

BROWARD COLLEGE

Financial Audit

For the Fiscal Year Ended
June 30, 2010



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2009-10 fiscal year are listed below:

Sean C. Guerin, Chair from 7-28-09,
Vice Chair to 7-27-09
Sean C. Alveshire from 8-20-09, Vice Chair
from 6-22-10
Paul C. Tanner, Chair to 7-27-09
Georgette Sosa Douglass, Vice Chair
from 7-28-09 to 6-21-10
Lourdes L. Garrido to 8-20-09 (1)
Levi G. Williams, Jr., to 5-31-10 (2)

J. David Armstrong, Jr., President

Notes: (1) Term expired on May 31, 2009, continued
to serve to August 20, 2009.
(2) Position vacant from June 1, 2010.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Enrique A. Alonso, CPA, and the audit was supervised by Ida Marie Westbrook, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the College's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Objectives and Scope

Our audit objectives were to determine whether Broward College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2010. We obtained an understanding of the College's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Broward College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2010, which collectively comprise the College's basic financial statements as shown on pages 12 through 34. These financial statements are the responsibility of College management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Broward College and of its discretely presented component unit as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of Broward College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 11 and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on page 35 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,



David W. Martin, CPA
November 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2010, and its component unit, Broward College Foundation, Inc. (Foundation), for the fiscal year ended December 31, 2009, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management.

FINANCIAL HIGHLIGHTS

The College's assets totaled \$306.8 million at June 30, 2010. This balance reflects a \$11.6 million, or 3.9 percent, increase from the 2008-09 fiscal year. While assets grew, liabilities increased by a lesser amount of \$3.3 million, or 6.2 percent, totaling \$56 million at June 30, 2010, compared to \$52.7 million at June 30, 2009. As a result, the College's net assets increased by \$8.4 million, reaching a year-end balance of \$250.8 million.

The College's operating revenues totaled \$75.7 million for the 2009-10 fiscal year, representing a 1.2 percent increase over the 2008-09 fiscal year. Operating expenses totaled \$231.7 million for the 2009-10 fiscal year, representing an increase of 13.4 percent over the 2008-09 fiscal year due mainly to service the growth of the College as evidenced by an increase in scholarships and waivers resulting from increased student enrollment and financial aid award amounts. Personnel expenses also increased due to a salary increase and additional positions needed for the enrollment growth of the College.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include activities for the following entities:

- Broward College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Broward College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

One of the most important questions asked about the College's finances is, "Is Broward College as a whole, better or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Broward College's operating results.

These two statements report Broward College's net assets and changes in them. You can think of the College's net assets, the difference between assets and liabilities, as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indication of whether its financial health

is improving or deteriorating. You will need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, to assess the College's overall financial health.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net assets of the College and its component unit for the respective fiscal years ended, is shown in the following table:

**Condensed Statement of Net Assets at
(In Thousands)**

	College		Component Unit	
	6-30-10	6-30-09	12-31-09	12-31-08
Assets				
Current Assets	\$ 114,254	\$ 114,386	\$ 2,173	\$ 2,826
Capital Assets, Net	162,783	159,414		
Other Noncurrent Assets	29,736	21,334	64,706	57,613
Total Assets	<u>306,773</u>	<u>295,134</u>	<u>66,879</u>	<u>60,439</u>
Liabilities				
Current Liabilities	21,198	17,921	683	891
Noncurrent Liabilities	34,804	34,795		
Total Liabilities	<u>56,002</u>	<u>52,716</u>	<u>683</u>	<u>891</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	141,237	139,049		
Restricted	66,041	68,375	60,015	54,941
Unrestricted	43,493	34,994	6,181	4,607
Total Net Assets	<u>\$ 250,771</u>	<u>\$ 242,418</u>	<u>\$ 66,196</u>	<u>\$ 59,548</u>
Increase in Net Assets	<u>\$ 8,353</u>	3.4%	<u>\$ 6,648</u>	11.2%

Overall net assets of the College increased by \$8.4 million, or 3.4 percent. Changes in the College's net assets were the result of the following factors:

- Unrestricted net assets increased by \$8.5 million, or 24.3 percent, as the College continued to perform well in its primary operations.
- College tuition and fees increased \$14.1 million due to increased student enrollment of approximately 12 percent and scholarship allowances increased by \$13.9 million, resulting in a net tuition and fee increase of \$0.2 million.
- The College received \$5.8 million in American Recovery and Reinvestment Act stimulus funds.
- College Program Funds decreased \$5.7 million due to reduced State appropriations.
- Corrections for prior year errors in recording estimated insurance claims payable and related expenses decreased total net assets by \$2.2 million.

Revenues and expenses of the College and its component unit for the respective fiscal years ended are shown in the following table:

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended
(In Thousands)**

	College		Component Unit	
	6-30-10	6-30-09	12-31-09	12-31-08
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 40,446	\$ 40,250	\$	\$
Federal Grants and Contracts	7,787	7,318		
State and Local Grants and Contracts	2,068	2,649		
Nongovernmental Grants and Contracts	8,301	9,029		
Sales and Services of Educational Departments	53	49		
Auxiliary Enterprises, Net of Scholarship Allowances	15,519	13,995		
Other Operating Revenues	1,485	1,470	2,549	7,354
Total Operating Revenues	75,659	74,760	2,549	7,354
Less, Operating Expenses	231,715	204,421	7,196	8,057
Operating Loss	(156,056)	(129,661)	(4,647)	(703)
Nonoperating Revenues (Expenses)				
State Appropriations	67,524	73,968		882
Interest on Capital Asset-Related Debt	(1,108)	(1,063)		
Other Nonoperating Revenues (Expenses)	85,565	48,475	11,295	(16,341)
Net Nonoperating Revenues (Expenses)	151,981	121,380	11,295	(15,459)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses				
	(4,075)	(8,281)	6,648	(16,162)
Capital Appropriations	9,059	18,185		
Capital Grants, Contracts, Gifts, and Fees	5,540	5,464		
Additions to Permanent Endowments	3	12		
Increase (Decrease) in Net Assets	10,527	15,380	6,648	(16,162)
Net Assets, Beginning of Year	242,418	227,038	59,548	75,710
Adjustment to Beginning Net Assets (1)	(2,174)			
Net Assets, Beginning of Year, as Restated	240,244	227,038	59,548	75,710
Net Assets, End of Year	\$ 250,771	\$ 242,418	\$ 66,196	\$ 59,548

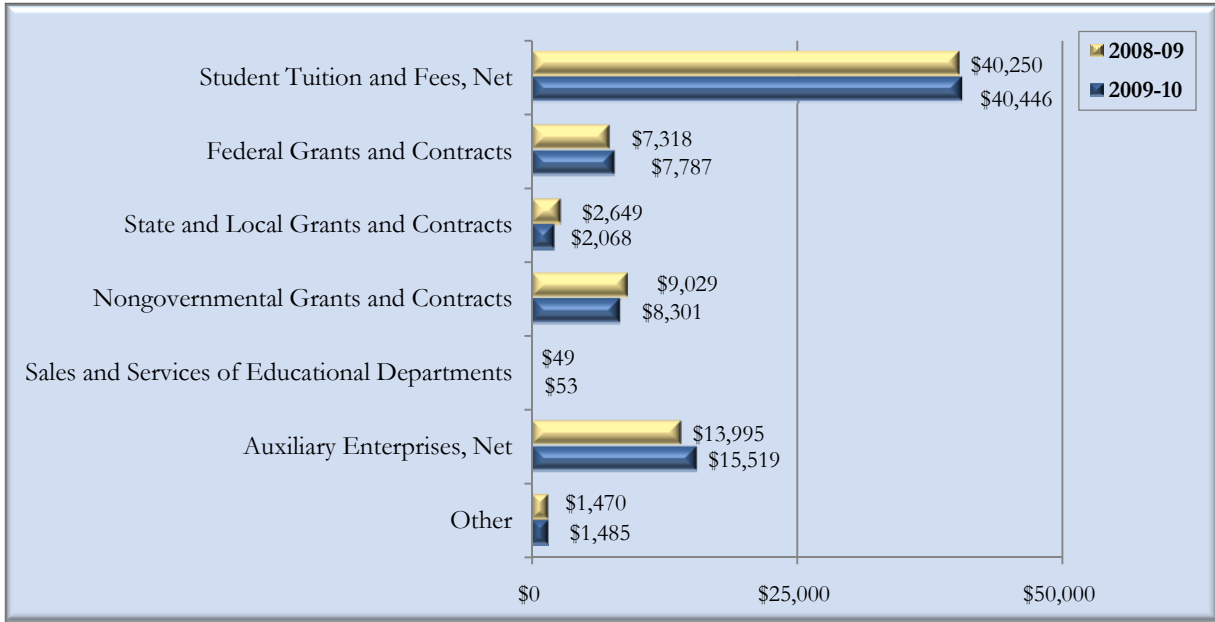
Note: (1) To decrease beginning net asset balance for prior years understatement of Estimated Insurance Claims Payable and related expenses.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the College’s operating revenues for the 2009-10 and 2008-09 fiscal years:

**Operating Revenues: College
(In Thousands)**



College operating revenue increased by \$0.9 million, or 1.2 percent. College operating revenues were fairly consistent between the two years.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

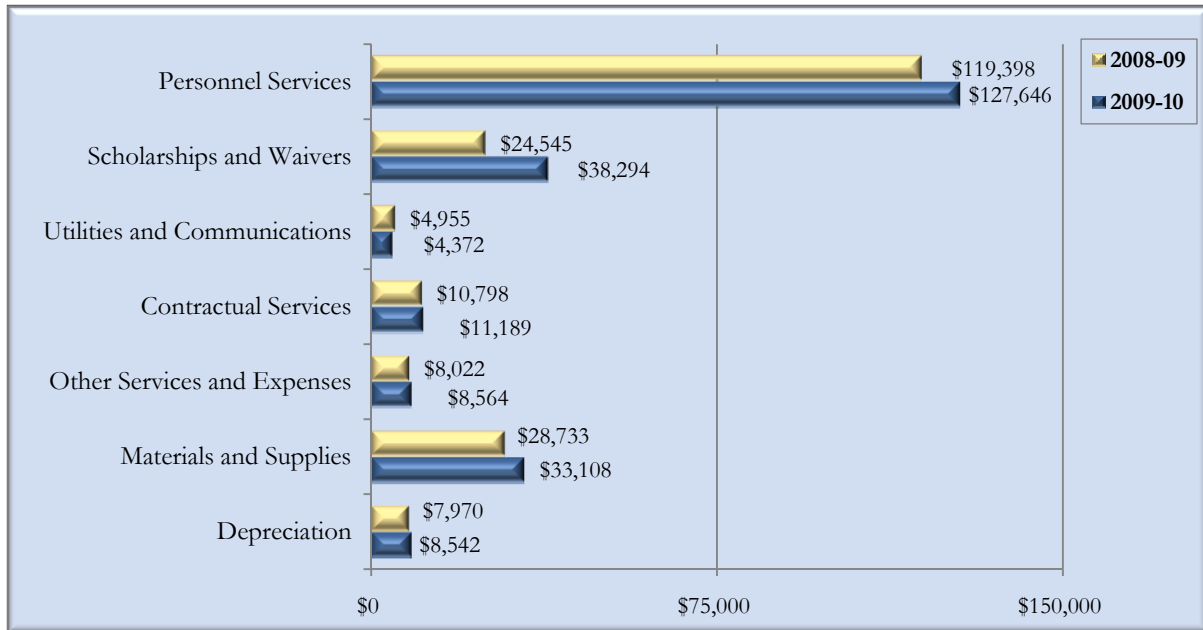
Operating expenses for the College and its component unit for the respective fiscal years ended are presented in the following table:

**Operating Expenses
(In Thousands)**

	College		Component Unit	
	6-30-10	6-30-09	12-31-09	12-31-08
Operating Expenses				
Personnel Services	\$ 127,646	\$ 119,398	\$	\$
Scholarships and Waivers	38,294	24,545		
Utilities and Communications	4,372	4,955		
Contractual Services	11,189	10,798		
Other Services and Expenses	8,564	8,022	7,196	8,057
Materials and Supplies	33,108	28,733		
Depreciation	8,542	7,970		
Total Operating Expenses	\$ 231,715	\$ 204,421	\$ 7,196	\$ 8,057

The following chart presents the College’s operating expenses for the 2009-10 and 2008-09 fiscal years:

**Operating Expenses: College
(In Thousands)**



College operating expenses increase by \$27.3 million, or 13.4 percent, over the prior fiscal year to service the enrollment growth of the College. The College’s operating expense changes are highlighted below:

- Scholarships and waivers expenses increased by \$13.7 million, or 56 percent. This was due to increased enrollment and increased financial aid award amounts.
- Personnel services expenses increased by \$8.2 million, or 6.9 percent, over the prior fiscal year. This was due to Board approved salary increase and the hiring of additional personnel.
- Materials and supplies expenses increased by \$4.4 million, or 15.2 percent. This was due to an increase in bookstore purchases for resale to meet the demands of increased enrollment as well as an increase in repairs and renovations expenses.

Nonoperating Revenues and Expenses

Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College’s nonoperating revenues and expenses for the 2009-10 and 2008-09 fiscal years:

**Nonoperating Revenues (Expenses): College
(In Thousands)**

	2009-10	2008-09
State Appropriations	\$ 67,524	\$ 73,968
Gifts and Grants	83,759	47,816
Investment Income	500	1,187
Net Realized and Unrealized Gain (Loss) on Investments	1,196	(656)
Other Nonoperating Revenues	110	128
Interest on Capital Asset-Related Debt	(1,108)	(1,063)
Net Nonoperating Revenues	\$ 151,981	\$ 121,380

Nonoperating revenues increased by \$30.6 million, or 25.2 percent, over the prior fiscal year. Nonoperating revenue changes were the result of the following factors:

- Gifts and grants increased by \$35.9 million, or 75.2 percent, from the prior fiscal year. The majority of the increase was due to an additional \$29.3 million in Federal Pell grants received over the prior fiscal year as a result of increased student enrollment and increased financial aid award amounts. Additionally, \$5.8 million was received from the American Recovery and Reinvestment Act of 2009.
- State appropriation revenues decreased by \$6.4 million, or 8.7 percent, from the prior fiscal year.

Other Revenues, Expenses, Gains, or Losses

This category is mainly composed of capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College's other revenues, expenses, gains, or losses for the 2009-10 and 2008-09 fiscal years:

**Other Revenues, Expenses, Gains, or Losses: College
(In Thousands)**

	2009-10	2008-09
Capital Appropriations	\$ 9,059	\$ 18,185
Capital Grants, Contracts, Gifts, and Fees	5,540	5,464
Additions to Permanent Endowment	3	12
Total	\$ 14,602	\$ 23,661

Other revenues, expenses, gains, or losses decreased by \$9.1 million, or 38.3 percent, when compared to the prior fiscal year. This was primarily because capital appropriations decreased by \$9.1 million, or 50.2 percent, as compared to the prior year due to the decrease in Public Education Capital Outlay dollars the College received from the State to fund capital projects.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the College's cash flows for the 2009-10 and 2008-09 fiscal years is presented in the following table:

**Condensed Statement of Cash Flows: College
(In Thousands)**

	2009-10	2008-09
Cash Provided (Used) by:		
Operating Activities	\$ (144,904)	\$ (119,032)
Noncapital Financing Activities	150,968	122,276
Capital and Related Financing Activities	5,519	13,338
Investing Activities	15,384	(24,286)
Net Increase (Decrease) in Cash and Cash Equivalents	26,967	(7,704)
Cash and Cash Equivalents, Beginning of Year	49,644	57,348
Cash and Cash Equivalents, End of Year	\$ 76,611	\$ 49,644

Major sources of funds came from State appropriations (\$67.5 million), net student tuition and fees (\$39.9 million), grants and contracts (\$101.3 million), and bookstore receipts (\$15.5 million). Major uses of funds were for payments to employees (\$97 million) and to providers of goods and services (\$52.9 million).

The College's overall cash and cash equivalents increased by \$27 million, or 54.3 percent, as compared to the prior fiscal year. Changes in cash and cash equivalents were the result of the following factors:

- Operating activities used \$25.9 million more in cash as compared to the prior year. The increase was primarily the result of an increase in payments for scholarships totaling \$13.7 million along with an increase in payments for employees and employee benefits of \$7.4 million.
- Noncapital financing activities gained \$28.7 million more in cash as compared to the prior fiscal year. The increase was primarily due to \$29.3 million in additional Federal Pell grants and an increase in cash received for American Recovery and Reinvestment Act of 2009 stimulus funds of \$5.8 million, which offset the \$6.4 million decrease in State appropriations.
- Capital and related financing activities decreased by \$7.8 million as compared to the prior fiscal year. Proceeds from capital debt decreased by \$19.2 million as compared to the prior fiscal year because the College did not issue any capital related bonds. This decrease in cash was offset by a decrease in spending on purchases of capital assets of \$11.5 million.
- Cash flow from investing activities was \$15.4 million due primarily to the sale of investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2010, the College had \$297.8 million in capital assets, less accumulated depreciation of \$135 million, for net capital assets of \$162.8 million. Depreciation charges for the current fiscal year totaled \$8.5 million. The following table summarizes the College's capital assets at June 30:

**Capital Assets, Net at June 30: College
(In Thousands)**

<u>Capital Assets</u>	<u>2010</u>	<u>2009</u>
Land	\$ 3,692	\$ 3,692
Buildings	243,293	214,358
Other Structures and Improvements	14,499	14,499
Furniture, Machinery, and Equipment	19,209	19,206
Assets Under Capital Leases	12,976	12,976
Construction in Progress	4,123	22,394
Total	<u>297,792</u>	<u>287,125</u>
Less, Accumulated Depreciation:		
Buildings	92,996	86,960
Other Structures and Improvements	13,437	13,260
Furniture, Machinery, and Equipment	17,138	17,047
Assets Under Capital Lease(s)	11,438	10,444
Total Accumulated Depreciation	<u>135,009</u>	<u>127,711</u>
Capital Assets, Net	<u>\$ 162,783</u>	<u>\$ 159,414</u>

The College completed the Building 6 office renovations, the Central Campus parking garage, and Buildings 50 and 51 renovations and capitalized those improvements totaling \$28.9 million. The College has \$19.2 million in construction contract commitments at June 30, 2010, that includes the following:

- Central Campus – Institute of Public Safety remodel.
- South Campus – Building 72 renovations.

State appropriations together with local funds are expected to finance the construction, renovation, and purchase of land and facilities. More information about the College's capital assets is presented in the notes to financial statements.

DEBT ADMINISTRATION

At fiscal year-end, the College had \$24.4 million in long-term debt outstanding. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2010, and June 30, 2009:

**Long-Term Debt, at June 30: College
(In Thousands)**

	<u>2010</u>	<u>2009</u>
SBE Capital Outlay Bonds	\$ 4,090	\$ 4,470
Capital Improvement Revenue Bonds	17,975	18,650
Capital Leases Payable	2,347	3,359
Total	<u>\$ 24,412</u>	<u>\$ 26,479</u>

During the 2009-10 fiscal year, there were no bond sales and debt repayments totaled \$2.1 million. Additional information about the College's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Broward College's economic condition is closely tied to that of the State of Florida. Because of limited economic growth and increased demand for State resources, no increase in State funding is anticipated in the coming year. The College's current financial and capital plans indicate that the infusion of additional financial resources from an

increase in tuition rates will be necessary to maintain its present level of services. In response, the Board of Trustees increased the tuition rate eight percent to take effect beginning with the Fall 2010 term. In addition, the College instituted a conservative budget for the 2010-11 fiscal year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, other required supplementary information, or requests for additional financial information should be addressed to Jayson Iroff, Vice President for Financial Services, Broward College, 225 East Las Olas Blvd, Fort Lauderdale, Florida 33301.

BASIC FINANCIAL STATEMENTS

**BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS
June 30, 2010**

	<u>College</u>	<u>Component Unit</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 56,431,636	\$ 1,980,222
Restricted Cash and Cash Equivalents	3,333,621	
Accounts Receivable, Net	3,365,385	187,200
Notes Receivable, Net	163,509	
Due from Other Governmental Agencies	47,609,309	
Due from Component Unit	527,707	
Inventories	2,388,690	
Prepaid Expenses	56,156	6,175
Deposits-Other	<u>377,819</u>	
Total Current Assets	<u>114,253,832</u>	<u>2,173,597</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	16,846,184	
Investments	9,424,763	
Restricted Investments	3,465,257	64,705,883
Depreciable Capital Assets, Net	154,967,250	
Nondepreciable Capital Assets	<u>7,815,308</u>	
Total Noncurrent Assets	<u>192,518,762</u>	<u>64,705,883</u>
TOTAL ASSETS	<u>\$ 306,772,594</u>	<u>\$ 66,879,480</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,725,042	\$ 683,239
Salary and Payroll Taxes Payable	1,912,899	
Retainage Payable	671,083	
Due to Other Governmental Agencies	537,249	
Deferred Revenue	655,658	
Estimated Insurance Claims Payable	10,019,389	
Deposits Held for Others	1,836,682	
Long-Term Liabilities - Current Portion:		
Bonds Payable	1,100,000	
Capital Leases Payable	1,140,035	
Compensated Absences Payable	<u>599,907</u>	
Total Current Liabilities	<u>21,197,944</u>	<u>683,239</u>
Noncurrent Liabilities:		
Bonds Payable	20,965,000	
Capital Leases Payable	1,207,460	
Compensated Absences Payable	8,977,477	
Other Postemployment Benefits Payable	<u>3,653,884</u>	
Total Noncurrent Liabilities	<u>34,803,821</u>	
TOTAL LIABILITIES	<u>56,001,765</u>	<u>683,239</u>

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
June 30, 2010

	<u>College</u>	<u>Component Unit</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$141,236,555	\$
Restricted:		
Nonexpendable:		
Endowment	1,014,801	35,100,807
Expendable:		
Grants and Loans	4,712,426	
Scholarships	770,501	24,913,932
Capital Projects	57,043,078	
Debt Service	2,500,107	
Unrestricted	<u>43,493,361</u>	<u>6,181,502</u>
Total Net Assets	<u>250,770,829</u>	<u>66,196,241</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$306,772,594</u>	<u>\$ 66,879,480</u>

The accompanying notes to financial statements are an integral part of this statement.

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$38,704,344	\$ 40,445,677	\$
Federal Grants and Contracts	7,787,245	
State and Local Grants and Contracts	2,067,859	
Nongovernmental Grants and Contracts	8,300,991	
Sales and Services of Educational Departments	53,532	
Auxiliary Enterprises, Net of Scholarship Allowances of \$7,025,646	15,518,695	
Other Operating Revenues	1,485,070	2,548,973
Total Operating Revenues	75,659,069	2,548,973
EXPENSES		
Operating Expenses:		
Personnel Services	127,646,002	
Scholarships and Waivers	38,293,857	
Utilities and Communications	4,372,270	
Contractual Services	11,189,348	
Other Services and Expenses	8,563,279	7,195,524
Materials and Supplies	33,107,765	
Depreciation	8,542,300	
Total Operating Expenses	231,714,821	7,195,524
Operating Loss	(156,055,752)	(4,646,551)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	67,524,151	
Gifts and Grants	83,758,638	
Investment Income	500,130	1,242,174
Net Gain on Investments	1,195,874	10,052,314
Other Nonoperating Revenues	109,645	
Interest on Capital Asset-Related Debt	(1,108,045)	
Net Nonoperating Revenues	151,980,393	11,294,488
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(4,075,359)	6,647,937
Capital Appropriations	9,058,805	
Capital Grants, Contracts, Gifts, and Fees	5,540,400	
Additions to Permanent Endowments	2,646	
Total Other Revenues	14,601,851	
Increase in Net Assets	10,526,492	6,647,937
Net Assets, Beginning of Year	242,418,454	59,548,304
Adjustment to Beginning Net Assets	(2,174,117)	
Net Assets, Beginning of Year, as Restated	240,244,337	59,548,304
Net Assets, End of Year	\$ 250,770,829	\$ 66,196,241

The accompanying notes to financial statements are an integral part of this statement.

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 39,858,878
Grants and Contracts	18,171,442
Payments to Suppliers	(52,866,066)
Payments for Utilities and Communications	(4,372,270)
Payments to Employees	(97,045,428)
Payments for Employee Benefits	(27,436,397)
Payments for Scholarships	(38,293,857)
Net Loans Issued to Students	(4,723,065)
Collection of Loans to Students	4,736,574
Auxiliary Enterprises, Net	15,527,592
Sales and Service of Educational Departments	53,532
Other Receipts	1,485,070
	(144,903,995)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	67,524,151
Gifts and Grants Received for Other Than Capital or Endowment Purposes	83,151,049
Private Gifts for Endowment Purposes	2,646
Other Receipts	290,445
	150,968,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	15,616,455
Capital Grants and Gifts	5,540,400
Purchases of Capital Assets	(12,463,335)
Principal Paid on Capital Debt and Leases	(2,066,157)
Interest Paid on Capital Debt and Leases	(1,108,045)
	5,519,318
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	14,883,582
Investment Income	500,130
	15,383,712
Net Increase in Cash and Cash Equivalents	26,967,326
Cash and Cash Equivalents, Beginning of Year	49,644,115
Cash and Cash Equivalents, End of Year	\$ 76,611,441

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010

	College
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (156,055,752)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	8,542,300
Changes in Assets and Liabilities:	
Receivables, Net	(1,202,770)
Due From Other Governmental Agencies	(390,057)
Inventories	476,379
Prepaid Expenses	363,396
Other Assets	89,482
Accounts Payable	3,240,243
Salaries and Payroll Taxes Payable	(384,323)
Deferred Revenue	70,199
Deposits Held for Others	220,897
Compensated Absences Payable	820,361
Other Postemployment Benefits Payable	(694,350)
	<u>\$ (144,903,995)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (144,903,995)</u>

The accompanying notes to financial statements are an integral part of this statement.

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The governing body of Broward College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of five members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by law and State Board of Education rules. However, the District Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and State Board of Education rules. Geographic boundaries of the District correspond with those of Broward County.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading or incomplete. Based upon the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Broward College Foundation, Inc. (Foundation), is included within the College's reporting entity as a discretely presented component unit.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended December 31, 2009.

The Foundation is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property, and makes expenditures to or for the benefit of the College.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The College's component unit uses the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The College follows GASB pronouncements and FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Accounting*, the College has the option to elect to apply all pronouncements of FASB issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income (net of unrealized gains or losses on investments), and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College calculated its tuition scholarship allowance by determining the amount of "coverage" applied from financial aid and other funds determined to be subject to tuition scholarship allowance as described in NACUBO Advisory Report 2000-05. Under this method, the College determined amounts by identifying those student transactions where the student's classes or bookstore charges were paid by an applicable financial aid source. The College maintains a detailed record of this activity in its Credit and Collection activity file at the financial aid and student level.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash with the State Treasury Special Purpose Investment Account (SPIA) and the State Board of Administration (SBA) Florida PRIME investment pool. For reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the State Treasury SPIA and SBA Local Government Surplus Trust Fund Investment Pool, which effective July 1, 2009, is known as the Florida PRIME investment pool, to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2010, the College reported as cash equivalents at fair value \$2,877,805 of moneys held in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of Af by Standard & Poor's and had an effective duration of 1.81 years at June 30, 2010. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2010, the College reported as cash equivalents at fair value \$29,030,131 of moneys held in Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 46 days as of June 30, 2010. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating-rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

Capital Assets. College capital assets consist of land; construction in progress; buildings; other structures and improvements; furniture, machinery, and equipment; and assets under capital leases. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
 - Computer Equipment – 3 years
 - Vehicles, Office Machines, and Educational Equipment – 5 years
 - Furniture – 7 years
- Assets Under Capital Leases – 10 years

Noncurrent Liabilities. Noncurrent liabilities include principal amounts of bonds payable, capital leases payable, compensated absences payable, and other postemployment benefits payable that are not scheduled to be paid within the next fiscal year.

2. PRIOR PERIOD ADJUSTMENT

The \$2,174,117 adjustment to beginning net assets reported in the statement of revenues, expenses, and changes in net assets is to correct prior year accounting errors by decreasing the beginning net asset balance for prior year understatement of estimated insurance claims payable and related expenses.

3. INVESTMENTS

The College's Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration;

**BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College’s Board of Trustees as authorized by law. State Board of Education Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The College’s investments at June 30, 2010, are reported at fair value, as follows:

<u>Investment Type</u>	<u>Amount</u>
State Board of Administration Fund B Surplus Funds Trust Fund	\$ 794,712
State Board of Administration Debt Service Accounts	98,442
United States Government Obligations	11,996,866
Total College Investments	\$12,890,020

State Board of Administration Fund B Surplus Funds Trust Fund

On December 4, 2007, the State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund to establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME investment pool.

At June 30, 2010, the College reported investments at fair value of \$794,712 for amounts held in Fund B. The College’s investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.67353149 at June 30, 2010. The weighted-average life (WAL) of Fund B at June 30, 2010, was 8.05 years. A portfolio’s WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2010. WAL measures the sensitivity of Fund B to interest rate changes. The College’s investment in Fund B is unrated.

State Board of Administration Debt Service Accounts

The College reported investments at fair value totaling \$98,442 at June 30, 2010, in the State Board of Administration Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the College. The College’s investments

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The College relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments

The College's other investments at June 30, 2010, consisted of United States government obligations totaling \$11,996,866. The following risks apply to these investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy requires that the maximum effective maturity of an individual security shall be five years from the date of purchase. The College's investments in United States Government obligations have maturity dates of August 15, 2012, and November 15, 2012.

Credit Risk: Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. United States Government obligations are not considered to have credit risk.

Custodial Credit Risk: Custodian credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments or collateral securities that are in the possession of an outside party. The College's investment policy provides that securities will be designated as an asset of the College and held in safekeeping by a third-party custodial bank or other third-party custodial institution. The College's \$11,996,866 of investments in United States Government obligations are held by the safekeeping agent in the name of the College.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. United States Government obligations are not considered to have concentration of credit risk.

Component Unit Investments

Investments held by the College's component unit at December 31, 2009, are reported at fair value as follows:

**BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

Investment Type	Amount
Marketable Securities Equities:	
Foreign	\$ 16,043,030
Domestic	20,465,283
Other:	
Alternative Investments	7,766,555
Fixed Income	18,116,492
Money Market Funds	2,314,523
Total Component Unit Investments	\$ 64,705,883

4. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, salary overpayments, returned checks, unused credit memos, and returns in transit. These receivables are reported net of a \$290,870 allowance for uncollectible accounts.

5. NOTES RECEIVABLE

Notes receivable represent student loans made under the short-term loan program, financial aid overpayments, and fee deficiencies. Notes receivable are reported net of a \$1,845,809 allowance for uncollectible notes.

6. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of \$41,277,431 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

7. DUE FROM AND TO COMPONENT UNIT/COLLEGE

The College reported a due from component unit of \$527,707, which represents expenditures made by the College that will be reimbursed by the component unit. The College's financial statements are reported for the fiscal year ended June 30, 2010. The College's component unit's financial statements are reported for the fiscal year ended December 31, 2009. Accordingly, although the College reported an amount due from the component unit on the statement of net assets, no amount is reported for the component unit as a payable to the College.

8. INVENTORIES

Inventories consist of items for resale by the campus bookstore and office and educational supplies maintained in the central stores warehouse. The bookstore inventories are valued using the last invoice cost, which approximates the first-in, first-out, method of inventory valuation. The central stores inventory is valued using the weighted-average cost method. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

**BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, is shown below:

Description	Beginning Balance	Adjustments (1)	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 3,692,517	\$	\$	\$	\$ 3,692,517
Construction in Progress	22,393,426		10,664,611	28,935,246	4,122,791
Total Nondepreciable Capital Assets	\$ 26,085,943	\$	\$ 10,664,611	\$ 28,935,246	\$ 7,815,308
Depreciable Capital Assets:					
Buildings	\$ 214,357,751	\$	\$ 28,935,246	\$	\$ 243,292,997
Other Structures and Improvements	14,499,592				14,499,592
Furniture, Machinery, and Equipment	19,206,171	(662,770)	1,335,567	670,464	19,208,504
Assets Under Capital Leases	12,975,539				12,975,539
Total Depreciable Capital Assets	261,039,053	(662,770)	30,270,813	670,464	289,976,632
Less, Accumulated Depreciation:					
Buildings	86,960,382		6,035,407		92,995,789
Other Structures and Improvements	13,259,742		177,485		13,437,227
Furniture, Machinery, and Equipment	17,047,319	(579,339)	1,334,681	664,409	17,138,252
Assets Under Capital Leases	10,443,387		994,727		11,438,114
Total Accumulated Depreciation	127,710,830	(579,339)	8,542,300	664,409	135,009,382
Total Depreciable Capital Assets, Net	\$ 133,328,223	\$ (83,431)	\$ 21,728,513	\$ 6,055	\$ 154,967,250

Note: (1) Adjustments relate to prior year deletions removed in the 2009-10 fiscal year.

10. GRAVES MUSEUM ARTIFACTS

On March 28, 2005, the United States Bankruptcy Court named Broward College recipient of the Graves Museum of Archaeology and Natural History Collection. Out of 20 major collections and 30 small collections of donated assets, approximately 60 percent have been fully cataloged and all artifacts have been photographed. College staff indicated it will take several more years to fully catalog the entire collection. While the collection is undoubtedly quite valuable and irreplaceable, the College has not placed a dollar valuation on these items and, accordingly, the financial statements do not include these assets.

11. DEFERRED REVENUE

Deferred revenue of \$655,658 consists primarily of student tuition and fees received prior to fiscal year-end related to subsequent accounting periods.

12. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2010, include bonds payable, capital leases payable, compensated absences payable, and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2010, is shown below:

**BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 23,120,000	\$	\$ 1,055,000	\$ 22,065,000	\$ 1,100,000
Capital Leases Payable	3,358,652		1,011,157	2,347,495	1,140,035
Compensated Absences Payable	8,757,023	4,255,580	3,435,219	9,577,384	599,907
Other Postemployment Benefits Payable	2,174,117	1,693,960	214,193	3,653,884	
Total Long-Term Liabilities	\$ 37,409,792	\$ 5,949,540	\$ 5,715,569	\$ 37,643,763	\$ 2,839,942

Bonds Payable. The various bonds were issued to finance capital outlay projects of the College. The following is a description of the bonded debt issues.

Capital Outlay Bonds. The State Board of Education issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College’s portion of the State-assessed motor vehicle license tax and by the State’s full faith and credit. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements.

Capital Improvement Revenue Bonds, Series 2008A. These bonds are issued by the State Board of Administration, Division of Bond Finance on behalf of the College and authorized by Article VII, Section 11(d) of the Florida Constitution, Sections 215.57 through 215.83, and 1009.23, Florida Statutes, and other applicable provisions of law. Principal and interest on these bonds is secured by and payable solely from a first lien pledge of the capital improvement fees collected pursuant to Section 1009.23(11), Florida Statutes, by the participating colleges on parity with the outstanding 2006A and 2008A Bonds and any additional bonds issued subsequent to the issuance of the 2008A Bonds. The 2008A Bonds constitute the second series of bonds to be issued pursuant to the Master Authorizing Resolution. Upon the issuance of additional bonds, all bonds will share a parity first lien on the pledged revenues of all colleges participating in any series of bonds then outstanding. These bonds will share the lien of such additional bonds on the 2006A and 2008A pledged revenues and on the revenues pledged by colleges participating in such additional bonds. These bonds were issued for the construction of a multi-level parking structure at the College’s Central Campus.

The College had the following bonds payable at June 30, 2010:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education Capital Outlay Bonds: Series 2005B	\$ 4,090,000	5.0	2020
Capital Improvement Revenue Bonds: Series 2008A	17,975,000	3.4 - 5.0	2028
Total	\$ 22,065,000		

BROWARD COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Annual requirements to amortize all bonded debt outstanding as of June 30, 2010, are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Capital Outlay Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 400,000	\$ 204,500	\$ 604,500
2012	420,000	184,500	604,500
2013	440,000	163,500	603,500
2014	460,000	141,500	601,500
2015	485,000	118,500	603,500
2016-2020	1,885,000	224,750	2,109,750
Total	\$ 4,090,000	\$ 1,037,250	\$ 5,127,250

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Capital Improvement Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 700,000	\$ 769,284	\$ 1,469,284
2012	725,000	744,784	1,469,784
2013	750,000	719,409	1,469,409
2014	780,000	691,284	1,471,284
2015	810,000	662,034	1,472,034
2016-2020	4,560,000	2,789,269	7,349,269
2021-2025	5,625,000	1,727,356	7,352,356
2026-2028	4,025,000	383,363	4,408,363
Total	\$ 17,975,000	\$ 8,486,783	\$ 26,461,783

In prior years, portions of the State Board of Education, Capital Outlay Bonds, Series 1998A and 2000A were refunded and considered defeased in substance by placing a portion of the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the College's statement of net assets. The defeased bonds are not reported as outstanding debt on the College's statement of net assets. As of June 30, 2010, \$3,055,000 of State Board of Education, Capital Outlay Bonds, Series 1998A, and \$1,190,000 of State Board of Education, Capital Outlay Bonds, Series 2000A, are considered defeased in-substance.

Capital Leases Payable. In April 1997, energy management equipment in the amount of \$12,975,539 was acquired under several capital lease agreements. The stated interest rates ranged from 3.29 percent to 3.61 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2010, are as follows:

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Fiscal Year Ending June 30	Amount
2011	\$ 1,202,919
2012	857,916
2013	306,598
2014	77,077
Total Minimum Payments	2,444,510
Less, Amount Representing Interest	97,015
Present Value of Minimum Payments	\$ 2,347,495

Compensated Absences Payable. College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2010, the estimated liability for compensated absences, which includes the College’s share of the Florida Retirement System and FICA contributions, totaled \$9,577,384. The current portion of the compensated absences liability is the amount estimated based upon the average of the projected terminal leave payouts calculated from the first projection year from the calculation of the compensated absences liability.

Other Postemployment Benefits Payable. The College follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment benefits administered by the College.

Plan Description. The Other Postemployment Benefits Plan (Plan) is a single-employer defined benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College’s self-insured health and hospitalization plan for medical and prescription drug coverages. The College subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The College does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report and is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. Benefit provisions are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits may be amended by the Board of Trustees. Contribution requirements of the College and Plan members are established and may be amended through recommendations of the Insurance Committee and actions from the Board of Trustees. The College has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and

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the Plan is financed on a pay-as-you-go basis. For the 2009-10 fiscal year, 106 retirees received other postemployment benefits. The College provided required contributions of \$214,193 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$605,355.

Annual OPEB Cost and Net OPEB Obligation. The College’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the College’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College’s net OPEB obligation:

<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 1,003,837
Amortization of Unfunded Actuarial Accrued Liability	680,805
Interest on Normal Cost and Amortization	<u>-</u>
Annual Required Contribution	1,684,642
Interest on Net OPEB Obligation	86,965
Adjustment to Annual Required Contribution	<u>(77,647)</u>
Annual OPEB Cost (Expense)	1,693,960
Contribution Toward the OPEB Cost	<u>(214,193)</u>
Increase in Net OPEB Obligation	1,479,767
Net OPEB Obligation, Beginning of Year	<u>2,174,117</u>
Net OPEB Obligation, End of Year	<u><u>\$ 3,653,884</u></u>

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2010, and for the transition and preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Beginning Balance, July 1, 2007	\$		\$
2007-08	1,507,246	20.4%	1,200,270
2008-09	1,568,993	37.9%	2,174,117
2009-10	1,693,960	12.6%	3,653,884

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Funded Status and Funding Progress. As of October 1, 2009, the most recent valuation date, the actuarial accrued liability for benefits was \$18,692,337, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$18,692,337 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$63,329,742 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 29.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The College's OPEB actuarial valuation as of October 1, 2009, used the entry age cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2010, and the College's 2009-10 fiscal year ARC. This method was selected because it was the most common method used for government pension valuation and spreads the costs evenly throughout the collective careers of those in the covered workforce. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 9 percent for the 2009-10 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 5 percent after eight years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 27 years.

13. RETIREMENT PROGRAMS

Florida Retirement System. Essentially all regular employees of the College are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a

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JUNE 30, 2010**

defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2009-10 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Senior Management Service	0.00	13.12
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class in which reemployed.

The College’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College’s contributions for the fiscal years ended June 30, 2008, June 30, 2009, and June 30, 2010, totaled \$5,122,526, \$5,256,544, and \$5,442,853, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among

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JUNE 30, 2010**

various approved investment choices. Employees in PEORP vest at one year of service. There were 222 College participants during the 2009-10 fiscal year. Required contributions made to the PEORP totaled \$1,061,157.

Financial statements and other supplementary information of the FRS are included in the State’s Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

State College System Optional Retirement Program. Section 1012.875, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible college instructors and administrators. The Program is designed to aid colleges in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing college contributes, on behalf of the participant, 10.43 percent of the participant’s salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the college to the participant’s annuity account.

There were 166 College participants during the 2009-10 fiscal year. Required employer contributions made to the Program totaled \$1,278,037.

14. CONSTRUCTION COMMITMENTS

The College’s major construction commitments at June 30, 2010, are as follows:

Project Description	Total Contract	Completed to Date	Balance Committed
Central Campus:			
Institute of Public Safety Remodel	\$ 13,876,017	\$ 2,797,992	\$ 11,078,025
South Campus:			
Building 72 Renovations	9,489,959	1,324,799	8,165,160
Total	\$ 23,365,976	\$ 4,122,791	\$ 19,243,185

15. RISK MANAGEMENT PROGRAMS

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. The College provided coverage for these

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risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$175 million through February 2010, then \$150 million from March 2010. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers' compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Life, dental, and long-term disability coverage are provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Self-Insured Program. The Board has established an individual self-insured program to provide group health insurance for its employees, retirees, former employees, and their dependents. The College's liability was limited by excess reinsurance to \$175,000 per insured person through December 2009, then \$200,000 from January 2010. The plan is provided by an insurance company licensed by the Florida Department of Financial Services, Office of Insurance Regulation. The College contributes employee premiums as a fringe benefit. Employee dependent coverage is by payroll deduction and coverage for retirees, former employees, and their dependents is by prepaid premium.

The College reports a liability when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The liability includes an amount for claims that have been incurred, but not reported, and an amount for claims administration expense. Because the actual claims liability depends on such complex factors as inflation, change in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. The College reevaluates the claims liability periodically and the claims liability totaled \$10,019,389 as of June 30, 2010. Amounts held by the College in excess of the estimated insurance claims liability at June 30, 2010, totaled \$8,042,613 and are classified as insurance claims deposits. The College will use these amounts to pay claims incurred in future fiscal years.

The following schedule represents the changes in claims liability for the past two fiscal years for the College's self-insured program:

Fiscal Year	Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year
2008-09	\$6,065,201	\$11,387,597	\$10,589,975	\$ 6,862,823
2009-10	\$9,036,940 (1)	\$12,840,734	\$11,858,285	\$10,019,389

Note: (1) Beginning balance increased by \$2,174,117 to correct prior period error.

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JUNE 30, 2010**

Commercially Purchased Insurance. In support of its aviation program, the College has purchased Airport Premises and Aircraft Hull and Liability coverage through a commercial carrier with a minimum deductible. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

16. SCHEDULE OF STATE REVENUE SOURCES

Revenue from State sources for current operations is primarily from the College Program Fund administered by the Florida Department of Education under the provisions of Section 1011.81, Florida Statutes. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each college’s apportionment considering the following components: base budget, which includes the State appropriation to the College Program Fund in the current year plus the related student tuition and fees assigned in the current General Appropriations Act; the cost-to-continue allocation, which consists of incremental changes to the base budget, including salaries, price levels, and other related costs; enrollment workload adjustments; operation costs of new facilities adjustments; and new and improved program enhancements, which are determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates are deducted from the sum of these components to determine the net annual State apportionment to each college.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the College on an annual basis. The College is authorized to receive and expend these resources only upon applying for and receiving an encumbrance authorization from the Florida Department of Education.

The following is a summary of State revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
College Program Fund	\$ 58,644,305
Gross Receipts Tax (Public Education Capital Outlay)	8,536,943
Education Enhancement Trust Fund (Lottery)	8,268,508
Florida Student Assistance Grants	5,916,938
Bright Futures Scholarship Program	3,947,253
Restricted Contracts and Grants	2,275,274
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,133,200
Total	\$ 88,722,421

17. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on

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the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	\$ 72,063,427
Public Services	1,209,914
Academic Support	18,771,326
Student Services	20,854,939
Institutional Support	26,103,438
Operation and Maintenance of Plant	28,597,054
Scholarships and Fellowships	37,622,148
Depreciation	8,542,300
Auxiliary Enterprises	17,950,275
Total Operating Expenses	\$ 231,714,821

18. FISCAL AGENT FOR THE HIGHER EDUCATION TECHNOLOGY GROUP

Effective July 1, 2002, the College was elected fiscal agent for the Florida Community College Software Consortium (FCCSC). During the 2009-10 fiscal year, FCCSC changed its name to Higher Education Technology Group (HETGroup). As fiscal agent, the College is responsible for receiving, disbursing, and administering all moneys due to or payable from the Consortium and for certain personnel functions. For the 2009-10 fiscal year, HETGroup revenues and expenditures totaled \$2,200,031 and \$2,346,081, respectively, and are reported as operating nongovernmental grants and contracts and operating expenditures, respectively, on the statement of revenues, expenses, and changes in net assets. At June 30, 2010, net assets of the Consortium totaling \$1,760,649 are held in the College’s Current Restricted Fund.

**BROWARD COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2007	\$ -	\$ 19,439,651	\$ 19,439,651	0%	\$ 61,198,715	31.8%
10/1/2009	\$ -	\$ 18,692,337	\$ 18,692,337	0%	\$ 63,329,742	29.5%



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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited the financial statements of Broward College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2010, which collectively comprise the College's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component unit as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA
November 19, 2010