

Figure 5 below graphically displays the components of the College’s total operating and non-operating revenue in FY2012. Table 10 displays the composition of revenues from FY 2008 to FY 2012.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Figure 5: Composition of FY2012 Revenues

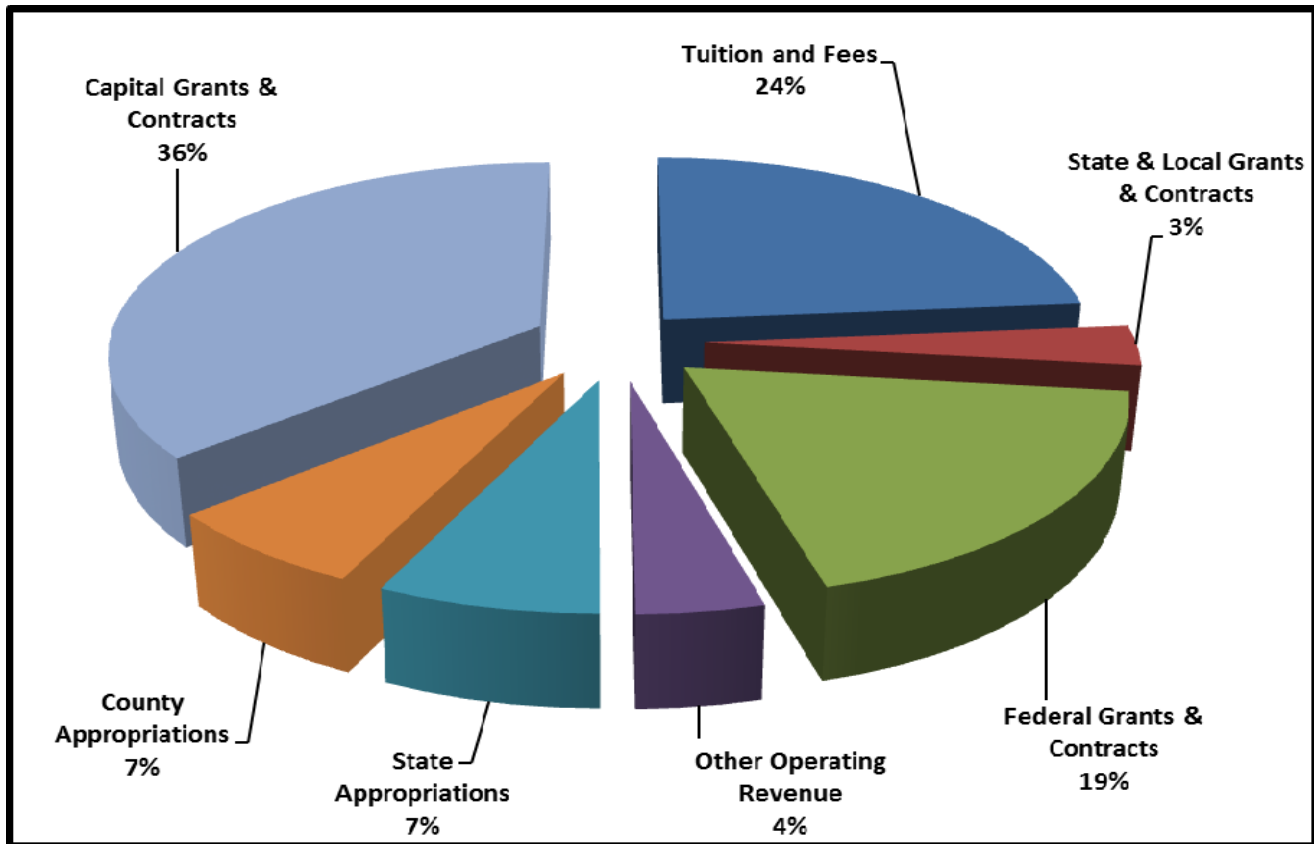


Table 10: Composition of Total Revenues

	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>
Tuition and Fees	24%	35%	37%	35%	32%
State & Local Grants & Contracts	3%	5%	8%	7%	6%
Federal Grants & Contracts	19%	29%	27%	18%	16%
Other Operating Revenue	4%	4%	3%	3%	3%
State Appropriations	7%	11%	12%	13%	15%
County Appropriations	7%	10%	10%	13%	10%
Capital Grants & Contracts	36%	6%	3%	2%	11%

As noted in Table 8, operating expenses decreased \$12.98 million or 13% from FY2011 to FY2012. The only notable change in FY2012 was a \$12.71 decrease in operation and Maintenance of Plant. The favorable weather coupled with the energy cooperative agreements with the county as well as the college’s energy initiatives contributed to the lower costs.

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

Approximately 66% of the College’s expenditures are devoted to instruction and other services for students. The remaining 34% of the College’s expenses are devoted to operation and maintenance of over 970,554 square feet of College facilities, depreciation and other institutional support. Expenses categorized as institutional support include those expenses not specifically attributable to one organizational unit of the College; it includes such expenses as property/casualty insurance and information technology.

Compared to other New Jersey county colleges, Camden County College is very cost efficient. For FY2011 the college had an operating cost of 6,064 per full-time equivalent and for FY2010, the College had an operating cost of \$5,610 per full-time equivalent student. This compares to the statewide average of \$6,715 for FY2011 a decline of 2.6%.

Camden County College – Management’s Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

Figure 6 is a graphical illustration of operating expenses by function. Expenses by function are detailed in Table 8.

Figure 6: FY2012 Expenditures by Function

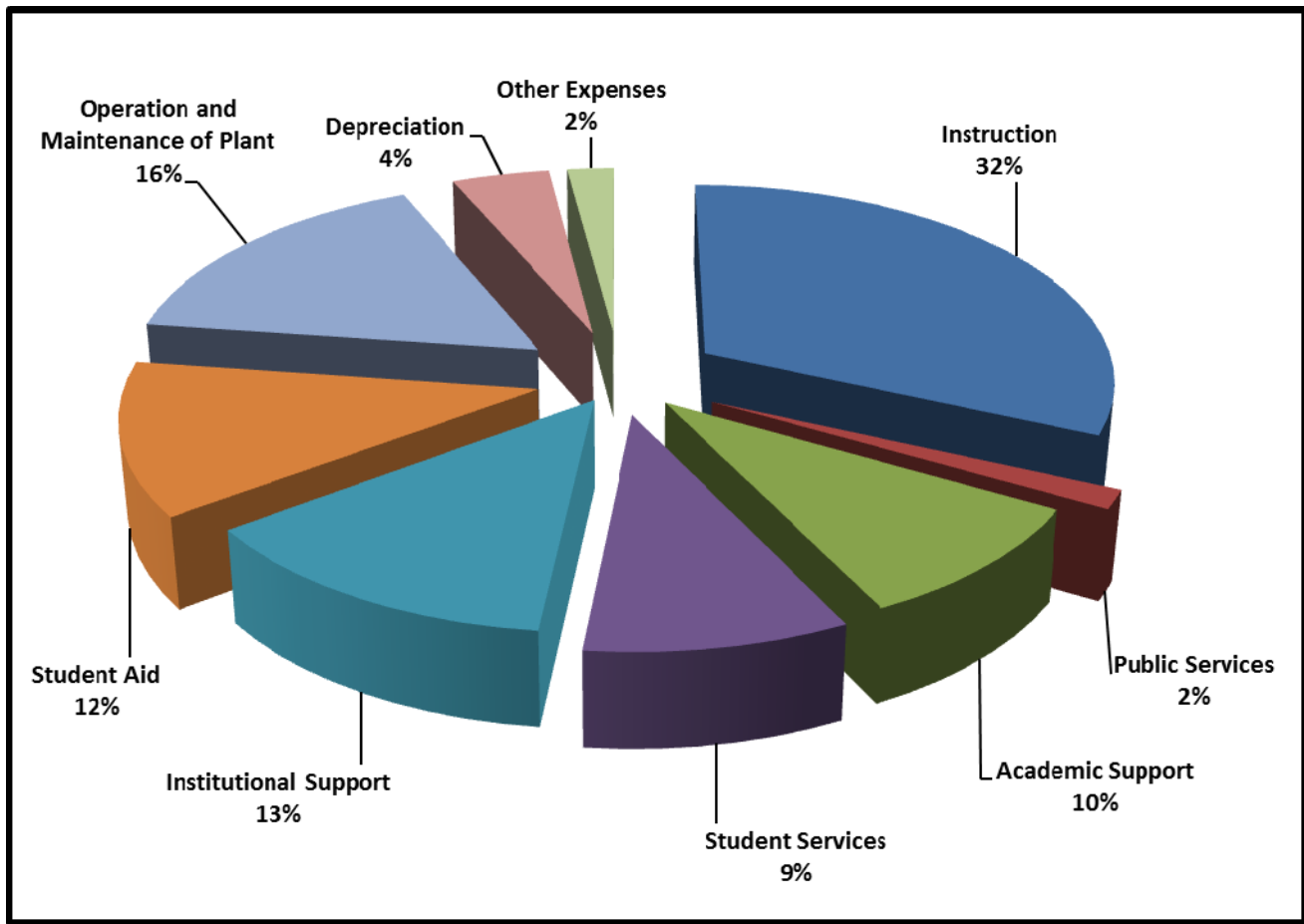


Table 11 displays the College’s FY2012, FY2011 and FY2010 expenditures by object classification.

Table 11 Comparison of Expenditures by Object (In Millions)

	FY 2012 Expenses	Percent of Expenses	FY 2011 Expenses	Percent of Expenses	FY 2010 Expenses	Percent of Expenses
Salaries and Wages	\$ 44.33	49.43%	\$ 43.64	42.51%	\$ 41.86	46.44%
Fringe Benefits	13.50	15.05%	13.26	12.92%	11.70	12.98%
Other Operating Costs	16.82	18.75%	28.91	28.16%	22.41	24.86%
Student Aid	11.09	12.36%	13.97	13.61%	11.61	12.88%
Depreciation	3.95	4.40%	2.89	2.81%	2.56	2.84%
Total	\$ 89.69	100.00%	\$ 102.67	100.00%	\$ 90.14	100.00%

Statement of Revenues, Expenses and Change in Net Assets (Cont’d)

As a labor-intensive organization, the College continues to monitor the amount it spends on compensation (salaries and fringe benefits). In Table 11, 65%, 55% and 59.42% of expenses are devoted to salaries and benefits in FY2012, FY2011, and FY2010 respectively. This amount is understated in comparison to the College’s operating budget because of the additional expenditures for student aid and annual depreciation. Without these expenses, the College spent 77%, 66% and 71% of its expenditures on compensation in FY2012, FY2011 and FY2010, respectively. These percentages are within or below 72% to 77% of the operating budget target range set by the Board of Trustees.

Table 8 shows that the College had an operating loss when comparing operating expenses against what GASB defines as operating revenues; mostly those revenues associated with student charges. As a public community college, the College views the operating appropriations from the State and County governments as essential to its operations. Accounting for these revenue sources, the College had an operating income of \$1.86 million for FY2012. For FY2011, the College had an operating deficit of \$12.69 million.

Economic and Other Factors That Will Effect the Future

There are five significant events that will impact the College’s future financial statements.

- First, the College is in the final stages of the Phase II projects that include a new science building with an estimated 105,000 square feet along with roads and grounds projects including the completion of a ring road that will improve access and egress from the College. Although the construction will be funded, operating costs will increase as the new facility comes online. The county initiative is nearly completed with the exception for the Taft Hall Renovation. This project will begin shortly after vacating Taft Hall. The College will also be participating in the debt service related to the Science Building subsequent to finalizing the last Bond Series, in the amount of \$50.0 million along with servicing debt with the other existing outstanding bond funds.
- Second, the economic climate has declined to appoint that reverses prior trends at the College. Typically, a downward economy would drive up enrollments; however, since the Fall 2010, the College has experienced a decline in enrollments and College’s credit enrollment. For FY2012 total credit hours are below the FY2011 by 5.78% or 18,822 credit hours. The gradual reduction of students participating in the Helene Fuld School of Nursing program is a partial contributor of this decline. The Helene Fuld School of Nursing ended their program at the College by December 2011. The College’s enrollment is a critical element of the funding formula used by the State of New Jersey in distributing operating aid to the community colleges in the state. It is important for the College’s enrollment to keep pace with or outperform the sector in order to maintain or increase its share of the State of New Jersey’s operating appropriation. By not keeping pace with the sector, the College will face reductions in this funding method.

Economic and Other Factors That Will Effect the Future (Cont’d)

- Third, the County of Camden funds annually approximately 7% of the College’s revenue sources. This resource is also subject to potential reductions in funding in the coming years.
- Fourth, the College continues to pursue means to lower the costs of educating the students at Camden County College. The College participates in multiple activities including shared services within the County agencies, participation in the New Jersey County Colleges purchasing consortium in order to better control and minimize expenditures. The College also participates in the County’s Cooperative Purchasing Program.
- Fifth, the College recently invested in a significant upgrade of its financial information system. The upgrade will enhance the College’ ability to timely and efficiently present financial information to senior management and the Board of Trustees at Camden County College. In addition, financial information is more readily available to analyze revenue and expenditures in a concise and consistent manner. Quarterly reports and projections can be more efficiently created to assist management with up to the minute reporting in order to make improved financial decisions utilizing current information.
- Beginning with a report for the Fourth Quarter of FY2010, the College administration instituted a new financial reporting system to the Board of Trustees. More robust and informative quarterly reports replaced monthly reports. The new system contained the following information: year-to-date performance including a comparison of budget-to-actual revenues, a comparison of FY2012 revenues to FY2011, budget-to-actual expenditures, FY2012 expenditures compared to FY2011, (going forward) year-end projections and a narrative summary that commented and otherwise explained the operating results for the Trustees.

Recently the College has been notified that the voters of the state approved a Higher Education Bonding for the four year schools and the county Colleges. A funding match formula will be required to participate.

BASIC FINANCIAL STATEMENTS

CAMDEN COUNTY COLLEGE
Statements of Net Assets
As of June 30, 2012 and 2011

	2012		2011	
	<u>College</u>	<u>Component Unit CCC Foundation</u>	<u>(Restated) College</u>	<u>Component Unit CCC Foundation</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 8,640,464	\$ 113,291	\$ 17,566,598	\$ 157,038
Accounts Receivable, Net	27,823,422	90,000	11,151,497	121,000
Inventories	19,660		21,044	
Prepaid Expenses	757,658		773,279	
Total Current Assets	37,241,204	203,291	29,512,418	278,038
Noncurrent Assets:				
Investments		1,629,345		1,516,485
Capital Assets, Net	144,787,606		94,872,716	
Total Noncurrent Assets	144,787,606	1,629,345	94,872,716	1,516,485
Total Assets	182,028,810	1,832,636	124,385,134	1,794,523
LIABILITIES				
Current Liabilities:				
Account Payable	10,439,982	41,367	6,344,900	82,455
Accrued Salaries	699,333		611,852	
Accrued Compensated Absences - Current Portion	459,536		321,577	
Obligations Under Capital Lease - Current Portion	541,500		636,747	
Mortgage Payable - Current Portion	466,847		448,973	
Other Deferred Revenue	124,734		76,909	
Deferred Tuition and Fees Revenue	6,599,428		6,999,753	
Total Current Liabilities	19,331,360	41,367	15,440,711	82,455
Noncurrent Liabilities:				
Accrued Compensated Absences	3,067,825		2,617,417	
Obligations Under Capital Lease	13,358,572		13,900,072	
Mortgage Payable	5,943,571		5,965,932	
Total Noncurrent Liabilities	22,369,968	-	22,483,421	-
Total Liabilities	41,701,328	41,367	37,924,132	82,455
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	122,963,201		72,347,524	
Restricted for:				
Nonexpendable:				
Other		552,576		464,800
Expendable:				
Other	9,233,719	770,627	5,813,080	674,260
Unrestricted	8,130,562	468,066	8,300,398	573,008
Total Net Assets	\$ 140,327,482	\$ 1,791,269	\$ 86,461,002	\$ 1,712,068

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY COLLEGE
 Statements of Revenues, Expenses, and Changes in Net Assets
 For the Fiscal Years Ended June 30, 2012 and 2011

	2012		2011	
	<u>College</u>	<u>Component Unit CCC Foundation</u>	<u>(Restated) College</u>	<u>Component Unit CCC Foundation</u>
REVENUES				
Operating revenues:				
Student Tuition and Fees (Net of Scholarship Allowance of \$13,959,766 in 2012 and \$14,829,166 in 2011)	\$ 33,795,707		\$ 32,309,932	
State and Local Grants and Contracts	4,787,490		4,895,534	
Federal Grants and Contracts	27,124,689		26,994,769	
Nongovernmental Grants and Contracts	156,577		99,041	
Chargeback Revenue	55,303		73,175	
Auxiliary Enterprises	874,593		1,017,826	
Gifts and Contributions		\$ 547,437		\$ 532,397
Other Operating Revenues	4,734,150		2,345,082	
Total Operating Revenues	71,528,509	547,437	67,735,359	532,397
EXPENSES				
Operating Expenses:				
Instruction	28,478,564		27,572,628	
Public Services	1,353,462		952,214	
Academic Support	8,474,324		8,744,788	
Student Services	8,078,377		8,177,875	
Institutional Support	11,781,733		12,049,060	
Student Aid	11,095,222	81,081	13,971,334	42,814
Operation and Maintenance of Plant	14,618,964		27,333,310	
Depreciation	3,954,882		2,886,907	
Amortization			16,583	
Other expenses	1,861,091	421,597	965,711	293,700
Total Operating Expenses	89,696,619	502,678	102,670,410	336,514
Operating Income (Loss)	(18,168,110)	44,759	(34,935,050)	195,884
NON-OPERATING REVENUES (EXPENSES)				
State Appropriations:				
State Aid	10,151,513		10,540,430	
County Appropriations:				
County Aid	9,725,814		9,725,814	
State and Local Grants and Contracts	148,800		77,246	
Investment Income Earned	1,621	34,442	30,541	231,390
Insurance Claims-Revenue			1,874,979	
On-Behalf Payments:				
State of New Jersey Alternative Benefits Program:				
Revenues	948,344		927,821	
Expenses	(948,344)		(927,821)	
Total Non-Operating Revenues	20,027,748	34,442	22,249,010	231,390
Income (Loss) before Other Revenues	1,859,638	79,201	(12,686,040)	427,274
CAPITAL GRANTS AND CONTRIBUTIONS	52,006,843		5,310,439	
Increase (Decrease) in Net Assets	53,866,481	79,201	(7,375,601)	427,274
NET ASSETS				
Net Assets - Beginning of Year	86,461,002	1,712,068	93,836,603	1,284,794
Net Assets - End of Year	\$ 140,327,482	\$ 1,791,269	\$ 86,461,002	\$ 1,712,068

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY COLLEGE
 Statements of Cash Flows
 For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 32,637,330	\$ 32,575,121
Grants and Contracts	32,116,581	32,033,624
Other Receipts	4,818,927	3,473,063
Payments to Employees and Fringe Benefits	(43,599,983)	(43,413,007)
Payments to Vendors and Suppliers	(26,263,084)	(40,893,590)
Payments for Scholarships and Student Aid	(11,298,904)	(13,999,344)
Net Cash Used in Operating Activities	<u>(11,589,133)</u>	<u>(30,224,133)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
County Appropriations	9,725,814	10,421,265
State Appropriations	10,151,513	10,952,430
Noncapital Grants Received	153,516	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>20,030,843</u>	<u>21,373,695</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions:		
Capital Appropriations	16,855,056	4,478,986
Capital Grants and Gifts Received	-	81,431
Purchases of Capital Assets	(33,093,827)	(5,963,121)
Principal Issued (Paid) on Capital Debt and Leases, net	(529,500)	14,323,078
Proceeds from Insurance Claims	-	1,874,979
Interest Paid on Capital Debt and Leases	(601,195)	(306,985)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(17,369,466)</u>	<u>14,488,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	1,620	30,541
Net Cash Provided by Investing Activities	<u>1,620</u>	<u>30,541</u>
Net Increase (Decrease) in Cash	(8,926,136)	5,668,471
Cash and Cash Equivalents - Beginning of the Year	17,566,598	11,898,127
Cash and Cash Equivalents - End of the Year	<u>\$ 8,640,464</u>	<u>\$ 17,566,598</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used in Operating Activities:		
Operating Loss	\$ (18,168,110)	\$ (34,935,049)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	3,954,882	2,886,907
Change in Assets and Liabilities:		
Receivables, Net	(1,806,853)	(411,753)
Inventories	1,384	(1,766)
Prepaid Expenses	15,621	239,258
Accounts Payable and Accrued Liabilities	4,182,563	1,786,640
Accrued Compensated Absences	588,367	8,591
Other Liabilities	(4,487)	-
Deferred Tuition	(352,500)	203,039
Net Cash Used in Operating Activities	<u>\$ (11,589,133)</u>	<u>\$ (30,224,133)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY COLLEGE
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - Camden County College is a comprehensive, co-educational, community college, founded in 1967 by the Board of Chosen Freeholders, the governing body of Camden County. Camden County College is an instrumentality of the State of New Jersey, established to function as a two-year community college. The College is an accredited member of the Middle States Association of Colleges and Schools. The College operates one main campus in Blackwood, New Jersey approximately twelve miles east of the City of Philadelphia. In addition to the main campus, the College operates a campus in the City of Camden and a center in the Township of Cherry Hill. In addition to offering courses at several county high schools, the College has instituted a distance learning program that allows students to choose from internet courses, telecourses, and hybrid courses.

The Board of Trustees of Camden County College consists of the Executive County Superintendent of Schools and ten persons, eight of whom shall be appointed by the appointing authority of the County with the advice and consent of the Board of Chosen Freeholders and two of whom shall be appointed by the Governor. The term of office of appointed members shall be for four years. The Board is responsible for the fiscal control of the College. A president is appointed by the Board and is responsible for the administrative control of the College. The College offers a wide range of academic programs, including associate degrees in arts, science and applied science.

Component Units - Camden County College is a component unit of the County of Camden as described in Governmental Accounting Standards Board Statement No. 14 – *The Financial Reporting Entity*. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County prepared its financial statements in accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The County of Camden currently follows a basis of accounting and reporting model prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Therefore, the financial statements of the College are not presented with the County of Camden.

The Camden County College Foundation (the "Foundation") is a New Jersey non-profit corporation. The Foundation was formed to enhance the College's tradition of academic excellence. The Foundation receives and administers funds from private donations for the purpose of carrying out the educational goals of the College. The Foundation is governed by a board of directors. College employees and facilities are utilized for virtually all daily operating activities of the Foundation. During the fiscal years ending June 30, 2012 and June 30, 2011, the Foundation distributed \$117,341 and \$53,901 to the College for both restricted and unrestricted purposes, respectively. In accordance with GASB Statement No. 39 – *Determining Whether Certain Organizations Are Component Units*, the Foundation is discreetly presented in the financial statements of the College.

A separate report of audit for the Foundation for the fiscal year ended June 30, 2012 can be obtained at the Foundation's offices at the following address during normal business hours:

Camden County College Foundation
P. O. Box 200
Blackwood, New Jersey 08012

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Basis of Presentation - The financial statements of Camden County College are presented in accordance with GASB Statement No. 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statement No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows and replaces the fund-group perspective previously required.

Basis of Accounting and Measurement Focus - For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when the obligation has been incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Cash, Cash Equivalents and Investments - For the purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. Funds invested through the State of New Jersey Cash Management Fund are also considered cash and cash equivalents.

The College accounts for its investments at fair value in accordance with GASB Statement No. 31 - *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The College has adopted an investment policy which enables it to prudently invest available funds in a manner which will yield the highest possible return with minimum risk, while conforming to all federal, state, and local statutes governing the investment of public funds.

Accounts Receivable – Accounts receivable consists of tuition and fees charged to students and various other receivables. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventory – Inventory consists primarily of Ophthalmic Clinic supplies and is carried on an average cost basis. The cost is recorded as expenses as the inventory is consumed.

Tuition - Each year the Board of Trustees sets tuition rates based on a per credit hour rate. Rates vary based upon residence within Camden County, out of county and international students. Tuition revenue is earned in the fiscal year the classes are taken.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Federal Financial Assistance Programs – The College participates in the following federally funded financial assistance programs: Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Grants, and Federal Family Education Loan Programs (FFELP). Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations* and the OMB Circular A-133 Compliance Supplement.

State Aid - The New Jersey Department of Treasury, Office of Management and Budget (OMB) allocates the annual appropriation for community college operating aid according to credit hour enrollments as prescribed by N.J.S.A.18A:64A-22.

County Aid - N.J.S.A. 18A:64A-22 states that each county which operates a county college shall continue to provide moneys for the support of college in an amount no less than 25% of the operational expense in the base State Fiscal Year.

Deferred Revenue - Deferred revenue represent the tuition revenue that has been received before June 30, 2012 for classes that are scheduled in the summer and fall semesters of 2012. Deferred revenue represents cash, which has been received, but not yet earned.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

Capital Assets – Capital assets include land, buildings, improvements, and infrastructure assets, such as roads and sidewalks. Assets acquired or constructed during the year are recorded at actual historical cost. The College defines capital assets as assets with an initial unit cost of \$2,500 or more and an estimated useful life in excess of five years. An exception to the \$2,500 threshold is made for improvements to buildings and site improvements which are capitalized at an initial cost of \$50,000. In addition, an exception to the \$2,500 threshold is made for the purchase of library books in bulk. Purchases of this nature are categorized as a composite group of assets and recorded as such. Donated capital assets are valued at their estimated fair market value on the date of donation. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

The property, plant and equipment of the College are depreciated using straight-line method over the useful lives of the assets, generally 50 years for buildings, 5 to 20 years for equipment, and 25 to 50 years for infrastructure. Assets purchased under capital lease are depreciated over the term of the lease as opposed to the useful life of the asset. Construction in progress is depreciated when the asset is placed into service.

Financial Dependency – Among the College's largest revenue sources include appropriations from the State of New Jersey and County of Camden, including contributions made by the State on behalf of the College for the Alternative Benefit Program. The College is economically dependent on these appropriations to carry out its operations.

Compensated Absences - Compensated absences are those absences for which employees will be paid for vacation and sick leave when used. A liability is accrued for compensated absences that are earned and unused in accordance with College policy at June 30th of each fiscal year. Eligible employees earn a right to vacation benefits and some sick leave benefits based on seniority.

Allowance for Doubtful Accounts – The allowance for doubtful accounts represents the amount estimated to be uncollectible for student accounts receivable. The amount is adjusted annually based on past years collection rates. It is the College policy to write off uncollectible accounts after one year of delinquency. The allowances for June 30, 2012 and 2011 were \$1,048,199 and \$2,781,099 respectively.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Use of Estimates – The preparation of the financial statements in conformity of accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-Current Liabilities – Non-current liabilities include (1) principal amounts of mortgage notes and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

On-Behalf Payments for Pension Contributions – In fiscal year 1997, the College adopted the requirements of Governmental Accounting Standards Board (GASB) Statement No. 24 – *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. GASB Statement No. 24 recommends that revenue and expenditures be recorded in the financial statements for the State of New Jersey Pension payments for Alternative Benefit Program (TIAA/CREF).

Income Taxes – The College is a political subdivision of the State of New Jersey and is excluded from Federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Classification of Revenues – The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local government grants and contracts as well as federal appropriations.

Non-Operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 – Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 35, such as state appropriations, county appropriations, investment income, and amounts paid by the State of New Jersey on behalf of the College for the employer contribution to the Alternative Benefit Program (ABP).

Net Assets – The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt – This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets – Expendable - Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with the restrictions imposed by external third parties.

Restricted Net Assets – Non-Expendable – Non-expendable restricted net assets consist of endowment and similar types of funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Assets (Cont'd)**

Unrestricted Net Assets – Unrestricted net assets represent resources derived from student tuition and fees, state and county appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for the transactions related to the educational and general operations of the College, and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Scholarship Discounts and Allowances – Student tuition and fees revenue, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowance are the difference between the stated charge for goods and services provided by the College and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. The amount of scholarship discount and allowances for the fiscal years ending June 30, 2012 and 2011 were \$13,959,766 and \$14,829,166 respectively.

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits might not be recovered. Although the College does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the College in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the College relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2012 and 2011 the College's bank balances were exposed to custodial credit risk as follows:

	<u>2012</u>	<u>2011</u>
Insured	\$ 250,000	\$ 250,000
Collateralized under GUDPA	<u>4,814,950</u>	<u>13,581,170</u>
	<u><u>\$ 5,064,950</u></u>	<u><u>\$ 13,831,170</u></u>

New Jersey Cash Management Fund - During the year, the College participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to categorization as defined above. At June 30, 2012 and 2011, the College had \$4,707,920 and \$4,715,799 invested in the Fund, respectively.

Note 3: **CAPITAL ASSETS**

A summary of changes in the various capital asset categories for the year ending June 30, 2012 is presented as follows:

	Original Balance <u>June 30, 2011</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
Non-Depreciable Capital Assets						
Land	\$ 3,855,327		\$ 3,855,327	\$ 5,600,000		\$ 9,455,327
Construction in Progress	6,056,195		6,056,195	30,324,583		36,380,778
Bond Issuance Costs	147,487		147,487		\$ (21,070)	126,417
Total Non-depreciable Capital Assets	10,059,009	-	10,059,009	35,924,583	(21,070)	45,962,522
Depreciable Capital Assets:						
Land Improvements	2,576,098		2,576,098	2,152,709		4,728,807
Buildings	103,886,139		103,886,139	13,494,263		117,380,402
Infrastructure	3,228,572		3,228,572	182,641		3,411,213
Equipment	10,300,998	\$ (5,188,555)	5,112,443	858,468		5,970,911
Grouped Furniture	1,413,325	(1,413,325)	-			-
Vehicles	220,075		220,075	1,132,235		1,352,310
Assets Under Capital Lease	1,773,461		1,773,461	-		1,773,461
Capitalized Software	3,123,808		3,123,808	137,150		3,260,958
Library Books	2,953,209		2,953,209	8,791		2,962,000
Total Depreciable Capital Assets	129,475,685	(6,601,880)	122,873,805	17,966,257	-	140,840,062
Less Accumulated Depreciation For:						
Land Improvements	1,481,773	(770,627)	711,146	108,895		820,041
Buildings	25,356,529	(1,027,648)	24,328,881	3,220,453		27,549,334
Infrastructure	1,413,370		1,413,370	67,364		1,480,734
Equipment	7,225,819	(3,623,253)	3,602,566	362,058		3,964,624
Grouped Furniture	479,664	(479,664)	-	-		-
Vehicles	136,881	142,616	279,497	90,687		370,184
Assets Under Capital Lease	1,694,209	(7,248)	1,686,961	86,500		1,773,461
Capitalized Software	3,123,808		3,123,808	6,858		3,130,666
Library Books	2,911,891	1,978	2,913,869	12,067		2,925,936
Total Accumulated Depreciation	43,823,944	(5,763,846)	38,060,098	3,954,882	-	42,014,980
Depreciable Capital Assets	85,651,741	(838,034)	84,813,707	14,011,375	-	98,825,082
Total Capital Assets, Net	\$ 95,710,750	\$ (838,034)	\$ 94,872,716	\$ 49,935,958	\$ (21,070)	\$ 144,787,604

Depreciation expense for the year ended June 30, 2012 was \$3,954,882.

Note 3: **CAPITAL ASSETS (CONT'D)**

A summary of changes in the various capital asset categories for the year ending June 30, 2011 is presented as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Non-Depreciable Capital Assets				
Land	\$ 3,855,327			\$ 3,855,327
Construction in Progress	25,950,218	\$ 4,504,311	(24,398,334)	6,056,195
Bond Issuance Costs	168,557		\$ (21,070)	147,487
Total Non-depreciable Capital Assets	29,974,102	4,504,311	(24,419,404)	10,059,009
Depreciable Capital Assets:				
Land Improvements	2,753,559		(177,461)	2,576,098
Buildings	79,229,411	24,656,728		103,886,139
Infrastructure	2,935,332	293,240		3,228,572
Equipment	9,341,349	959,649		10,300,998
Grouped Furniture	1,280,150	133,175		1,413,325
Vehicles	216,640	3,435		220,075
Assets Under Capital Lease	1,773,461			1,773,461
Capitalized Software	3,123,808			3,123,808
Library Books	2,943,759	9,450		2,953,209
Total Depreciable Capital Assets	103,597,469	26,055,677	(177,461)	129,475,685
Less Accumulated Depreciation For:				
Land Improvements	1,434,985	46,788		1,481,773
Buildings	23,410,040	1,946,489		25,356,529
Infrastructure	1,349,574	63,796		1,413,370
Equipment	6,652,019	573,800		7,225,819
Grouped Furniture	346,246	133,418		479,664
Vehicles	113,727	23,154		136,881
Assets Under Capital Lease	1,607,709	86,500		1,694,209
Capitalized Software	3,123,808			3,123,808
Library Books	2,898,929	12,962		2,911,891
Total Accumulated Depreciation	40,937,037	2,886,907	-	43,823,944
Depreciable Capital Assets	62,660,432	23,168,770	(177,461)	85,651,741
Total Capital Assets, Net	\$ 92,634,532	\$ 27,673,081	\$ (24,596,865)	\$ 95,710,750

Depreciation expense for the year ended June 30, 2011 was \$2,886,907.

Note 4: LEASES

Lease Obligations - At June 30, 2012 the College had operating lease agreements in effect for copiers, a mail machine and vehicles.

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 138,408
2014	138,408
2015	108,173
2016	7,869

Rental payments under operating leases for the fiscal years ended June 30, 2012 and 2011 were \$135,597 and \$45,134 respectively.

Capital Leases Obligations – At June 30, 2012, the College had lease agreements in effect for various Campus Capital Construction Improvements.

The following is a schedule of future minimum lease payments under these capital leases at June 30, 2012.

Various Campus Capital Construction Improvements

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 541,500	\$ 737,320	\$ 1,278,820
2014	559,500	717,059	1,276,559
2015	577,500	696,048	1,273,548
2016	598,500	673,985	1,272,485
2017	622,500	650,323	1,272,823
2018-2022	3,334,072	2,825,347	6,159,419
2023-2027	3,351,000	1,970,050	5,321,050
2028-2032	1,534,500	1,250,522	2,785,022
2033-2037	1,545,000	711,210	2,256,210
2038-2041	1,236,000	175,067	1,411,067
	<u>\$ 13,900,072</u>	<u>\$ 10,406,931</u>	<u>\$ 24,307,003</u>

During the fiscal year ended June 30, 2012, the College paid \$529,500 and \$601,195 for principal and interest respectively. During the fiscal year ended June 30, 2011, the College paid \$339,900 and \$302,890 for principal and interest respectively.

Note 5: REIMBURSEMENT AGREEMENT/LEASE PURCHASE AGREEMENT

On July 15, 2002, the Camden County Improvement Authority issued \$12,500,000 of County-Guaranteed Lease Revenue Bonds (Camden County College Project), Series 2002. A substantial portion of the 2002 Bonds, in the aggregate principal amount of \$12,233,000, are entitled to the benefits of the provisions of the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A. 18A:64-22.1 et. seq). Proceeds from the bonds were used to finance the Camden Technology Center (CTC); an approximate 279,000 square foot eight-story multi-purpose structure containing approximately 640 parking spaces, a 13,800 square foot college bookstore as well as 39,400 square feet of classroom and office space; and the acquisition and installation of capital equipment. Construction of this facility was completed during fiscal year 2005.

The College entered into a lease purchase agreement dated July 1, 2002, by and among the Authority, as lessor, and the County College and the County as lessees pursuant to which the Authority will lease to the College the 2002 project described above in return for lease payments to be made by the County in amounts and at times sufficient to pay the principal and interest on the 2002 bonds. In addition to the lease purchase agreement, a mortgage was entered into between the College, as mortgagor, and the County, as mortgagee. The mortgage requires the College to pay from the proceeds of the garage parking fees amounts equal to the debt service on \$6,383,500. In the event the College does not have sufficient parking fee income to pay the garage's operating expenses as well as the debt service, the obligation carries forward to subsequent periods. At the end of fifteen years, if an amount remains unpaid, the County of Camden retains the right to foreclose and assume ownership of the property.

For the fiscal years ending June 30, 2012 and 2011, the County of Camden made basic lease payments in the amount of \$564,358 and \$571,213, respectively, net of interest earned on the investments held by the bond trustee. Under the terms of the Lease Purchase Agreement, the College is obligated to repay the County for these payments. Any payment obligation due and payable by the College under the Lease Purchase Agreement that remains outstanding continues to remain an obligation until paid in full by the College. These payments are included in the College's liabilities at June 30, 2012 and 2011. This amount as well as prior and subsequent lease payments made by the County will be repaid to the County once revenues from the Parking Garage are sufficient to cover the lease payments in accordance with terms contained in the Lease Purchase Agreement.

Note 6: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at June 30, 2012:

<u>Analysis of Long Long-Term Liabilities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 2,938,994	\$ 588,367		\$ 3,527,361	\$ 459,536
Capital Leases	14,536,819		\$ (636,747)	13,900,072	541,500
Mortgage Payable	6,383,500			6,383,500	462,361
Premium on Bonds	31,405		(4,487)	26,918	4,486
	<u>\$ 23,890,718</u>	<u>\$ 588,367</u>	<u>\$ (641,234)</u>	<u>\$ 23,837,851</u>	<u>\$ 1,467,883</u>

Note 6: LONG-TERM LIABILITIES (CONT'D)

The following is a summary of long-term liabilities at June 30, 2011:

<u>Analysis of Long Long-Term Liabilities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 2,930,403	\$ 8,591		\$ 2,938,994	\$ 321,577
Capital Leases	209,255	14,429,573	\$ (102,009)	14,536,819	636,747
Mortgage Payable	6,383,500			6,383,500	448,973
Premium on Bonds	35,891		(4,486)	31,405	4,486
	<u>\$ 9,559,049</u>	<u>\$ 14,438,164</u>	<u>\$ (106,495)</u>	<u>\$ 23,890,718</u>	<u>\$ 1,411,783</u>

Note 7: PENSION PLANS

A substantial number of the College's employees participate in one of the two following defined benefit pension plans or defined contribution pension plan: (1) the Public Employees' Retirement System or (2) the New Jersey Alternative Benefit Program, both of which are administered and/or regulated by the New Jersey Division of Pensions and Benefits. In addition, several College employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 7: PENSION PLANS (CONT'D)**Public Employees' Retirement System (Cont'd)**

The College is billed annually for its normal contribution plus any accrued liability.

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Group Life</u>	<u>Paid by College</u>
2012	\$ 591,608	\$ 1,183,215	\$ 1,774,823	\$ -	\$ 113,078	\$ 1,887,901
2011	645,421	1,028,436	1,673,857	-	127,128	1,800,985
2010	560,136	719,709	1,279,845	-	177,485	1,457,330

New Jersey Alternative Benefit Program - The New Jersey Alternative Benefit Program (ABP) is a defined contribution pension plan, which was established pursuant to P.L.1969, c. 242 (N.J.S.A. 18A:66-167 et seq.) The ABP provides retirement, death and disability, and medical benefits to qualified members.

The contributions requirements of plan members are determined by State statute. In accordance with N.J.S.A. 18A:66-173, required contributions, calculated on the employee's base pay, are 5% for plan members, and 8% for employers. Plan members may make additional voluntary contributions subject to section 403(b) of the internal revenue code.

Under N.J.S.A 18A:66-174, most employer contributions are made by the State of New Jersey on-behalf of the College. The College is responsible for the employer contributions for non-academic employees.

Plan members direct the investment of contributions to insurance companies and mutual fund companies selected by the New Jersey Division of Pensions' Pension Provider Selector Board. These companies administer plan funds based on alternate benefit contracts with the New Jersey Division of Pensions.

Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan carriers are as follows:

Teacher's Insurance and Annuity Association (TIAA/CREF)
ING Life Insurance and Annuity Company
Equitable Life
The Variable Annuity Life Insurance Company (VALIC)
The Hartford Group
Citistreet – Travelers Educators Retirement Services

The College is billed annually for its normal contribution plus any accrued liability.

Alternate Benefit Program

<u>Year Ended June 30,</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Group Life</u>	<u>Paid by College</u>
2012	\$ 1,430,147	\$ -	\$ 1,430,147	\$ 948,344	\$ -	\$ 481,803
2011	1,367,100	-	1,367,100	927,821	-	439,279
2010	1,314,279	-	1,314,279	885,119	-	429,160

Note 7: PENSION PLANS (CONT'D)

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the College's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The College's contributions, equal to the required contribution for each fiscal year, were as follows:

Defined Contributions Retirement Program

<u>Year Ended June 30,</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Group Life</u>	<u>Paid by College</u>
2012	\$ 5,861		\$ 5,861	\$ -		\$ 5,861
2011	-		-	-		-
2010	-		-	-		-

Note 8: POSTEMPLOYMENT BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

Note 9: RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The College maintains commercial insurance coverage for property (including crime and physical damage, liability (general and automobile), boiler and machinery, and surety bonds.

Joint Insurance Pool - The Camden County College is a member of the New Jersey County College Insurance Pool for the purpose of obtaining workers' compensation insurance coverage. Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. Contributions to the pool for the Fiscal Years Ending June 30, 2012 and 2011 were \$268,325 and \$280,279 respectively.

Note 10: COMPENSATED ABSENCES

Compensated Absences - Accrued vacation and sick leave represents Camden County College's liability for the cost of unused employee vacation and sick time payable in the event of employee termination. College employees are granted vacation and sick time in varying amounts under the college personnel policies and negotiated agreements. In the event of retirement or termination, an employee is reimbursed for unused vacation and vested sick time at various amounts.

At June 30, 2012 and 2011 the Compensated Absences Liability was \$3,527,361 and \$2,938,994 respectively.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The College offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Service Code 457. The Plan, available to full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the College or its creditors.

Note 12: CAPITAL RENEWAL AND REPLACEMENT

In accordance with terms of a New Jersey Department of Higher Education Jobs, Education and Competitiveness Bond Act of 1988 project contract, the College has reserved fund balance in its Plant Fund. The contract requires a seven-year funding schedule for this Reserve Fund. As of June 30, 2012, the amount reserved was \$301,789. In addition, Rowan University has also reserved a portion of its fund balance in the amount of \$210,000. Also at June 30, 2012 the College reserved fund balance in its Plant Fund for the Camden Technology Center in the amount of \$368,369 and a Facilities Reserve in the amount of \$1,305,917.

Note 13: AUXILIARY OPERATIONS - BOOKSTORE

The College has an agreement with Barnes and Noble, Inc., a private contractor for the operation of the official *Campus Store* (Bookstore) at the Blackwood Campus and Rohrer Center for a period of three years commencing August, 2010 with an option to renew the contract for an additional two years. In addition, the College has entered into a separate agreement with Barnes and Noble, Inc. for the operation of the *University District Bookstore* (Joint Bookstore) at the Camden County College's Technology Center in Camden, New Jersey. This bookstore serves Camden County College, Rutgers University-Camden Campus, and Rowan University. These institutions have jointly subcontracted for the provision of bookstore services at this facility. The agreement is in effect for five years commencing March, 2011.

Net commissions paid to the College for the fiscal year ended June 30, 2012 and 2011 were \$874,593 and \$1,017,826 respectively.

Note 14: NET ASSETS

The following is a summary of the Reserved and Unreserved Net Asset balances of the College for the fiscal years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Invested in Capital Assets:		
Gross	\$ 144,787,606	\$ 94,872,716
Related Debt	<u>(21,824,405)</u>	<u>(22,525,192)</u>
	<u>\$ 122,963,201</u>	<u>\$ 72,347,524</u>
Restricted for Expendable Net Assets:		
Stabilization	\$ -	\$ 262,942
Appropriated for Operations	3,630,000	3,180,000
Renewal and Replacement		
Reserve (JEC Bond Act)	5,516,730	2,291,555
Federal and State Grants	<u>86,989</u>	<u>78,583</u>
	<u>\$ 9,233,719</u>	<u>\$ 5,813,080</u>
Unrestricted Net Assets	<u>\$ 8,130,562</u>	<u>\$ 8,300,398</u>
Designation of Unrestricted Net Assets:		
Student Government and		
Intercollegiate Athletics	\$ 71,468	\$ 102,023
Undesignated	<u>8,059,094</u>	<u>8,198,375</u>
	<u>\$ 8,130,562</u>	<u>\$ 8,300,398</u>

Note 15: CONTINGENCIES

The College receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended during the fiscal year ended June 30, 2012 were subject to Federal OMB Circular A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the College's annual audit. In addition to the aforementioned annual audit, all grants and cost reimbursements are subject to financial and compliance audits by the State and Federal grantor agencies. The College management does not believe such an audit would result in material amounts of disallowed costs.

Note 16: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at the end of fiscal years ending June 30, 2011 and 2010:

	<u>2012</u>	<u>2011</u>
Student tuition and fees	\$ 3,156,378	\$ 3,428,765
Auxiliary enterprises and other operating activities	2,081,083	1,875,800
Federal, state, county and private grants and contracts	<u>23,634,159</u>	<u>8,628,031</u>
	28,871,620	13,932,596
Less: allowance for doubtful accounts	<u>1,048,199</u>	<u>2,781,099</u>
Net accounts receivable	<u><u>\$ 27,823,421</u></u>	<u><u>\$ 11,151,497</u></u>

Note 17: TUITION STABILIZATION RESERVE

Beginning the fiscal year ended June 30, 1999, the Board of Trustees reserved a portion of the College's fund balance for the purpose of compensating for fluctuations in funding from the County of Camden and the resulting impact on tuition. These fluctuations in county funding are caused by differences in the College's fiscal year budget and the County's calendar year budget. Because the College and the County operate on a different overlapping twelve-month basis, fluctuations in funding are magnified. When the County makes a substantial increase or reduction from one calendar year to another, a cyclical fluctuation is triggered on the College's fiscal year budget.

At June 30, 2011 the College had reserved \$262,942 of its Unrestricted Fund Balance to support the College's budget for the fiscal year ending June 30, 2012.

Note 18: LITIGATION

The College is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the College, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 19: PRIOR PERIOD ADJUSTMENT

In fiscal year 2012, the College contracted with an inventory company to perform an inventory of its capital assets at June 30, 2012. As a result of this inventory, it was necessary to adjust certain capital assets classifications along with their accumulated depreciation. The cumulative effect on the financial statements as reported for June 30, 2011 is as follows:

	<u>As Reported June 30, 2011</u>	<u>Prior Period Adjustment</u>	<u>Restated June 30, 2011</u>
Total Capital Assets, net	\$95,710,750	(\$838,034)	\$94,872,716
Investment in Capital Assets, Net of Related Debt	\$95,710,750	(\$838,034)	\$94,872,716

SINGLE AUDIT SECTION

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

The Honorable President and
Members of the Board of Trustees
Camden County College
Blackwood, New Jersey 08012

Compliance

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

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

In our opinion, Camden County College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

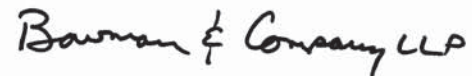
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control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

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
December 3, 2012

CAMDEN COUNTY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>FY 2012 Expenditures</u>
U.S. Department of Education:				
Student Financial Aid Cluster (Direct Funding):				
Federal Supplemental Educational Opportunity Grants	84.007	P007A112540	\$ 427,424	\$ 422,447
Federal Direct Student Loans	84.268	P268K122865	11,224,237	11,217,492
Federal Pell Grant Program	84.063	P063P112865	23,052,006	23,052,006
Federal Work-Study Program	84.033	P033A112540	386,318	382,286
Total Student Financial Aid Cluster				35,074,231
TRIO Cluster (Direct Funding):				
Upward Bound	84.047	P047A070532-09	450,792	337,757
Upward Bound	84.047	P047A070532-09	450,792	141,445
Upward Bound Food	84.047	5120-100-034	5,799	4,386
Total TRIO Cluster				483,588
Passed Through State of New Jersey Department of Education:				
CTE Partnership Grant	84.xxx	10-AG81-H06	175,000	33,107
CTE Partnership Grant	84.xxx	10-AG81-H06	175,000	136,824
Total CTE Partnership Grant				169,931
Vocational Education - Perkins	84.048	PSFS712011	958,676	958,676
Passed Through State Department of Labor and Workforce Development:				
Adult Education and Family Literacy:				
Adult Basic Skills (Includes \$248,731 Matching Share)	84.002	ABS-FY11004	839,393	827,015
English Literacy and Civics	84.002	ABS-FY11004	163,502	164,986
				992,001
Passed Through Camden County Vocational Technical School:				
21st Century-CCVT	84.287	subcontract	109,500	29,513
21st Century-CCVT	84.287	subcontract	109,500	120,716
Passed Through Gloucester City School District				
21st Century - Gloucester City	84.287	subcontract	59,000	10,055
21st Century - Gloucester City	84.287	subcontract	52,000	31,394
				191,678
Passed Through Bergen Community College				
Garden State Pathways (Includes \$28,347 in Matching Share)	84.407	P407A100024	250,999	117,011
Garden State Pathways (Includes \$6,217 in Matching Share)	84.407	P407A100024	193,926	53,795
				170,806
U.S. Department of Environmental Protection Agency:				
Passed Through New Jersey Department of Environmental Protection				
EPA's Brownfield Initiative	66.815	EG12-005	266,511	100,428
U.S. Department of Health and Human Services:				
Passed Through Tidewater Community College				
Tidewater Consortia Year 3	93.721	90CC0080/01	306,609	13,792
Tidewater Consortia Year 2	93.721	90CC0080/02	447,037	313,133
				326,925
National Science Foundation (Direct Funding):				
NSF-OP-TEC	47.076	DUE-0603275	90,000	10,713
NSF-OP-TEC	47.076	DUE-0603275	90,000	81,712
NSF-ALICE	47.076	DUE-0903271	31,666	6,063
NSF-Deaf STEM ALICE	47.076	31204-01	8,938	5,643
NSF-STEM	47.076	DUE-0631050	118,441	2,625
NSF-STEM	47.076	DUE-0631050	117,841	42,050
Total National Science Foundation				148,806
Total Federal Financial Assistance				\$ 38,617,070

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

CAMDEN COUNTY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>State Grantor/Program Title</u>	<u>State GMIS Number</u>	<u>Program or Award Amount</u>	<u>Matching Contribution</u>	<u>Program Funds Received</u>	<u>Grant Period</u>		<u>FY 2012 Expenditures</u>	<u>Cumulative Expenditures</u>
					<u>From</u>	<u>To</u>		
Student Financial Aid Cluster:								
N.J. Commission on Higher Education:								
Educational Opportunities Fund - Article III	100-074-2401-001	\$ 194,127		\$ 174,963	07/01/11	06/30/12	\$ 174,963	\$ 174,963
Educational Opportunities Fund - Article III Summer	100-074-2401-001	53,036		47,669	07/01/11	06/30/12	47,669	47,669
N.J. Higher Education Student Assistance Authority:								
New Jersey Stars Program	100-074-2405-313	568,443		568,443	07/01/11	06/30/12	567,768	567,768
Tuition Aid Grants	100-074-2405-007	3,430,835		3,440,285	07/01/11	06/30/12	3,428,679	3,428,679
Garden State Scholars Program	100-074-2405-278	2,790		2,790	07/01/11	06/30/12	2,790	2,790
Urban Scholars Program	100-074-2405-278	3,255		3,255	07/01/11	06/30/12	3,255	3,255
NJ Gear Up Scholarship	100-074-2400-026	56,122		56,122	07/01/11	06/30/12	56,122	56,122
NJ Class Loans	none	116,194		116,194	07/01/11	06/30/12	116,194	116,194
Total Student Financial Aid Cluster							<u>4,397,440</u>	<u>4,397,440</u>
N.J. Commission on Higher Education:								
Educational Opportunities Fund - Article IV	100-074-2401-002	217,343	\$ 237,866	217,343	07/01/11	06/30/12	455,209	455,209
N.J. Department of Education:								
CTE Partnership	10-AG81-H06	140,000		46,438	09/01/11	08/31/12	68,843	68,843
CTE Partnership	10-AG81-H06	140,000		43,380	02/01/10	08/31/11	43,380	122,768
N.J. Department of Treasury - Higher Education Administration:								
Operational Costs - County Colleges	100-082-2155-015	10,201,317		10,201,317	07/01/11	06/30/12	112,223	191,611
P.L.1971, Chapter 12 Debt Service	100-082-2155-016	11,335,894		11,335,894	07/01/11	06/30/12	10,201,317	10,201,317
Employer Contributions - Alternative Benefit Program:	100-082-2155-017	948,344		948,344	07/01/11	06/30/12	11,335,894	11,335,894
							<u>948,344</u>	<u>948,344</u>
							<u>22,485,555</u>	<u>22,485,555</u>
N.J. Department of Law and Public Safety:								
LEOTEFF	100-066-1020-314-YCJF-6120	167,644		167,644.00	07/01/11	06/30/12	167,644	167,644
N.J. Council for the Humanities:								
American Civil War	Unknown	9,034	18,375	9,034	09/14/11	11/16/11	27,409	27,409
Total State Financial Assistance							<u>\$ 27,645,480</u>	<u>\$ 27,724,868</u>

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

CAMDEN COUNTY COLLEGENotes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012

Note 1: **GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of Camden County College. The College is defined in Note 1 to the College's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. The accrual basis of accounting is described in Note 1 to the financial statements.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the financial statements.

Note 4: **STUDENT LOAN PROGRAMS**

The College is responsible only for the performance of certain administrative duties with respect to Federal Direct Student Loans and New Jersey Class Loans; accordingly, these loans balances are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under these programs as of June 30, 2012.

Note 5: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

Note 6: **OTHER**

In November of 2010, the United States Department of Education conducted a program review of the College's Federal Student Aid Programs. The Department of Education has not released a program review report as of the date of this audit report.

CAMDEN COUNTY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2012

Section 1- Summary of Auditor's Result:

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were not considered to be a material weakness? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.007

84.268

84.063

84.033

Student Financial Aid Cluster:

Federal Suppl. Educational Opportunity Grant (FSEOG)

Federal Direct Student Loans (Direct Loan)

Federal Pell Grant Program (PELL)

Federal Work Study Program (FWS)

Dollar threshold used to determine Type A programs \$1,158,512

Auditee qualified as low-risk auditee? yes X no

(Continued)

CAMDEN COUNTY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2012

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? _____ yes ☒ no

Were significant deficiencies identified that were considered to be material weaknesses? _____ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? _____ yes ☒ no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
<u>100-074-2401-001</u>	Student Financial Aid: <u>Educational Opportunity Fund (EOF) - Article III</u>
<u>100-074-2401-001</u>	<u>Educational Opportunity Fund (EOF) - Article III Summer</u>
<u>100-074-2405-313</u>	<u>New Jersey Stars Program</u>
<u>100-074-2405-007</u>	<u>Tuition Aid Grant (TAG)</u>
<u>100-074-2405-278</u>	<u>Garden State Scholars Program</u>
<u>100-074-2405-278</u>	<u>Urban Scholars Program</u>
<u>100-074-2400-026</u>	<u>New Jersey Gear Up</u>
<u>none</u>	<u>New Jersey Class Loans</u>
<u>100-074-2401-002</u>	<u>Educational Opportunity Fund (EOF) - Article IV</u>
<u>100-082-2155-015</u>	<u>Operational Costs - County Colleges</u>
<u>100-082-2155-016</u>	<u>P.L. 1970, Chapter 12 Debt Service</u>

Dollar threshold used to determine Type A programs \$829,364

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

CAMDEN COUNTY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Department of Treasury, State of New Jersey.

No Current Year Findings

CAMDEN COUNTY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

No Current Year Findings

CAMDEN COUNTY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

No Current Year Findings

CAMDEN COUNTY COLLEGE
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings

FEDERAL AWARDS**Finding No. 2011-1****Information on the Federal Program**

Federal PELL Grant Program – CFDA 84.063

Criteria or Specific Requirement

20010-11 FSA Handbook – Volume 3 – Calculating Awards & Packaging, Chapter 3 – Calculating Pell Grant Awards, Changes in Enrollment Status within a Term

Condition

One student sampled who was awarded a Pell Grant, changed enrollment status during the fall term from half-time to less than half-time and did not have their Pell Grant award adjusted.

Current Status

This finding has been resolved.

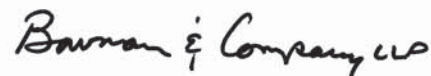
STATE FINANCIAL ASSISTANCE PROGRAMS

No Prior Year Findings

APPRECIATION

We received the complete cooperation of all of the officials of Camden County College and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

