



COUNTY COLLEGE of MORRIS

A Component Unit of the  
County of Morris

# Comprehensive Annual Financial Report

Fiscal Year Ended  
June 30, 2015



214 Center Grove Road, Randolph, New Jersey 07869







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County of Morris

# Comprehensive Annual Financial Report

Fiscal Year Ended  
June 30, 2015



Prepared by The Accounting Department  
Karen VanDerhoof, *Vice President for Business and Finance*  
Jessica Wander, *Director of Accounting*



**County College of Morris**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2015**  
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# Introductory Section







December 8, 2015

## President's Letter

Members of the Board of Trustees:

I am pleased to submit to the Board and the college community the Comprehensive Annual Financial Report for Fiscal Year 2015. This document presents the record of the College's financial operations for the year just ended.



County College of Morris holds the special mission of providing a quality, affordable education to anyone with the desire to learn and advance. As an open access institution, we offer those who might not otherwise have an opportunity the chance to reach for something higher. We are an ideal resource for those looking to start their education and for those looking to improve their skills or transition to a new career. On a daily basis our faculty provides instruction that enhances lives permanently and our students gain a quality education to realize their visions for the future at a price that remains affordable and accessible.

Over the past several years we continued to build on our commitment to improve academic facilities and student learning. During the fiscal year we completed the renovations of our biology, chemistry and physics labs and Health and Physical Education Building inclusive of the aquatic facility. Construction of our new Music Technology Center is well on underway with a scheduled opening date in January 2016. The ongoing enhancements to our facilities will better position us to grow our enrollment and continue our development as a quality institution where students can challenge themselves, grow intellectually and improve their lives.

We are grateful to our sponsors and the community for their continued support and to the Board of Trustees whose commitment and dedication has ensured the College's growth and development in continuing to be the dynamic and solid institution which the community has grown to expect. We appreciate the efforts of the faculty and staff whose commitment and expertise enable the College to achieve its mission.

Respectfully,

A handwritten signature in blue ink that reads "Edward J. Yaw".

Edward J. Yaw, Ed.D.  
President

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**Transmittal Letter**

December 8, 2015

To President Yaw and Members of the Board of Trustees:

The Comprehensive Annual Financial Report of the County College of Morris and its component units for fiscal year ended June 30, 2015 is hereby submitted. Responsibility for the accuracy and completeness of the data, as well as the fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is displayed in a manner that presents fairly the financial position and results of operations of the various activities of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

Management of the College is responsible for establishing and maintaining an internal control system that is designed to protect the assets of the College, prevent loss from theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

State statute requires an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the College's Board of Trustees. The auditors' report on the financial statements and schedules is included in the financial section of this report.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (pages 14-20) which focuses on current activities, resulting change, and currently known facts.

## **Profile of County College of Morris**

The County College of Morris was founded in 1965 and opened its doors in 1968. The College is situated on 222 acres in picturesque Morris County, home of 39 municipalities. County College of Morris is a comprehensive community college offering many degree and certificate programs. The College is accredited by the Commission of Higher Education of the Middle States Association of Colleges and Secondary Schools and has granted over 48,585 degrees. The College has one off-campus site located in Morristown that provides courses for traditional students, adults, career professionals and local businesses.

The County College of Morris mission is to deliver dynamic, challenging, high quality, and accessible academic programs and services that support the individual's quest for lifelong learning and professional development.

In keeping with its broad responsibility and purpose, some of the goals that the College seeks to fulfill are as follows:

- Emphasize Student Success and College Completion
- Strengthen Student, Faculty and Staff Learning
- Better Integrate Planning and the Budgeting Process
- Improve Efficiencies and Quality of College Operations
- Maximize Sources of Revenue
- Improve the Use of Technology

The County College of Morris Foundation was established in 1986 to carry out charitable and educational functions that support the College, students, faculty and staff. All financial resources of the Foundation are for the direct benefit of the College or its constituents. Since the College has the ability to access these resources, the Foundation is considered a component unit of the College and is blended into the financial statements.

The Picatinny Technology Innovation Center was formed in 1996 as a cooperative effort between the County College of Morris and the US Army's Armament Research, Development and Engineering Center. It is a non-profit corporation organized for the advancement of education and research through the transfer of technologies. It is a technology oriented business incubator and is considered a component unit of the College. Since the center is not held for the direct benefit of the College, it is discretely presented in the financial statements.

## **General**

The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and the National Association of College and University Business Officers (NACUBO). The College, like other public colleges and universities following the college guide model, uses funds to organize their accounting

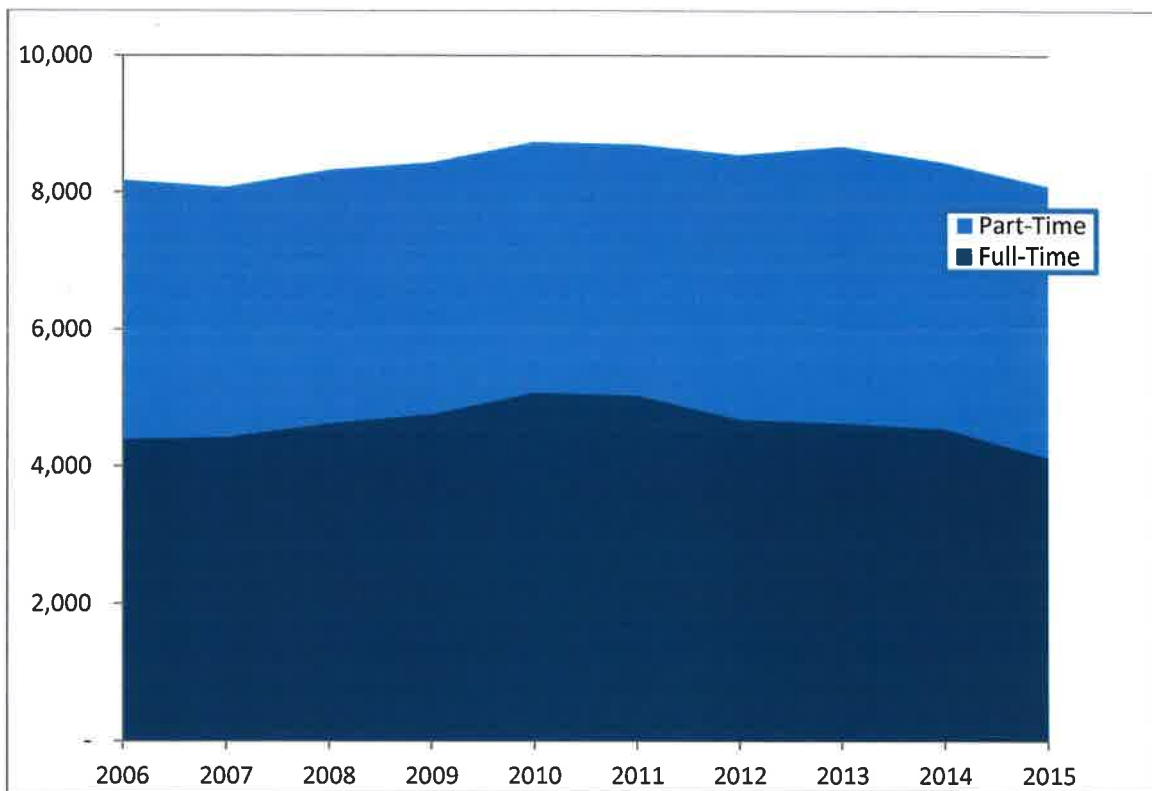


records. The financial records are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when a legal obligation to pay exists. The notes to the financial statements expand upon the accounting principles applied.

## Enrollment

In the fall of 2014 approximately 78% of the College's students were Morris County residents and the remaining 22% were from surrounding counties and other areas. Various foreign countries are represented, enriching campus diversity. The data also shows that one out of every six high school seniors from Morris County who go on to college choose to attend the County College of Morris. Over the past several semesters, the College has experienced a moderate decline in credit hour enrollment with corresponding fluctuations in headcount enrollment.

Fall enrollment over the last ten years is as follows:



## Budget Information

The autonomy of the budget function, which controls the College's chart of accounts, provides for the proper segregation of duties between the Budget and Accounting offices. The Office of Advancement and Planning provides enrollment projections to the Director of Budget & Business Services. The budget is prepared on an annual basis with a forecast for the succeeding three years. The results are analyzed for accuracy and reasonableness before varying scenarios are projected. The recommended budget

parameters are presented to the Finance and Budget Committee of the Board of Trustees for review and approval. Once approved, the Annual Budget Request is developed and approved by the College Board of Trustees. The Morris County Board of School Estimates approves the County's appropriation.

## **Economic Outlook**

Morris County is located in north-central New Jersey, approximately 30 miles from New York City. The county's proximity to New York City, its diverse employment base, and its highly skilled and well educated labor pool are all contributing factors to the county being among the wealthiest in the state and nation. The population of Morris County is projected to increase by 6.9% or 34,124 by 2022. According to the last census, income levels exceed the state's average by 38% and housing values are 32% above average. The county is home to several Fortune 500 companies, including Prudential Financial, Johnson & Johnson, Merck, and Honeywell International. The jobless rate in the county as of June 2015 was 4.2%; 1.4% below the state's rate of 5.6%.

The College's financial outlook for the future continues to be cautious. The College's enrollment decreased last year and additional modest declines are projected consistent with the number of anticipated high school graduates. The State of New Jersey's budget constraints will most likely mean flat or reduced funding to the sector. The distribution of aid is partially based upon fundable credit hour enrollment; therefore the College may realize a slight increase in funding due to the fact that enrollment decreases for the College have been less than the average for the sector. The County of Morris operating appropriations have remained constant and are expected to increase by 2% next year. Ideally one third of the revenue of the county colleges would be funded by the state, with the counties funding one third and tuition and fees covering the remaining one third. Students are currently paying for 64% of the cost of education, with the county picking up 21%, the state 13%, and the balance funded by miscellaneous and investment income. Tuition increases as well as additional cost containment initiatives will continue to be necessary in the future unless increased funding is obtained from the state and county.

Health benefits costs have had double digit increases over the past several years and will continue to be a challenge in the future. State mandated employee contributions of a minimum of 1½% of salary will help defray some of the costs. In addition, the College is participating in various consortiums to leverage buying power, thereby reducing costs. The College continues to invest in energy efficient heating, ventilation, and air conditioning systems to reduce operating costs. The College has always operated within its resources and will continue to do so with cost containment and revenue enhancement initiatives. We are proud of the College's sound financial position and look forward to providing future financial stewardship and leadership.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Excellence in Financial Reporting to County College of Morris for its comprehensive annual financial report for the fiscal years ended June 30, 2003 through June 30, 2014. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized

comprehensive annual financial report. This report must satisfy both generally accepted accounting principles, applicable legal requirements and more stringent disclosures.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's rigorous requirements and we will be submitting it to the GFOA for its consideration.

Our sincere appreciation is expressed to the entire staff of the Accounting Department whose efforts and contributions made possible the timely preparation of the College's twelfth Comprehensive Annual Financial Report.

Respectfully submitted,



Karen VanDerhoof, CPA  
Vice President for Business and Finance

County College of Morris  
Principal Officials  
Year Ended June 30, 2015

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BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expiration</u>
Stanley T. Omland	Chair	10/31/2015
Jeffrey M. Advokat, Esq.	Vice Chair	10/31/2016
Dr. Joseph L. Ricca, Jr.	Treasurer	10/31/2015
Paul R. Licitra	Secretary	10/31/2016
Laurie Bogaard, Esq.	Trustee	10/31/2017
Barbara L. Hadzima	Trustee	10/31/2016
Dr. Rosalie S. Lamonte	Trustee	Appt. by State Statute
J. Richard Rajoppi	Trustee	10/31/2016
William Schievella	Trustee	10/31/2017
Michael A. Van Allen	Trustee	10/31/2017
Dr. Joseph S Weisberg	Trustee	10/31/2015

OFFICERS OF THE COLLEGE

Dr. Edward J. Yaw, President  
Dr. Dwight L. Smith, Vice President of Academic Affairs  
Karen R. VanDerhoof, Vice President for Business and Finance  
Dr. Bette M. Simmons, Vice President of Student Development and Enrollment Management  
Joseph Vitale, Executive Director for College Advancement and Planning and President of the CCM Foundation  
Roger Flahive, Executive Director of Information Systems (CIO)  
Thomas Burk, Director of Human Resources and Labor Relations

OFFICIALS ISSUING REPORT

Karen R. VanDerhoof, CPA, Vice President for Business and Finance  
Jessica Wander, Director of Accounting

DIVISION ISSUING REPORT

Business and Finance

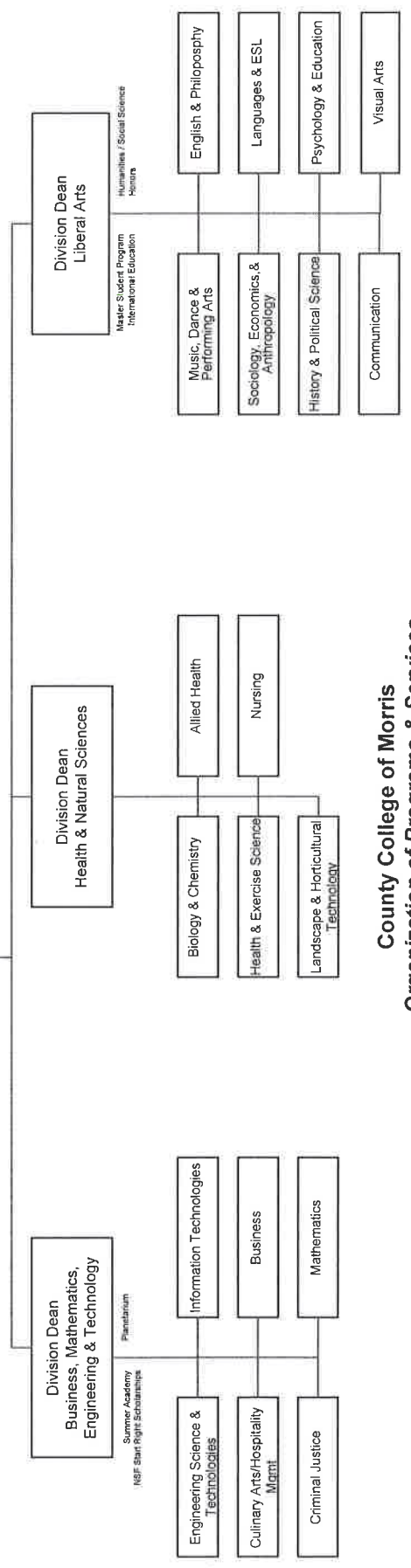
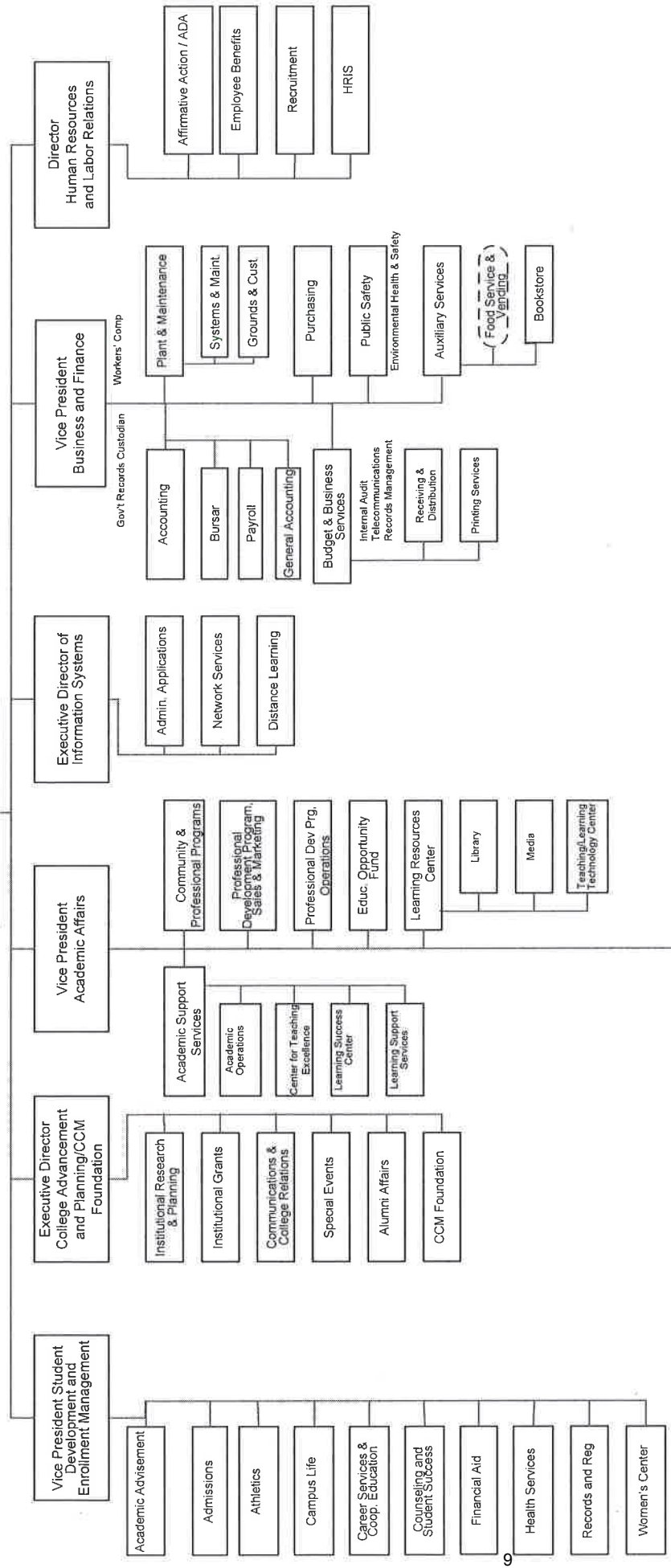
DEPARTMENT ISSUING REPORT

Accounting



Board of Trustees of County College of Morris

President



County College of Morris  
 Organization of Programs & Services  
 as of July 2014



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County College of Morris  
New Jersey**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Financial Section









Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Randolph, New Jersey

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

We have audited the accompanying basic financial statements of the County College of Morris (the "College") a component unit of the County of Morris, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. 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 audit requirements as prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County College of Morris, as of June 30, 2015, and the changes in financial position and, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 20 to the basic financial statements, the College implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for College as of June 30, 2014 as detailed in Note 22 to the basic financial statements.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College’s basic financial statements. The accompanying schedules of expenditures of federal and state financial awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Page 3

The accompanying IOLTA grant schedules and the schedules of expenditures of federal and state financial awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the IOLTA grant schedules and the schedules of expenditures of federal and state financial awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

December 8, 2015  
Mount Arlington, New Jersey

  
NISIVOCCHIA LLP

## **Management's Discussion and Analysis**

### **Unaudited**

This section of the County College of Morris' Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the College's financial activity, exclusive of the College's discretely presented component unit, for the fiscal years ended June 30, 2015 and 2014. Since this discussion and analysis focuses on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements and the footnotes.

### **Using This Annual Report**

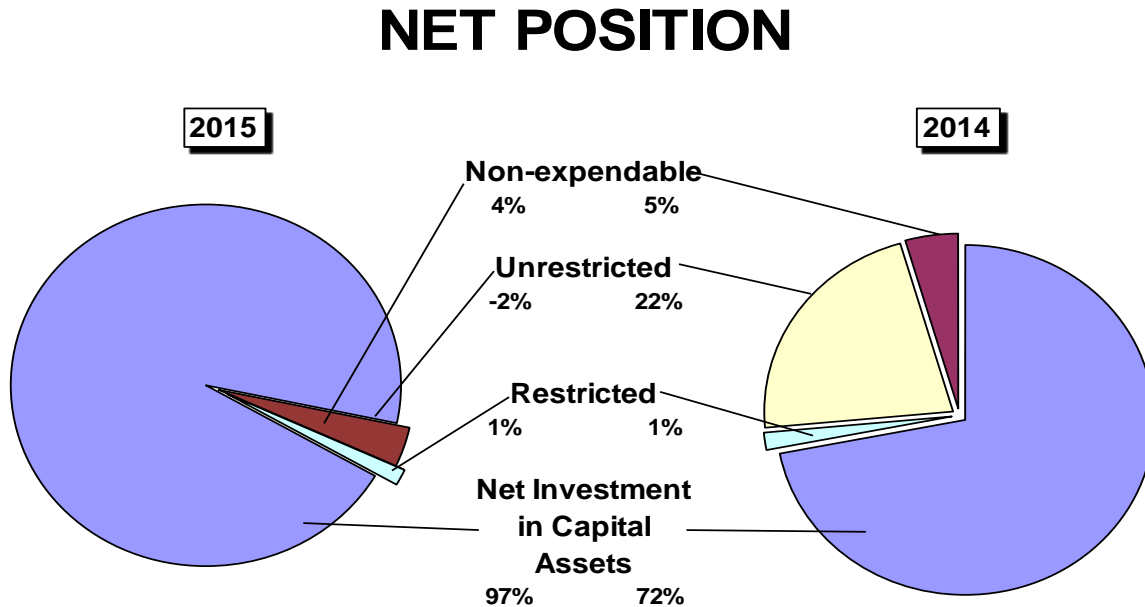
The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements are prepared using the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. The entity-wide statements are comprised of the following:

- *The Statement of Net Position* presents all of the College's assets, deferred inflows and outflows, and liabilities, with the difference reported as *net position*. The assets and liabilities are reported in order of relative liquidity while net position is categorized as *Net Investment in Capital Assets, Restricted, or Unrestricted*. Over time, increases or decreases in net position are an indicator of the improvement or erosion of the College's financial health.
- *The Statement of Revenues, Expenses, and Changes in Net Position* presents revenues and expenses incurred during the year. Revenues and expenses are reported as either operating or non-operating, with operating revenue consisting of tuition, student financial aid, auxiliary services, and contracts and grants. State and county appropriations, investment activities, as well as federal Pell grants, are reported as non-operating and denote the dependency the College has on their support.
- *The Statement of Cash Flows* presents information on cash flows from operating activities, non-capital financing activities, capital financing activities, and investing activities. It provides the net increase or decrease in cash between the beginning and end of the fiscal year and assists in evaluating the College's ability to meet financial obligations as they become due.

The CAFR is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes the president's letter, the transmittal letter, the College's principal officers, an organizational chart and the Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the report of the independent auditors, management's discussion and analysis, the basic financial statements, notes to the financial statements and required supplemental information. The statistical section includes unaudited financial information. The compliance section includes supplemental financial information.

## Financial Highlights

The following is a graphical illustration of net position as of June 30, 2015 and 2014:



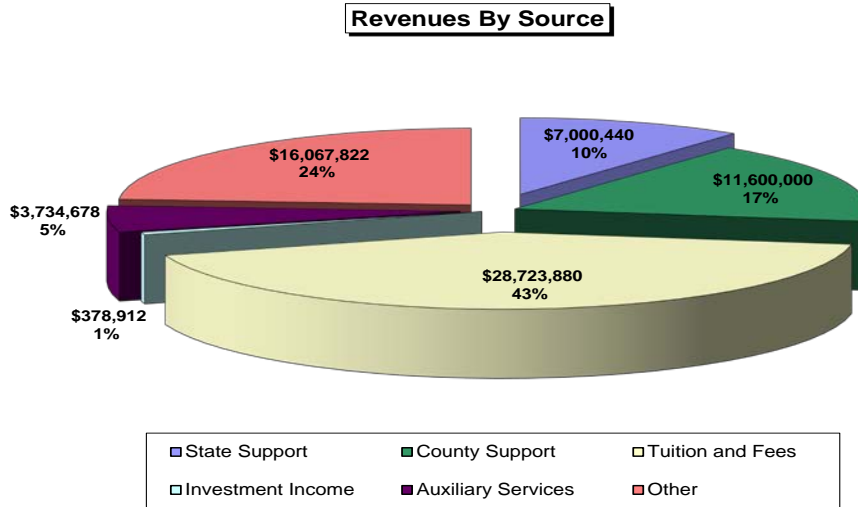
### Fiscal Year 2015 Compared to 2014

Net position increased by \$9.3 million. Unrestricted net position decreased by \$24.5 million as a result of recording a net pension liability of \$25.6 million due to the mandatory adoption of GASB 68, *Accounting and Financial Reporting for Pensions* which was offset slightly by results of operations. The deficit unrestricted net position should not be deemed that the College is in financial hardship. It reflects a change in reporting practices. The net increase in capital assets equated to \$8.8 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position decreased by \$1.5 million due to a change in board policy allowing for expenditure of investment appreciation. It should be noted that included in unrestricted net position is \$9.5 million of board designated funds for capital projects identified in the College's facilities master plan. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$2.5 million reserve for plant renewal and adaptation. New Jersey statute recommends a reserve not to exceed 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution.

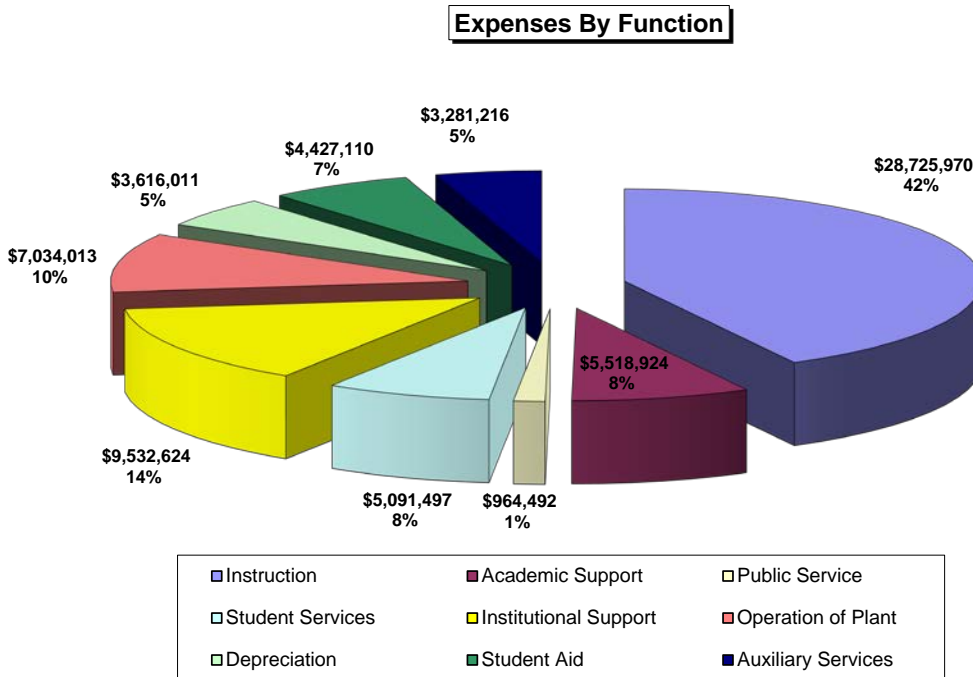


Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2015:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2015:



Below is a summary of operating results presented in thousands for the years ended June 30, 2015 and 2014:

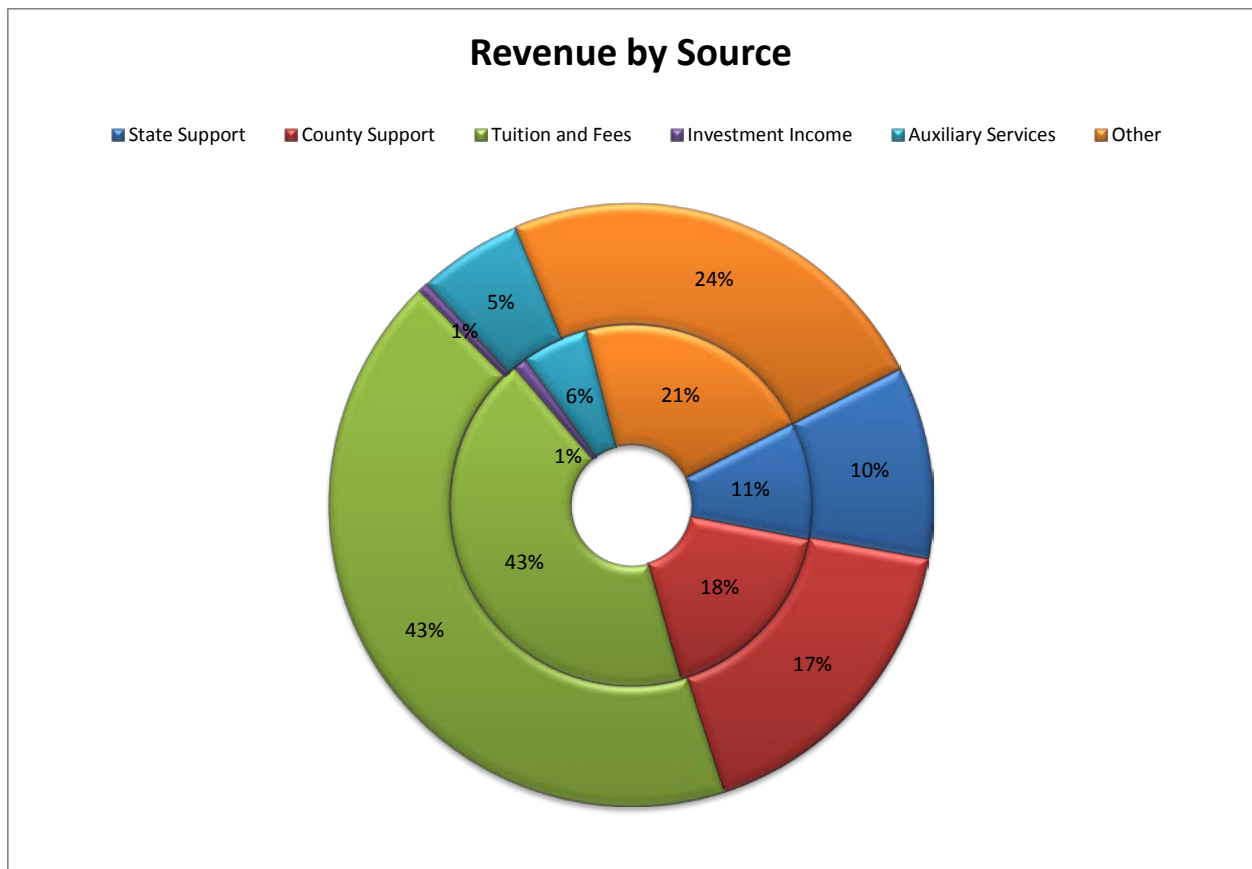
	2015	2014	2015-2014 Variance	Percent
<b>OPERATING REVENUES</b>				
Student tuition and fees	\$ 28,724	\$ 28,534	\$ 190	1%
Federal grants and contracts	1,493	1,032	461	45%
State and local grants and contracts	5,673	4,337	1,336	31%
Auxiliary services	3,735	3,901	(166)	-4%
Gifts	201	149	52	35%
Other	793	818	(25)	-3%
Total operating revenues	<u>40,619</u>	<u>38,771</u>	<u>1,848</u>	5%
<b>NON-OPERATING REVENUES</b>				
Federal grants and contracts	7,914	7,846	68	1%
State appropriation	7,000	6,988	12	0%
County appropriation	11,600	11,600	-	0%
Investment income	379	837	(458)	-55%
Other	(7)	53	(60)	-113%
Total non-operating revenues	<u>26,886</u>	<u>27,324</u>	<u>(438)</u>	-2%
<b>TOTAL REVENUES</b>	<u>67,505</u>	<u>66,095</u>	<u>1,410</u>	2%
<b>OPERATING EXPENSES</b>				
Instruction	28,726	28,552	174	1%
Academic support	5,519	5,240	279	5%
Public service	964	679	285	42%
Student affairs	5,091	4,913	178	4%
Institutional support	9,533	9,055	478	5%
Operation and maintenance of plant	7,034	6,806	228	3%
Depreciation	3,616	2,870	746	26%
Student aid	4,427	4,479	(52)	-1%
Auxiliary services	3,281	3,469	(188)	-5%
Total operating expenses	<u>68,191</u>	<u>66,063</u>	<u>2,128</u>	3%
<b>TOTAL EXPENSES</b>	<u>68,191</u>	<u>66,063</u>	<u>2,128</u>	3%
Excess (deficiency) before capital contributions and additions to permanent endowments	<u>(686)</u>	<u>32</u>	<u>(718)</u>	-2244%
<b>OTHER REVENUES</b>				
Capital contributions	10,011	12,639	(2,628)	-21%
Additions to permanent endowments	8	154	(146)	-95%
Total other revenues	<u>10,019</u>	<u>12,793</u>	<u>(2,774)</u>	-22%
<b>INCREASE IN NET POSITION</b>	9,333	12,825	<u>\$ (3,492)</u>	-27%
<b>NET POSITION - BEGINNING OF YEAR</b>		89,366		
<b>NET POSITION - BEGINNING OF YEAR (Restated)</b>	<u>75,199</u>			
<b>NET POSITION - END OF YEAR</b>	<u>\$ 84,532</u>	<u>\$ 102,191</u>		

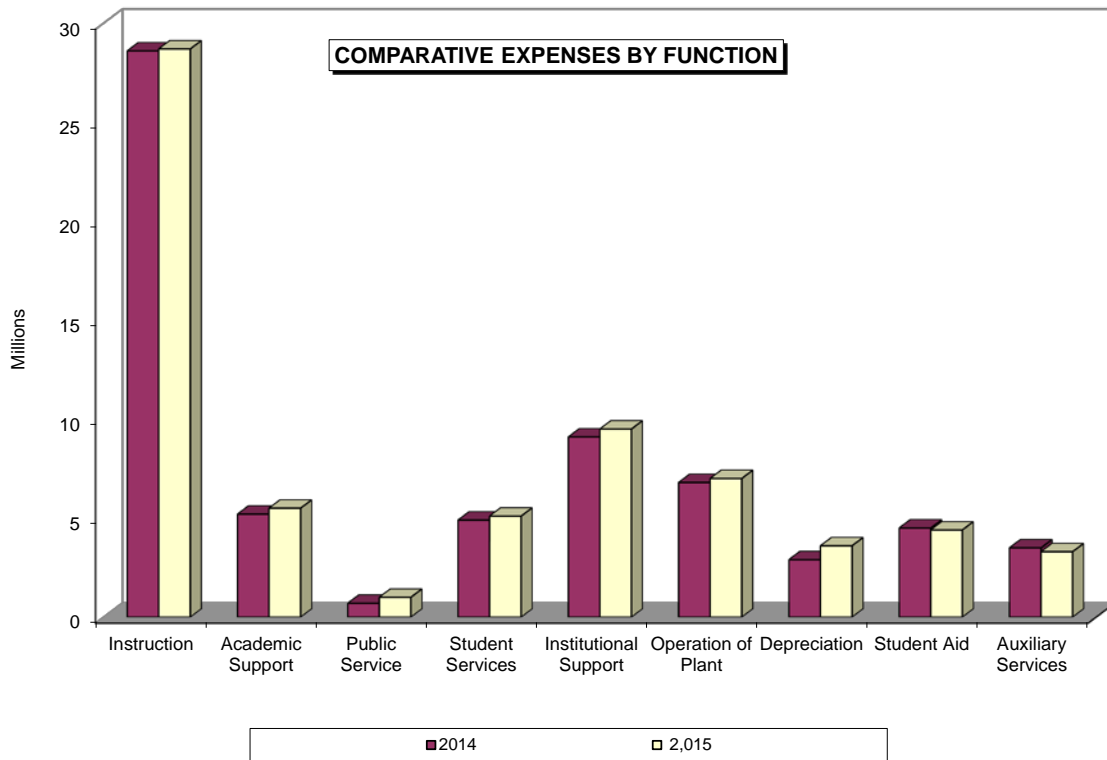
## Fiscal Year 2015 Compared to 2014

Operating revenues increased by 5% in 2015. Tuition and fees were increased by 5.8% with a \$3 per credit tuition increase and a \$5 college fee increase to help offset declining enrollment. Headcount enrollment decreased by 4.2%, however credit hour enrollment decreased by 5% since more students were part-time. Revenues from state and local grants and contracts increased by \$1.3 million or 31%, while revenues from federal grants and contracts increased by \$461 thousand or 45%.

Non-operating revenues decreased by 2%. The County of Morris appropriation to the College remained constant. The College's appropriation from the State of New Jersey increased by \$12 thousand and investment income decreased by \$458 thousand as a result of declining market values.

Operating expenses increased by 3% or \$2.13 million over the prior year. Depreciation increased by \$746 thousand or 26% due to our continual investment in capital assets. Salary increases averaged 2% and health benefit costs increased 8%. All other expenses remained relatively constant.





### Capital Assets and Long Term Debt

The College completed the renovation of the Health and Physical Education Building, and the Physics, Chemistry and Biology Labs and replaced the main electrical switchgear. The College started the construction of the Music Technology Building, the renovation of the Media Center, and the construction of the Route 10 Access Road with completion anticipated by the end of December 2015 (for more information see footnote 5 on capital assets on page 32).

On January 1, 2014 the College entered into a ten year capital lease with the New Jersey Educational Facilities Authority. Remaining future minimum lease payments total \$317,182 (for more information see footnote 10 on page 43).

## **Economic Factors That Affect the Future**

The economic position of County College of Morris is closely tied to that of the State of New Jersey and County of Morris. The county support to the College remained unchanged in fiscal year 2015 and all indications are that there will not be any reduction in support for fiscal years 2016 and 2017. The State of New Jersey's budget also contains level funding for the community colleges for fiscal year 2016.

Higher education is a labor intensive industry. Negotiated salary increases were under 2.5% for 2015 for full time employees with settled contracts. Staffing turnover continues to reduce the wage base. Legislation has enabled benefits cost sharing in an effort to curtail the impact of the rising costs of healthcare. The College experienced an 8% increase in health benefit costs effective January 2015.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 5.8% beginning summer 2015. An additional increase is also anticipated for 2016. Due to declining enrollment the College also implemented a reduction in force effective July 1, 2015 which will reduce the operating expenditure budget by \$1.7 million. Enrollment is projected to remain relatively flat for the next few years. The Morris County high school senior population is projected to decline by 13% from 2015 to 2026. This statistic among others has prompted the College to engage a marketing consultant and develop a strategic enrollment plan in an effort to increase enrollment. Non-traditional student markets will be targeted based on the statistic that 40% of Morris County adults do not have advanced degrees. New programs of study will also be explored. These efforts are not expected to have an immediate impact, therefore cost containment efforts will continue. Modest tuition and fees increases will also be necessary to afford the College the operating resources necessary to maintain the current quality and level of programs offered.

The College received \$3.2 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2015 and will receive an additional \$3 million in fiscal year 2016. The Chapter 12 program is a revolving bond fund which requires each county to bond the cost of approved construction projects for their respective community college with the state funding 50% of the debt service and the county funding the remaining 50%. These funds in addition to higher education general obligation bonds floated by the State of New Jersey have enabled the College to improve and expand its buildings and procure instructional equipment. The Equipment Leasing Fund bonds will be reissued upon repayment which will provide a funding stream for replacement and additional instructional equipment.

The College will be entering its 50<sup>th</sup> year of operations in 2018. Planning for a 50<sup>th</sup> anniversary capital campaign is currently underway. The hope of a successful campaign will benefit student scholarships, enhance instructional laboratories, create student outdoor space and expand the physical plant to meet the demands of programs currently at capacity.



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COUNTY COLLEGE OF MORRIS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015

	College	Picatinny Innovation Technology Center
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 18,383,399	\$ 401,344
Student accounts receivable (less allowance of \$1,381,181 )	179,576	-
Other receivables, net	5,322,943	9,626
Inventory	591,077	-
Other assets	456,278	-
Total Current Assets	24,933,273	410,970
Non-current Assets		
Cash and cash equivalents	103,907	-
Investments	15,668,719	-
Deposit with Trustee	514,323	-
Capital assets (net)		
Sites (land) and construction in progress	7,493,041	-
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	74,774,150	1,718
Total Non-current Assets	98,554,140	1,718
TOTAL ASSETS	123,487,413	412,688
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	804,074	
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable - vendors	2,174,883	892
Accrued expenses	5,164,045	2,551
Unearned revenue	2,210,458	233
Compensated Absences Payable	218,998	-
Capital Lease Payable	26,842	-
Total Current Liabilities	9,795,226	3,676
Non-current Liabilities		
Compensated Absences Payable	1,888,872	-
Capital Lease Payable	229,415	-
Net Pension Liability	25,570,494	
Deposits		8,516
Total Non-current Liabilities	27,688,781	8,516
TOTAL LIABILITIES	37,484,007	12,192
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	2,276,088	
<b>NET POSITION</b>		
Net Investment in capital assets	82,010,934	1,718
Restricted net position:		
Expendable for:		
Reserve for external restrictions	1,232,694	16,000
Non-expendable net position	3,065,107	-
Unrestricted net position (Deficit)	(1,777,343)	382,777
TOTAL NET POSITION	\$ 84,531,392	\$ 400,495

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

	<u>College</u>	<u>Picatinny Innovation Technology Center</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship allowances of \$5,774,987)	\$ 28,723,880	\$ 10,320
Federal grants and contracts	1,493,434	-
State and local grants and contracts	5,673,000	-
Auxiliary services	3,734,678	-
Gifts	200,683	-
Other	793,588	264,434
Total Operating Revenues	<u>40,619,263</u>	<u>274,754</u>
<b>OPERATING EXPENSES</b>		
Instruction	28,725,970	-
Academic support	5,518,924	-
Public service	964,492	292,134
Student affairs	5,091,497	-
Institutional support	9,532,624	-
Operation and maintenance of plant	7,034,013	-
Depreciation	3,616,011	3,435
Student aid	4,427,110	-
Auxiliary services	3,281,216	-
Total Operating Expenses	<u>68,191,857</u>	<u>295,569</u>
Operating Income (Loss)	<u>(27,572,594)</u>	<u>(20,815)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Federal Grants	7,914,512	-
State appropriation	7,000,440	-
County appropriation	11,600,000	-
Investment income	378,912	1,533
Other	(7,395)	-
Net Non-operating Revenues	<u>26,886,469</u>	<u>1,533</u>
Income (Loss) Before Other Revenues (Expenses)	<u>(686,125)</u>	<u>(19,282)</u>
<b>OTHER REVENUES</b>		
Capital contributions	10,010,786	-
Additions to permanent endowments	8,230	-
Total Other Revenues	<u>10,019,016</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	9,332,891	(19,282)
NET POSITION - BEGINNING OF YEAR		419,777
NET POSITION - BEGINNING OF YEAR (Restated)	75,198,501	-
NET POSITION - END OF YEAR	<u>\$ 84,531,392</u>	<u>\$ 400,495</u>

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

	2015 College
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$ 24,925,182
Gifts	200,683
Grants and contracts	4,404,063
Payments to suppliers	(34,119,527)
Payments to employees	(23,043,529)
Auxiliary enterprise charges	2,420,336
Other	682,237
Net Cash (Used) by Operating Activities	(24,530,555)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Federal support	7,914,512
State support	7,000,440
County support	12,168,257
Agency Transactions	22,173
Endowment Receipts	8,230
Net Cash Provided by Non-Capital Financing Activities	27,113,612
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital appropriations	9,636,197
Proceeds from sale of capital assets	-
Purchase of capital assets	(12,408,077)
Payment of Principal on long-term debt	(39,626)
Net Cash (Used) by Capital and Related Financing Activities	(2,811,506)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	7,064,835
Investment income	236,874
Purchase of investments	(7,073,546)
Net Cash Provided (Used) by Investing Activities	228,163
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(287)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	18,487,594
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 18,487,307
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (27,572,594)
<b>ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Depreciation	3,616,011
Changes in assets and liabilities:	
Student accounts receivable	(56,688)
Other receivable	(401,105)
Inventory	20,538
Other assets	59,305
Accounts payable	(148,502)
Accrued expenses	27,210
Unearned revenue	(74,729)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	\$ (24,530,555)

*See accompanying Notes to Financial Statements*

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The County College of Morris and its component units' (the "College") financial statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The College makes a distinction between operating and non-operating revenues and expenses. Operating activities reported on the Statement of Revenues, Expenses and Changes in Net Position generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Transactions not meeting this definition are reported as non-operating activities, including investment income. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, which include state and county appropriations. Restricted resources are independently tracked at the discretion of the College and expended within the guidelines of donor restrictions, if any.

Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity", establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. At least one of the following criteria must be met for inclusion: (1) the component unit's governing body is substantively the same governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and component unit or management of the primary government has operational responsibility for the component unit; (2) the component unit provides service entirely, or almost entirely, to the primary government or almost exclusively benefits the primary government even though it does not provide benefits directly to it; or (3) the component unit's outstanding debt is expected to be repaid entirely or almost entirely by the resources of the primary government. Accordingly, the County College of Morris is a component unit of the County of Morris.

The County College of Morris Foundation (the Foundation) is a legally separate, tax-exempt entity that was established exclusively to carry out charitable, educational functions that benefit the College, its students, faculty and staff. The College has operational responsibility for the Foundation, all financial resources of the Foundation are held for the direct benefit of the College or its constituents and the College has the ability to access these significant resources. As a result, the Foundation is considered a component unit of the College and is blended into the financial statements accordingly.

The Picatinny Innovation Technology Center (PITC) is a legally separate entity formed in Fiscal Year 1996 in a cooperative effort between the County College of Morris and the Department of Army's Armament Research, Development and Engineering Center (ARDEC) with funding from the County of Morris Board of Chosen Freeholders, the New Jersey Commission on Science and Technology and the Federal Laboratory Consortium. Although the Board of Directors is substantively different from the College, the members are appointed by the County College of Morris Trustees.



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Cont'd)

In addition, the College requires PITC to follow its policies and procedures. The College receives PITC's net position if the entity ceases to exist. PITC is a non-profit corporation organized for the advancement of education and research through the transfer of technologies. It is a technology-oriented business incubator offering partnerships with startup companies, small businesses and product development teams from large corporations. No services are rendered to the College. PITC is considered a component unit of the College and is reported utilizing a discrete presentation. The financial statements may be obtained by writing to PITC, c/o County College of Morris, 214 Center Grove Road, Randolph, NJ 07869, Attention: Director of Accounting.

Measurement Focus

The financial statements of the County College of Morris have been prepared using the economic resources measurement focus and the accrual basis of accounting, and conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. For financial reporting purposes, the College utilizes the business-type activities model.

Under the terms of grant and other agreements, the College may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, other restricted funds and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the College's policy to first apply cost-reimbursement grant and other restricted resources to such programs, followed by general revenue.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and internal reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined in order to comply with the requirements of eliminating internal revenue and expense charges and to meet the financial reporting requirements under accounting principles generally accepted in the United States of America as promulgated by GASB.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from Unrestricted Funds allocated to specific purposes by action of the governing board. Restricted Funds may only be utilized in accordance with the purposes established by the donor or grantor of such funds, and are in contrast with Unrestricted Funds over which the governing board retains full control to use in achieving any of its institutional purposes.

The College uses encumbrance accounting for internal accounting and reporting. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Cont'd)

Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflow of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by GASB standards. The College is required to report the following as deferred outflows of resources and deferred inflows of resources.

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the College's proportion of expenses and liabilities to the pension as a whole, differences between the College's pension contribution and its proportionate share of contributions, and the College's pension contributions subsequent to the pension valuation measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred inflows and outflows, and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the College or through external restrictions imposed by grantors, or laws and regulations of other governments.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Cont'd)

Compensated Absences

The College accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

College employees are granted varying amounts of vacation and sick leave in accordance with the College's personnel policy or appropriate labor contract. Upon termination, employees are paid for accrued vacation. The College's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the College for the unused sick leave in accordance with the College's personnel policy or appropriate labor contract.

In the Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components –the amount due within one year and the amount due after one year.

Inventory

Inventories offered for sale are valued at average cost.

Income Taxes

The College, as an instrumentality of the State of New Jersey and therefore a governmental entity, is a tax-exempt organization and not subject to either federal or state income taxes. The Foundation and PITC are both exempt from taxation pursuant to Internal Revenue Code Section 501(c) (3). The Foundation and PTIC follow the accounting standard for uncertain tax positions, which had no effect on either entity. Federal and state tax returns for both entities for the years ended June 30 2012 through 2014 are open for review by Federal and State authorities.

Allowance for Uncollectible Accounts

The student receivables are stated net of an allowance for estimated uncollectible amounts. The method used for estimating the allowance is based on analysis of aging receivables and historical data.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 2: Cash, Cash Equivalents, and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with maturities of three months or less.

Investments are presented in the financial statements in the aggregate at fair value based on quoted market prices. The College's and PITS'S investments for the year ended June 30, 2015 consisted of certificates of deposits with maturity dates of greater than ninety days, common stock, and investments with the Common Fund, a non-profit organization which provides investment management services exclusively for Private and Public Colleges and Universities, as well as Independent Schools.

GASB requires disclosure of the level of custodial credit risk assumed by the College in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned.

Interest Rate Risk

In accordance with its cash management plan, the College ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk

The College limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

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

The market value of the collateral must equal 5% of the average daily balance of public funds; in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 2: Cash, Cash Equivalents, and Investments (Cont'd)

Cash and Cash Equivalents

Cash and cash equivalents of the College as of June 30 consisted of the following:

	2015 College
Cash on Hand	\$ 14,624
Checking Accounts	4,063,029
Cash Management Accounts	11,541
Money Market Accounts	14,398,112
	\$ 18,487,306

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2015 was \$18,487,306 and the bank balance was \$19,359,234. The College had \$11,541 deposited with the Cash Management Fund which is uninsured and unregistered.

Investments

The College's policy is to follow New Jersey State Statute which permits the College to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
5. Local government investment pools;
6. Deposits with the State of New Jersey Cash Management Fund; or
7. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to items 1 and 3 above;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in statute; and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 2: Cash, Cash Equivalents, and Investments (Cont'd)

The Foundation is a 501(c) (3) entity and a component unit of the College. The Foundation may invest in commercial paper, repurchase agreements, treasury bills, certificates of deposit, money market funds, component debt securities, common stocks, preferred stocks, convertible securities and obligations of the U.S. Government. The credit quality rating for the Common Fund high equity bond investment is AA+.

Investments as of June 30 consisted of the following:

	2015
Certificates of deposit	\$ 11,135,000
Common Fund multi-strategy equity fund	3,190,824
Common Fund multi-strategy bond fund	1,124,690
Lakeland Bancorp, Inc. stock	218,205
	\$ 15,668,719

As of June 30, the actual changes in the fair market value of the Foundation's investments consisted of the following:

	2015
Fair value, end of year	\$ 4,533,719
Less: Cost of investments purchased	73,546
Less: Fair value, beginning of year	4,343,924
Increase in fair value of Investments	\$ 116,249

Note 3: Other Receivables

As of June 30 other receivables consisted of the following:

	2015	
	College	PTIC
County of Morris	\$ 835,585	\$ -
Federal Awards Receivable	554,860	-
Divisions of Pensions	381,070	-
State Awards Receivable	2,288,935	-
Other	1,262,493	9,626
	\$ 5,322,943	\$ 9,626

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 4: Other Assets

Other assets consist primarily of prepaid expenses. Prepaid expenses represent that portion of items paid or accrued which will be charged to operations over time. Prepaid expenses consist primarily of unexpired insurance coverage and payroll charges.

Note 5: Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$2,500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The County of Morris is responsible for the issuance of bonds and notes for the College's capital expenditures which are financed by bond ordinances. The County is also responsible for the payment of interest on issued debt and the retirement of such obligations. Accordingly, the debt is reported in the financial statements of the County of Morris. Donated capital assets are recorded based on estimated fair market value at the time received. Capital assets have been reviewed for impairment.

Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	45
Computer Equipment	3
Construction Tractors	10
Culinary Equipment	10
Drainage Systems	50
Exterior Electrical Distribution System	45
Exterior Lightning	20
Furniture and Fixtures	10
Greenhouses	15
Lab Equipment	7
Land Improvements	20
Landscaping	20
Maintenance Equipment	7
Media Equipment	6
Medical Equipment	6
Musical Instruments	10
Office Equipment	5
Other Instructional Equipment	7
Passenger Cars/Vans/Trucks, Mowers, Golf Carts	5
Photography Equipment	6
Printing Equipment	11
Roads	30
Sidewalks and Exterior Stairways	30
Signage	20
Software	3
Telecommunications Equipment	3

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal year ended June 30, 2015:

COUNTY COLLEGE OF MORRIS	June 30, 2014			June 30, 2015
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,984,401	\$ -	\$ -	\$ 1,984,401
Construction in progress	<u>1,861,289</u>	<u>10,106,184</u>	<u>6,458,833</u>	<u>5,508,640</u>
Total Capital Assets Not Being Depreciated	<u>3,845,690</u>	<u>10,106,184</u>	<u>6,458,833</u>	<u>7,493,041</u>
Capital Assets Being Depreciated:				
Land improvements	2,746,070	23,211	-	2,769,282
Infrastructure	8,683,723	397,019	-	9,080,743
Buildings and improvements	74,787,171	4,954,696	2,583,000	77,158,867
Equipment and furniture & fixtures	16,851,658	3,315,201	689,728	19,477,130
Software	<u>1,288,024</u>	<u>91,696</u>	<u>-</u>	<u>1,379,720</u>
Total Capital Assets Being Depreciated	<u>104,356,647</u>	<u>8,781,823</u>	<u>3,272,728</u>	<u>109,865,742</u>
Total Capital Assets	<u>108,202,337</u>	<u>18,888,007</u>	<u>9,731,561</u>	<u>117,358,783</u>
Accumulated Depreciation:				
Land improvements	810,747	136,477	-	947,224
Infrastructure	2,074,605	318,793	-	2,393,398
Buildings and improvements	21,154,695	1,674,116	2,563,865	20,264,947
Equipment and furniture & fixtures	9,797,686	1,408,098	681,049	10,524,734
Software	<u>1,137,554</u>	<u>79,993</u>	<u>-</u>	<u>1,217,546</u>
Total Accumulated Depreciation	<u>34,975,286</u>	<u>3,617,477</u>	<u>3,244,914</u>	<u>35,347,849</u>
Capital Assets Net Accumulated Depreciation	<u>\$73,227,051</u>	<u>\$15,270,530</u>	<u>\$6,486,647</u>	<u>\$82,010,934</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 5: Capital Assets (Cont'd)

PITC	June 30, 2014 Balance	Additions	Disposals	June 30, 2015 Balance
Capital Assets Being Depreciated:				
Equipment and furniture & fixtures	\$ 17,789	\$ -	\$ -	\$ 17,789
Total Capital Assets Being Depreciated	<u>17,789</u>	<u>-</u>	<u>-</u>	<u>17,789</u>
 Total Capital Assets	 <u>17,789</u>	 <u>-</u>	 <u>-</u>	 <u>17,789</u>
Accumulated Depreciation:				
Equipment and furniture & fixtures	12,637	3,435	-	16,071
Total Accumulated Depreciation	<u>12,637</u>	<u>3,435</u>	<u>-</u>	<u>16,071</u>
 Capital Assets Net Accumulated Depreciation	 <u>\$ 5,152</u>	 <u>\$ (3,435)</u>	 <u>\$ -</u>	 <u>\$ 1,718</u>

Construction in progress

The College has active construction projects as of June 30, 2015. The following tables present the balance of construction in progress activities for the fiscal year ended:

	2015	
	Balance	Year-End Commitments
Music Technology Addition	\$ 4,584,108	\$ 7,465,121
Access Road to Route 10	642,391	1,245,947
Sewer Connection	21,832	600
Switch Gear Replacement	18,900	499,936
HVAC/675	27,433	356,095
Fire Alarm	7,703	17,973
LRC Media Center	206,273	1,209,147
	<u>\$ 5,508,640</u>	<u>10,794,819</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 6: Accrued Expenses

As of June 30, accrued expenses consisted of the following:

	College 2015	PITC
Payroll, Taxes and Agencies	\$ 3,522,768	
Vacations and Compensated Absences	1,479,877	
Other	<u>161,400</u>	<u>\$ 2,551</u>
	<u>\$ 5,164,045</u>	<u>\$ 2,551</u>

Note 7: Pension Plans

A substantial number of the College’s employees participate in one of the two pension plans administered and/or regulated by the New Jersey Division of Pensions and Benefits: (1) the Public Employees’ Retirement System; or (2) the New Jersey Alternate Benefit Program. In addition, several College employees participate in the Defined Contribution Retirement Program administered by Prudential Financial for 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  
<http://www.state.nj.us/treasury/pensions>

General Information About the Pension Plans

Plan Descriptions

**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, 1995. Substantially all full-time employees of the College, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction’s pension fund, are covered under PERS.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

**Alternate Benefit Program** – The New Jersey Alternate Benefit Program (ABP) is a single-employer, defined contribution pension plan, which was established pursuant to P.L. 1969, c. 242 (N.J.S.A 18A:66-167 et seq.)

**Defined Contribution Retirement Program** – The Defined Contribution Retirement Program (“DCRP”) is a single-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. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, or who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn a minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn salary of at least \$5,000 annually.

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

**Alternate Benefit Program** – The ABP provides retirement, death and disability, and medical benefits to qualified members.

**Defined Contribution Retirement Program** – Eligible members are provided with defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 101(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

**Public Employees' Retirement System** – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

The College's contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.26% of annual College payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the College were \$1,125,901 for the fiscal year ended June 30, 2015.

**Alternate Benefit Program** – 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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

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

*AXA Financial (Equitable)*  
*Prudential*  
*The Hartford/Gitterman & Associates Wealth Management, LLC*  
*Teacher's Insurance and Annuity Association/College Retirement Equities Fund*  
*(TIAA/CREF)*  
*ING Life Insurance and Annuity Company*  
*VALIC*  
*Metlife*

During the fiscal year end June 30, 2015 employee contributions to the plan were \$1,018,285 and the State of New Jersey made on-behalf payments for the College contributions of \$1,331,750.

**Defined Contribution Retirement Program** – State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

For the fiscal year ended June 30, 2015 employee contributions totaled \$25,787, and the College recognized pension expense of \$14,065. There were no forfeitures during the fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The following information relates to the Public Employees' Retirement System ("PERS") which is a cost-sharing multiple-employer defined benefit pension plan.

At June 30, 2015 the College reported a liability of \$25,570,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the College's proportion was .1365745631% which was a decrease of .00465939414% from its proportion measured as of June 30, 2014.

At June 30, 2015 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	804,074	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,523,862
Changes in Proportion and Differences Between College Contributions and Proportionate Share of Contributions		752,226
College Contributions Subsequent to the measurement Date	\$ 804,074	\$ - 2,276,088

\$2,276,088 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

Fiscal Year <u>Ending June 30,</u>		
2016	\$	(233,158)
2017		(233,158)
2018		(233,158)
2019		(233,158)
2020		147,807
Thereafter		<u>65,035</u>
	\$	<u>(719,790)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.9%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

Adjustments for mortality improvements are based on Society of Actuaries Scale AA.

As a result of the 2012 and 2011 actuarial experience studies, the expectation of life after disability was adjusted in the June 30, 2014 actuarial valuation to more closely reflect actual experience.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 (see the discussion of the pension plans' investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liabilities of the plan was 5.39%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from employers will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033 to determine the total pension liability.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 7: Pension Plans (Cont'd)

The following table represents the crossover period for the plan:

Period of Projected Benefit Payments for  
Which the Following Rates were Applied:

Long-term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate	From July 1, 2033 and Thereafter

**Sensitivity of College's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the College's proportionate share of the net pension liability calculated using a discount rate of 5.39%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
College's Proportionate Share of the Net Pension Liability	\$ 34,872,728	\$ 25,570,494	\$ 20,029,804

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated above.

Note 8: Retirement Program

The faculty, as well as certain administrative and professional employees of New Jersey Public Colleges and Universities may enroll in optional retirement plans. This is in lieu of participation in the pension plans detailed in Note 7. The optional retirement plans offered through TIAA-CREF, ING, Met-Life, AIG-Valic, The Hartford and AXA Equitable are defined contribution plans. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings.

Plan contributions are based on annual salary. Employees contribute 5% of salary and the State of New Jersey contributes 8% of salary, for a total contribution of 13%. The employer (8%) and employee (5%) contributions are sent to a delayed vesting contract immediately upon hire. The participants have personal contracts with the above companies and personally own the annuities. Total contributions from the State of New Jersey for

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 8: Retirement Program (Cont'd)

the year ended June 30, 2015 were \$1,323,892 and total expenses under the plan were \$292,046. State of New Jersey contributions are recognized as revenue and expenses in the appropriate periods.

Note 9: Unearned Revenue

Unearned revenue consists of the unearned portion of tuition and fees for courses offered during the summer and fall.

Note 10: Long-term Liabilities

The College's long term liabilities consist of employee pension and unused sick leave that is paid upon retirement. PITC's long term liability consists of tenant security deposits. The following table presents the changes in long term liabilities for the fiscal year ended June 30, 2015:

	Restated June 30, 2014 Balance	Additions	Reduction	June 30, 2015 Balance
Compensated Absences	\$ 2,183,084	\$ 198,002	\$ 273,216	\$ 2,107,870
Deposits	8,951	1,195	1,630	8,516
Pension Liability	26,992,615	-	1,422,121	25,570,494
	\$ 29,184,650	\$ 199,197	\$ 1,696,967	\$ 27,686,880

It is estimated that of the \$2,183,084 sick leave liability, \$1,981,657 is long term and \$201,427 is short term which may become due within one year based upon employee retirements.

Capital Lease

On January 1, 2014 the College entered into a ten year lease agreement with the New Jersey Educational Facilities Authority. The Authority will issue up to \$47,418,350 of revenue bonds to finance the purchase of higher education equipment for lease to various public and private institutions of higher education within the State of New Jersey. The College's share of the issue will be for equipment up to \$1,274,387. The State of New Jersey will pay 75% of the annual debt service on the bonds, subject to annual appropriations. The College began paying 25% of the annual debt service on May 1, 2015.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 10: Long-term Liabilities (Cont'd)

Year Ending	Amount
June 30, 2016	\$ 39,655
June 30, 2017	\$ 39,656
June 30, 2018	\$ 39,658
June 30, 2019	\$ 39,656
June 30, 2020	\$ 39,648
June 30, 2021	\$ 39,629
June 30, 2022	\$ 39,631
June 30, 2023	\$ 39,648
Total future minimum lease payment	\$ 317,182
Less amount representing interest	\$ 60,925
Present value of net minimum lease payments	\$ 256,257

Note 11: Interfund Receivables and Payables

The following details interfund balances at June 30, 2015.

Fund	2015	
	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	\$ 1,567,809	\$ 32,477
Current Restricted Fund	5,766	398,275
Foundation Fund	859	2,498
Plant Fund	-	1,141,184
	\$ 1,574,434	\$ 1,574,434

June 30, 2015 interfund balances reported are the result of reciprocal interfund activity. The majority of the 2015 interfund receivable balance in the Current Unrestricted Fund is June invoices processed on behalf of the Current Restricted Fund, Plant Fund, Foundation and Student Activities plus accrued payroll costs for June.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 12: Interfund Transfers

The following interfund transfers were made during the year ended June 30, 2015

Mandatory Transfers:

Operating to Restricted for Required Matching Funds	83,727
Foundation to Restricted for Program Expenditures	74,911
Foundation to Plant for Capital Projects	370,531

Non-mandatory Transfers:

Operating to Plant for Self-funded Capital Projects	2,923,328
Foundation to Restricted for Program Expenditures	13,789
Bookstore to Plant for Self-funded Capital Projects	403,325

Note 13: Restricted Expendable Net Position

Restricted net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed. The restricted expendable net position at June 30, 2015 is comprised of the following categories:

	2015	
	College	PITC
Scholarships	\$ 728,061	\$ -
Unemployment Benefit Reserve	309,326	-
Public Relations	94,989	16,000
Academics	94,613	-
Athletics	5,705	-
	\$ 1,232,694	\$ 16,000

Note 14: Restricted Non-Expendable Net Position

The Foundation has been the recipient of endowments. Current college policy does not allow spending of unrealized gains on investments. New Jersey State Law is silent on the ability to spend that net appreciation. Realized income generated from each endowment may be spent pursuant to donors' intent. The current spending policy allows for 80% of earned income to be spent on scholarships and the remaining 20% reinvested into the endowment principal.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 14: Restricted Non-Expendable Net Position (Cont'd)

	<u>2015</u>
Unrestricted Endowment	\$ 272,892
Endowment Income Restricted for Scholarships	2,792,215
Unrealized Gains on Investments	-
	<u>\$ 3,065,107</u>

Note 15: Economic Dependency

The College receives a substantial amount of its support from federal, state and county governments. A significant reduction in the level of support, if this were to occur, may have an effect on the College's programs and activities.

Note 16: Unrestricted Net Position

The total Unrestricted Net Position at June 30, 2015 was (\$1,777,343), as a result of the implementation of GASB 68. This does not reflect that the College is in financial hardship and is a permitted practice under Generally Accepted Accounting Principles.

Pre-GASB 68 - Net Position	\$ 23,793,151
GASB 68 - Pension Liability	<u>(25,570,494)</u>
Post-GASB 68 - Net Position	<u>\$ (1,777,343)</u>

Prior to the implementation of GASB 68, the following amounts had been designated for the various future capital projects. The following have been appropriated by the Board of Trustees as of June 30, 2015.

Fund	
Administrative Computing	\$ 39,035
Technology Reserve	1,624,273
Academic Furnishings	2,220,624
Furnishings and Equipment	573,520
Building Renovations	3,879,710
Video Surveillance	526,717
Planetarium Renovations	24,387
Route 10 Access	361,633
LRC Media Center	298,206
	<u>\$ 9,548,105</u>



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 17: Post-Employment Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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 post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. 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 Chapter 126, P.L. 1992, which provides health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$21.4 million toward Chapter 126 benefits for eligible retired community college members in Fiscal Year 2015. It is estimated that \$1,125,368 was made on behalf of the County College of Morris in fiscal year 2015. State of New Jersey contributions are recognized as revenues and expenses in the appropriate periods.

Note 18: Related Party Transactions

During the year ended June 30, 2015 the College recognized \$16,180,041 of financial support and grants from the County of Morris for current operations and various capital projects. The College has billed the County for personnel, printing and miscellaneous other services in the amount of \$189,809 in 2015.

Note 19: Risk Management

The County College of Morris is currently a member of the Morris County Insurance Fund (the Pool). The Pool provides its members with property, liability, motor vehicle, and other miscellaneous coverages. The Pool is a risk-sharing public entity pool that is both an insured and self-administered group, established for the purpose of providing low cost insurance coverage for their members in order to keep local property taxes at a minimum.

As a member of the Pool, the College could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities.

The Pool can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 19: Risk Management (Cont'd)

Selected, summarized financial information for the Pool as of December 31, 2014 is as follows:

	<u>Morris County Insurance Fund</u>
Total Assets	\$10,296,435
Net Position	4,723,569
Total Operating Revenue	3,061,986
Total Operating Expenses	3,081,987
Non-Operating Revenue	22,181
Change in Net Position	2,180
Distributions to Participating Members	-0-

Financial statements for the Pool are available at the Morris County Treasurer's Office.  
Susan Allard, Secretary to the Morris County Insurance Fund Commission  
Morris County Freeholders' Office  
Court Street, P.O. Box 900  
Administration and Records Building  
Morristown, New Jersey 07963-0900

New Jersey Unemployment Compensation Insurance: The College self funds its New Jersey unemployment compensation insurance claims. The balance at June 30, 2015 was \$309,326.

Note 20: New Accounting Standards Adopted

In June 2012 GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, GASB Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68, are effective for fiscal years beginning after June 15, 2014. The primary objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by other entities.

Additionally, this statement establishes standards for measuring and recognizing pension liabilities of the College in the financial statements and details the information to be included in the footnote disclosures and required supplementary information on pensions. Successful implementation of these standards will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 20: New Accounting Standards Adopted (Cont'd)

For the fiscal year ended June 30, 2015, the College adopted GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the College was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$26,992,615, and was recognized as a restatement of the College's June 30, 2014 net position on the statement of revenues, expenses, and changes in Net position.

Note 21: Contingent Liabilities

At June 30, 2015 the College had commitments of approximately \$7.5 million for the Music Technology addition, \$1.2 million for the renovation of the LRC Media Center, \$500 thousand for the creation of the access road to Route 10 and Building 675 sewer connection, \$356 thousand for HVAC replacement for the building, and \$500 thousand for the replacement of the College's switchgear. These projects are funded via County approved Chapter 12 bonds and State Higher Education Bonds. The majority of these commitments are expected to occur in 2015. The \$10.8 million has been approved by the board.

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

The College participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The College is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the College is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Note 22: Prior Period Adjustments

As indicated in Note 20 to the financial statements, in fiscal year 2015, the College adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. As a result of implementing this new GASB statement, it was necessary to adjust unrestricted net position for the College's proportionate share of the Public Employees' Retirement System ( PERS) net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

<u>Long-Term Liabilities:</u>	<u>As Reported June 30, 2014</u>	<u>Prior Period Adjustment</u>	<u>Restated June 30, 2014</u>
Compensated Absences Payable	1,981,657		1,981,657
Capital Lease Payable	256,257		256,257
Net Pension Liability	<u>0</u>	<u>26,992,615</u>	<u>26,992,615</u>
	<u>2,237,914</u>	<u>26,992,615</u>	<u>29,230,529</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

Note 22: Prior Period Adjustments (Cont'd)

Net Position:	As Reported June 30, 2014	Prior Period Adjustment	Restated June 30, 2014
Net Investment in Capital Assets	\$ 73,227,051	\$ -	\$ 73,227,051
Restricted	6,241,896		6,241,896
Unrestricted	22,722,169	(26,992,615)	(4,270,446)
	<u>\$ 102,191,116</u>	<u>\$ (26,992,615)</u>	<u>\$ 75,198,501</u>

Schedules of Required Supplementary Information  
Schedules of the County College of Morris Proportionate Share of the Net Pension Liability Required Supplementary Information  
PERS  
For the Fiscal Year Ending June 30, 2015  
Unaudited

College's portion of the net pension liability (asset)	0.14%
College's proportionate share of the net pension liability (asset)	\$ 25,570,494
College's covered-employee payroll	\$ 9,185,519
College's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	278.38%
Plan fiduciary net positions as a percentage of the total pension liability	52.08%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

Schedule of County College of Morris Contributions  
PERS  
For the Fiscal Year Ending June 30, 2015  
Unaudited

Contractually required contribution	\$	1,125,901
Contributions in relation to the contractually required contribution		<u>(1,125,901)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>-</u>
College's covered-employee payroll	\$	9,185,519
Contributions as a percentage of covered-employee payroll		12.26%

County College of Morris  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015  
Unaudited

*Changes of benefit terms.* There were no changes.

*Changes in assumptions.* The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

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# Statistical Section





## STATISTICAL SECTION OVERVIEW

This part of the College's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College's overall financial health.

### Contents

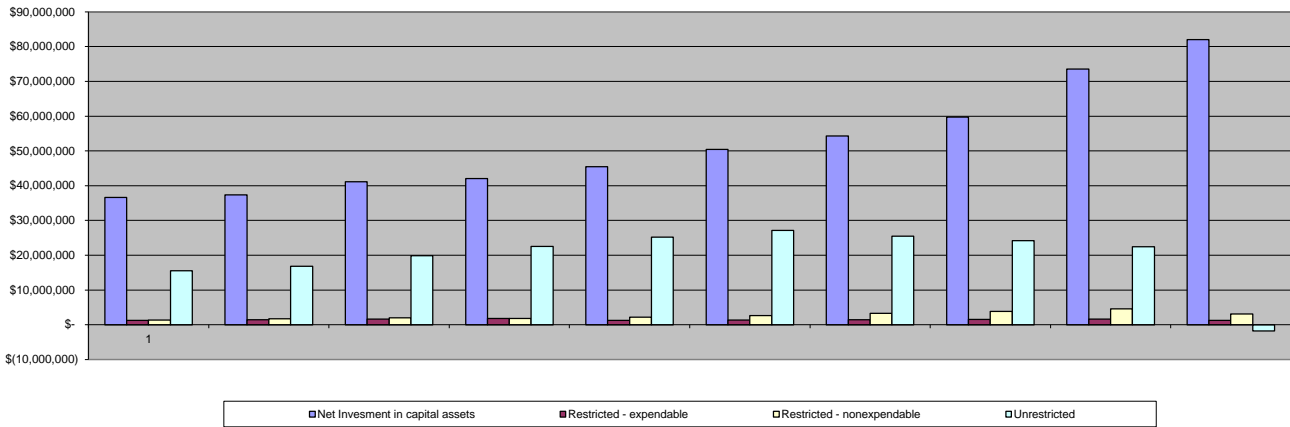
	<u>Pages</u>
Financial Trend Information These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	56 - 61
Revenue Capacity This schedule contains information to help the reader assess the factors affecting the College's ability to generate its tuition revenue.	62
Debt Capacity This schedule presents information to help the reader assess the affordability of the College's current level of outstanding debt and the College's ability to participate in additional capital leases in the future.	63
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place and to help make comparisons over time and with other governments.	64 - 67
Supplemental Management Statistics These schedules contain information about the College's operations and resources to help the reader understand how the College's financial information relates to the services the College provides and the activities it performs.	68 - 76

**Sources:** Unless otherwise noted, the information in these schedules is derived from the College's Comprehensive Annual Financial Report for the relevant year.

UNAUDITED COUNTY COLLEGE OF MORRIS NET POSITION BY COMPONENT										
ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Net Investment in capital assets	\$ 36,621,918	\$ 37,394,509	\$ 41,109,690	\$ 42,025,411	\$ 45,479,344	\$ 50,455,841	\$ 54,348,416	\$ 59,776,549	\$ 73,504,405	\$ 82,010,934
Restricted - expendable	1,243,689	1,478,370	1,674,974	1,839,307	1,244,369	1,331,271	1,437,909	1,565,613	1,629,441	1,232,694
Restricted - nonexpendable	1,362,371	1,723,107	1,999,077	1,780,449	2,206,604	2,690,972	3,275,266	3,866,569	4,612,455	3,065,107
Unrestricted	15,557,759	16,793,139	19,867,703	22,496,294	25,234,089	27,129,470	25,463,514	24,157,871	22,444,815	(1,777,343)
TOTAL	\$ 54,785,737	\$ 57,389,125	\$ 64,651,444	\$ 68,141,461	\$ 74,164,406	\$ 81,607,554	\$ 84,525,105	\$ 89,366,602	\$ 102,191,116	\$ 84,531,392

UNAUDITED COUNTY COLLEGE OF MORRIS NET POSITION BY COMPONENT AS A PERCENTAGE OF TOTAL										
ITEM	2004-2005 ACTUAL	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL
Net Investment in capital assets	66.85%	65.16%	63.59%	61.67%	61.33%	61.83%	64.30%	66.89%	71.94%	97.01%
Restricted - expendable	2.27%	2.58%	2.59%	2.70%	1.68%	1.63%	1.70%	1.75%	1.59%	1.46%
Restricted - nonexpendable	2.49%	3.00%	3.09%	2.61%	2.98%	3.30%	3.87%	4.33%	4.51%	3.63%
Unrestricted	28.40%	29.26%	30.73%	33.01%	34.02%	33.24%	30.13%	27.03%	21.96%	-2.10%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%	100.00%	100.00%	100.00%	100.00%

**COMPARATIVE NET POSITION BY COMPONENT**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
COMPARATIVE CHANGES IN NET POSITION

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>OPERATING REVENUES</b>										
Student tuition and fees	\$ 23,387,894	\$ 24,191,572	\$ 26,142,448	\$ 27,353,697	\$ 28,362,806	\$ 29,538,633	\$ 29,139,718	\$ 28,571,503	\$ 28,534,478	\$ 28,723,880
Federal grants and contracts	2,753,238	2,703,736	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434
State and local grants and contracts	2,164,523	2,145,327	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	5,673,000
Auxiliary services	4,399,122	4,581,752	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678
Gifts	188,303	508,986	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683
Other	398,840	533,730	446,110	603,718	576,705	542,841	1,056,501	871,087	817,746	793,588
Total Operating Revenues	<u>33,291,920</u>	<u>34,665,103</u>	<u>37,565,460</u>	<u>40,121,191</u>	<u>44,511,592</u>	<u>46,488,277</u>	<u>39,639,267</u>	<u>38,881,478</u>	<u>38,770,907</u>	<u>40,619,263</u>
<b>OPERATING EXPENSES</b>										
Instruction	23,055,531	23,702,678	24,286,870	24,723,076	26,676,746	26,813,545	27,754,303	27,242,885	28,551,764	28,725,970
Academic support	4,999,897	4,894,720	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,518,924
Public service	707,865	457,669	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,492
Student affairs	4,300,294	4,257,566	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	5,091,497
Institutional support	7,252,611	7,615,342	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,532,624
Operation and maintenance of plant	6,691,658	6,426,002	7,781,851	7,212,949	7,466,885	7,653,190	6,736,810	6,747,997	6,805,930	7,034,013
Depreciation	2,014,423	2,114,710	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011
Student aid	2,175,960	2,210,096	2,493,620	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110
Auxiliary services	3,849,510	3,972,134	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,281,216
Total Operating Expenses	<u>55,047,749</u>	<u>55,650,917</u>	<u>58,907,337</u>	<u>59,826,211</u>	<u>64,247,802</u>	<u>65,006,122</u>	<u>65,321,983</u>	<u>64,718,236</u>	<u>66,063,920</u>	<u>68,191,857</u>
Operating Income (Loss)	<u>(21,755,829)</u>	<u>(20,985,814)</u>	<u>(21,341,877)</u>	<u>(19,705,020)</u>	<u>(19,736,210)</u>	<u>(18,517,845)</u>	<u>(25,682,716)</u>	<u>(25,836,758)</u>	<u>(27,293,013)</u>	<u>(27,572,594)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>										
Federal Grants					413,418	-	7,409,732	7,627,319	7,845,653	7,914,512
State appropriation	9,313,319	8,458,882	8,988,553	8,035,807	7,028,771	7,169,137	6,844,765	6,899,143	6,988,477	7,000,440
County appropriation	12,414,295	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000
Investment income	1,194,517	1,681,922	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912
Interest on capital assets and related debt	(9,319)	(6,348)	(3,223)	-	-	-	-	-	-	-
Other	(3,982)	(19,870)	4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)
Net Non-operating Revenues	<u>22,908,830</u>	<u>22,931,104</u>	<u>23,202,339</u>	<u>21,340,023</u>	<u>20,375,734</u>	<u>19,418,267</u>	<u>26,195,038</u>	<u>27,150,513</u>	<u>27,324,363</u>	<u>26,886,469</u>
Income (Loss) Before Other Revenues (Expenses)	<u>1,153,001</u>	<u>1,945,290</u>	<u>1,860,462</u>	<u>1,635,003</u>	<u>639,524</u>	<u>900,422</u>	<u>512,322</u>	<u>1,313,755</u>	<u>31,350</u>	<u>(686,125)</u>
<b>OTHER REVENUES</b>										
Capital contributions	371,804	504,344	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786
Additions to permanent endowments	99,068	153,754	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230
Total Other Revenues	<u>470,872</u>	<u>658,098</u>	<u>5,401,857</u>	<u>1,855,014</u>	<u>5,383,421</u>	<u>6,542,726</u>	<u>2,405,229</u>	<u>3,527,742</u>	<u>12,793,164</u>	<u>10,019,016</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>1,623,873</u>	<u>2,603,388</u>	<u>7,262,319</u>	<u>3,490,017</u>	<u>6,022,945</u>	<u>7,443,148</u>	<u>2,917,551</u>	<u>4,841,497</u>	<u>12,824,514</u>	<u>9,332,891</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>53,161,864</u>	<u>54,785,737</u>	<u>57,389,125</u>	<u>64,651,444</u>	<u>68,141,461</u>	<u>74,164,406</u>	<u>81,607,554</u>	<u>84,525,105</u>	<u>89,366,602</u>	<u>* 75,198,501</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 54,785,737</u>	<u>\$ 57,389,125</u>	<u>\$ 64,651,444</u>	<u>\$ 68,141,461</u>	<u>\$ 74,164,406</u>	<u>\$ 81,607,554</u>	<u>\$ 84,525,105</u>	<u>\$ 89,366,602</u>	<u>\$ 102,191,116</u>	<u>\$ 84,531,392</u>

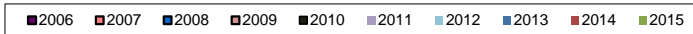
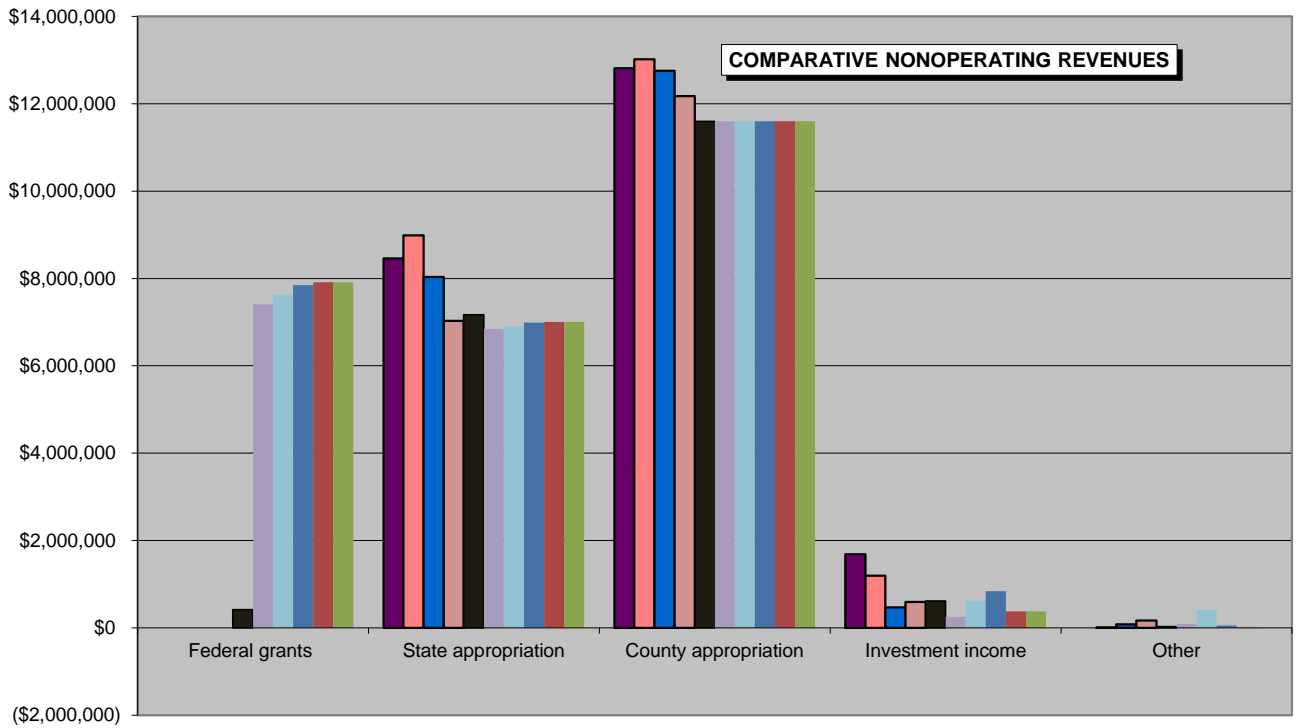
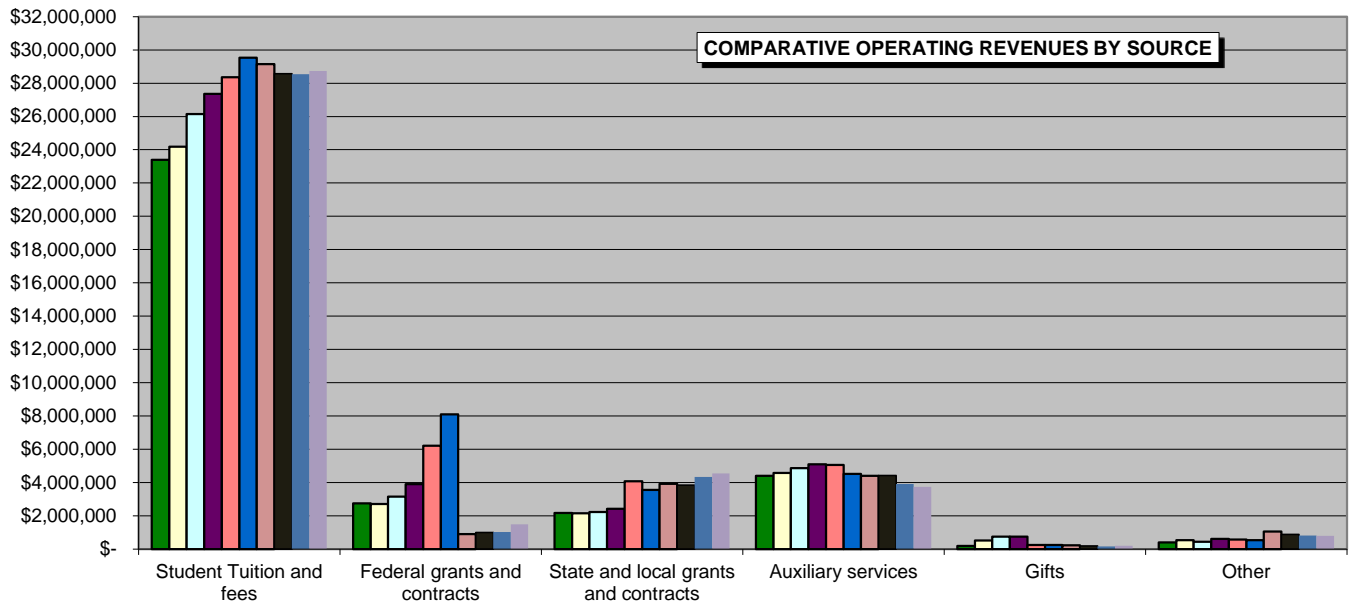
\* Net position restated for prior period adjustment

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF REVENUE BY SOURCE

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Student tuition and fees	\$23,387,894	\$24,191,572	\$26,142,448	\$27,353,697	\$28,362,806	\$29,538,633	\$29,139,718	\$28,571,503	\$28,534,478	\$28,723,880
Federal grants and contracts	2,753,238	2,703,736	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434
State and local grants and contracts	2,164,523	2,145,327	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	4,539,538
Auxiliary services	4,399,122	4,581,752	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678
Gifts	188,303	508,986	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683
Other	398,840	533,730	446,110	603,718	576,705	542,843	1,056,501	871,087	817,746	793,588
<b>Total Operating Revenue</b>	<b>33,291,920</b>	<b>34,665,103</b>	<b>37,565,460</b>	<b>40,121,191</b>	<b>44,511,592</b>	<b>46,488,279</b>	<b>39,639,267</b>	<b>38,881,478</b>	<b>38,770,907</b>	<b>39,485,801</b>
Federal grants						413,418	7,409,732	7,627,319	7,845,653	7,914,512
State appropriation	9,313,319	8,458,882	8,988,553	8,035,807	7,028,771	7,169,137	6,844,765	6,899,143	6,988,477	7,000,440
County appropriation	12,414,295	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000
Investment income	1,194,517	1,681,922	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912
Other			4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)
<b>Total Non-Operating Revenues</b>	<b>22,922,131</b>	<b>22,957,322</b>	<b>23,205,562</b>	<b>21,340,023</b>	<b>19,962,316</b>	<b>19,831,685</b>	<b>26,195,038</b>	<b>27,150,513</b>	<b>27,324,363</b>	<b>26,886,469</b>
<b>TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION</b>	<b>\$56,214,051</b>	<b>\$57,622,425</b>	<b>\$60,771,022</b>	<b>\$61,461,214</b>	<b>\$64,473,908</b>	<b>\$66,319,964</b>	<b>\$65,834,305</b>	<b>\$66,031,991</b>	<b>\$66,095,270</b>	<b>\$66,372,270</b>

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF REVENUE BY SOURCE AS A PERCENTAGE OF TOTAL

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Student tuition and fees	41.61%	41.99%	43.01%	44.50%	43.98%	44.54%	44.24%	43.26%	43.17%	43.27%
Federal grants and contracts	4.90%	4.69%	5.20%	6.36%	9.63%	12.21%	1.36%	1.50%	1.56%	2.25%
State and local grants and contracts	3.85%	3.72%	3.66%	3.93%	6.31%	5.35%	5.95%	5.82%	6.56%	6.84%
Auxiliary services	7.83%	7.95%	7.99%	8.29%	7.84%	6.82%	6.68%	6.69%	5.90%	5.63%
Gifts	0.33%	0.88%	1.23%	1.22%	0.38%	0.36%	0.36%	0.29%	0.23%	0.30%
Other	0.71%	0.93%	0.73%	0.98%	0.89%	0.82%	1.60%	1.32%	1.24%	1.20%
<b>Total Operating Revenue</b>	<b>59.23%</b>	<b>60.16%</b>	<b>61.82%</b>	<b>65.28%</b>	<b>69.03%</b>	<b>70.10%</b>	<b>60.19%</b>	<b>58.88%</b>	<b>58.66%</b>	<b>59.49%</b>
Federal grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	11.27%	11.55%	11.87%	11.92%
State appropriation	16.57%	14.68%	14.79%	13.07%	10.90%	10.81%	10.40%	10.45%	10.57%	10.55%
County appropriation	22.08%	22.24%	21.42%	20.76%	18.89%	17.49%	17.62%	17.57%	17.55%	17.48%
Investment income	2.12%	2.92%	1.96%	0.77%	0.92%	0.93%	0.38%	0.94%	1.27%	0.57%
Other	0.00%	0.00%	0.01%	0.12%	0.26%	0.05%	0.14%	0.61%	0.08%	-0.01%
<b>Total Non-Operating Revenues</b>	<b>40.77%</b>	<b>39.84%</b>	<b>38.18%</b>	<b>34.72%</b>	<b>30.97%</b>	<b>29.90%</b>	<b>39.81%</b>	<b>41.12%</b>	<b>41.34%</b>	<b>40.51%</b>
<b>TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

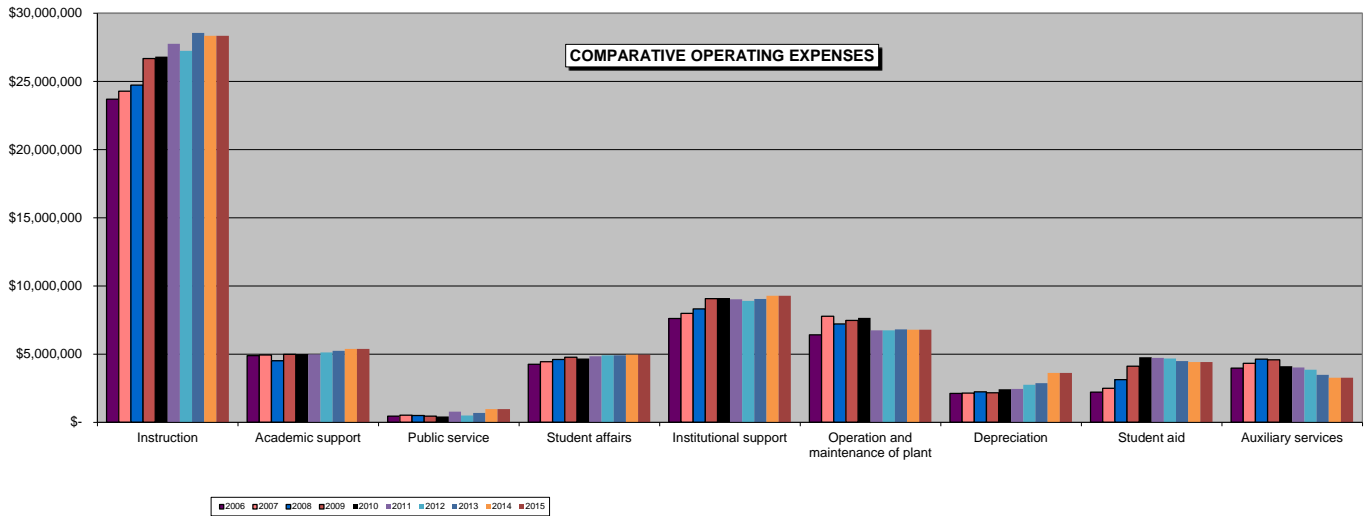


UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Instruction	\$ 23,055,531	\$ 23,702,678	\$ 24,286,870	\$ 24,723,076	\$ 26,676,746	\$ 26,813,545	\$ 27,754,303	\$ 27,242,885	\$ 28,551,764	\$ 28,347,297
Academic support	4,999,897	4,894,720	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,376,921
Public service	707,865	457,669	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,494
Student affairs	4,300,294	4,257,566	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	4,949,494
Institutional support	7,252,611	7,615,342	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,272,286
Operation and maintenance of plant	6,691,658	6,426,002	7,781,851	7,212,949	7,466,885	7,653,190	6,747,997	6,805,930	6,805,930	6,797,342
Depreciation	2,014,423	2,114,710	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011
Student aid	2,175,960	2,210,096	2,493,620	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110
Auxiliary services	3,849,510	3,972,134	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,257,549
<b>Total Operating Expenses</b>	<b>55,047,749</b>	<b>55,650,917</b>	<b>58,907,337</b>	<b>59,826,211</b>	<b>64,247,802</b>	<b>65,006,122</b>	<b>65,321,983</b>	<b>64,718,236</b>	<b>66,063,920</b>	<b>67,008,502</b>
Interest on capital assets and related debt	12,145	9,319	6,348	3,223	-	-	-	-	-	-
Other	-	3,982	19,870	-	-	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>12,145</b>	<b>13,301</b>	<b>26,218</b>	<b>3,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>\$ 55,059,894</b>	<b>\$ 55,664,218</b>	<b>\$ 58,933,555</b>	<b>\$ 59,829,434</b>	<b>\$ 64,247,802</b>	<b>\$ 65,006,122</b>	<b>\$ 65,321,983</b>	<b>\$ 64,718,236</b>	<b>\$ 66,063,920</b>	<b>\$ 67,008,502</b>

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY AS A PERCENTAGE OF TOTAL EXPENSES

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Instruction	41.88%	42.58%	41.22%	41.31%	41.52%	41.24%	42.48%	42.09%	43.21%	42.30%
Academic support	9.08%	8.79%	8.36%	7.54%	7.74%	7.69%	7.63%	7.92%	7.93%	8.02%
Public service	1.29%	0.82%	0.89%	0.82%	0.71%	0.66%	1.18%	0.76%	1.03%	1.44%
Student affairs	7.81%	7.65%	7.54%	7.70%	7.42%	7.21%	7.43%	7.60%	7.44%	7.39%
Institutional support	13.17%	13.68%	13.56%	13.88%	14.11%	14.03%	13.83%	13.75%	13.71%	13.84%
Operation and maintenance of plant	12.15%	11.54%	13.20%	12.06%	11.62%	11.77%	10.31%	10.43%	10.30%	10.14%
Depreciation	3.66%	3.80%	3.64%	3.74%	3.36%	3.73%	3.74%	4.26%	4.35%	5.40%
Student aid	3.95%	3.97%	4.23%	5.22%	6.40%	7.34%	7.23%	7.22%	6.78%	6.61%
Auxiliary services	6.99%	7.14%	7.32%	7.72%	7.12%	6.33%	6.17%	5.97%	5.25%	4.86%
<b>Total Operating Expenses</b>	<b>99.98%</b>	<b>99.97%</b>	<b>99.96%</b>	<b>99.99%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Interest on capital assets and related debt	0.02%	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.01%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL EXPENSES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>





UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF OTHER CHANGES IN NET POSITION

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
<b>Income (Loss) before other changes in net position</b>	\$1,153,001	\$1,945,290	\$1,860,462	\$1,635,003	\$ 639,524	\$ 900,422	\$ 512,322	\$1,313,755	\$ 31,350	\$ (686,125)
Capital contributions	371,804	504,344	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786
Additions to permanent endowments	99,068	153,754	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230
<b>Net increase in net position</b>	<b>\$1,623,873</b>	<b>\$2,603,388</b>	<b>\$7,262,319</b>	<b>\$3,490,017</b>	<b>\$6,022,945</b>	<b>\$7,443,148</b>	<b>\$2,917,551</b>	<b>\$4,841,497</b>	<b>\$12,824,514</b>	<b>\$9,332,891</b>

UNAUDITED										
AVERAGE ANNUAL FALL TUITION AND FEES AT										
COMPARABLE NEW JERSEY COMMUNITY COLLEGES										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>In County Tuition Per Credit:</b>										
Atlantic Cape Community College	\$ 73.15	\$ 79.00	\$ 83.00	\$ 88.40	\$ 93.00	\$ 94.80	\$ 97.20	\$102.00	\$108.00	\$113.00
Bergen Community College	86.75	93.70	98.40	103.30	111.60	118.30	124.80	128.55	130.55	132.55
Brookdale Community College	91.75	98.00	103.00	110.00	115.00	118.50	118.50	115.50	115.50	118.75
Burlington County College	66.00	69.00	73.00	78.00	86.00	92.00	92.00	92.00	96.00	100.00
Camden County College	73.00	79.00	83.00	88.00	93.00	96.00	101.00	101.00	104.00	107.00
Cumberland County College	77.00	80.00	84.00	89.00	94.00	99.00	105.00	110.00	110.00	113.00
Essex County College	79.50	81.00	87.50	95.00	103.50	108.50	108.50	108.50	108.50	108.50
Gloucester County College	74.00	77.00	77.00	80.50	83.00	85.00	87.00	90.00	93.00	95.00
Hudson County Community College	78.00	82.00	82.00	93.00	93.00	101.25	106.50	110.25	112.25	116.00
Mercer County Community College	76.50	81.50	84.50	91.50	96.50	102.50	106.50	109.50	112.25	115.50
Middlesex County College	79.25	81.55	85.55	91.00	97.00	99.00	101.00	102.00	103.00	104.00
<b>County College of Morris</b>	<b>88.00</b>	<b>91.00</b>	<b>96.00</b>	<b>99.00</b>	<b>105.00</b>	<b>110.00</b>	<b>114.00</b>	<b>116.00</b>	<b>117.00</b>	<b>118.00</b>
Ocean County College	82.00	86.00	88.00	94.00	92.00	94.00	94.00	98.00	101.00	104.00
Passaic County Community College	73.00	78.00	82.50	88.50	93.00	96.75	100.50	102.50	105.50	108.50
Raritan Valley Community College	78.00	84.00	87.00	91.00	96.00	99.00	102.00	117.00	125.00	129.00
Salem Community College	79.50	79.50	82.50	86.50	93.00	98.00	98.00	102.00	102.00	102.00
Sussex County College	73.00	77.00	82.00	89.00	101.00	107.00	120.00	127.00	127.00	127.00
Union County College	78.00	82.00	87.00	90.00	94.00	100.00	109.00	112.00	244.00	165.00
Warren County Community College	75.00	80.00	86.00	91.00	97.25	102.25	106.25	109.25	114.00	122.00
<b>Out Of County Tuition Per Credit:</b>										
Atlantic Cape Community College	\$ 146.30	\$ 158.00	\$ 166.00	\$ 176.80	\$ 186.00	\$ 189.60	\$ 194.40	\$ 154.00	\$ 163.00	\$ 168.00
Bergen Community College	179.00	193.00	203.00	213.00	234.00	248.00	262.00	270.00	272.00	274.00
Brookdale Community College	183.50	196.00	206.00	220.00	230.00	237.00	237.00	231.00	231.00	237.50
Burlington County College	85.00	88.00	92.00	94.00	102.00	108.00	108.00	108.00	112.00	116.00
Camden County College	77.00	83.00	87.00	92.00	97.00	100.00	105.00	105.00	108.00	111.00
Cumberland County College	154.00	160.00	168.00	178.00	188.00	198.00	115.00	120.00	120.00	123.00
Essex County College	159.00	162.00	175.00	190.00	207.00	217.00	217.00	217.00	217.00	217.00
Gloucester County College	75.00	78.00	80.00	84.00	90.00	95.00	100.00	105.00	110.00	115.00
Hudson County Community College	156.00	164.00	164.00	186.00	186.00	202.50	213.00	220.50	225.00	232.00
Mercer County Community College	107.00	115.00	119.00	129.00	136.50	145.00	150.00	154.00	158.00	162.00
Middlesex County College	158.50	163.10	171.10	182.00	194.00	198.00	202.00	204.00	206.00	208.00
<b>County College of Morris</b>	<b>176.00</b>	<b>182.00</b>	<b>192.00</b>	<b>198.00</b>	<b>210.00</b>	<b>220.00</b>	<b>228.00</b>	<b>232.00</b>	<b>234.00</b>	<b>236.00</b>
Ocean County College	112.00	118.00	121.00	129.00	126.00	126.00	126.00	130.00	133.00	133.00
Passaic County Community College	73.00	78.00	82.50	88.50	93.00	96.75	100.50	102.50	105.50	125.00
Raritan Valley Community College	78.00	84.00	87.00	101.00	106.00	109.00	112.00	127.00	145.00	154.00
Salem Community College	89.50	89.50	92.50	96.50	103.00	115.00	125.00	125.00	125.00	125.00
Sussex County College	146.00	154.00	164.00	178.00	202.00	214.00	240.00	254.00	190.00	190.00
Union County College	164.00	174.00	174.00	180.00	188.00	200.00	218.00	224.00	244.00	330.00
Warren County Community College	85.00	90.00	96.00	101.00	107.25	112.25	112.25	119.25	124.00	132.00
<b>Out Of State Tuition Per Credit:</b>										
Atlantic Cape Community College	\$ 256.00	\$ 316.00	\$ 332.00	\$ 353.60	\$ 372.00	\$ 379.20	\$ 388.80	\$ 204.00	\$ 216.00	\$ 220.00
Bergen Community College	189.00	203.00	213.00	223.00	245.00	260.00	275.00	283.00	285.00	285.00
Brookdale Community College	225.00	225.00	225.00	245.00	255.00	262.00	262.00	256.00	256.00	262.50
Burlington County College	150.00	153.00	157.00	159.00	167.00	173.00	173.00	173.00	177.00	181.00
Camden County College	77.00	83.00	87.00	92.00	97.00	100.00	105.00	105.00	108.00	111.00
Cumberland County College	308.00	320.00	336.00	356.00	376.00	396.00	420.00	440.00	440.00	452.00
Essex County College	159.00	162.00	175.00	190.00	207.00	217.00	217.00	217.00	217.00	217.00
Gloucester County College	148.00	155.00	160.00	168.00	180.00	190.00	200.00	210.00	220.00	230.00
Hudson County Community College	234.00	246.00	246.00	249.00	279.00	303.75	319.50	330.75	337.50	348.00
Mercer County Community College	174.00	185.00	191.00	205.00	216.50	230.00	236.00	241.00	245.00	249.00
Middlesex County College	158.50	163.10	171.10	182.00	194.00	198.00	202.00	204.00	206.00	208.00
<b>County College of Morris</b>	<b>247.00</b>	<b>255.00</b>	<b>269.00</b>	<b>278.00</b>	<b>296.00</b>	<b>311.00</b>	<b>324.00</b>	<b>330.00</b>	<b>333.00</b>	<b>336.00</b>
Ocean County College	184.00	193.00	198.00	210.00	206.00	206.00	215.00	215.00	215.00	215.00
Passaic County Community College	146.00	156.00	165.00	177.00	186.00	193.50	201.00	205.00	211.00	217.00
Raritan Valley Community College	78.00	84.00	87.00	101.00	106.00	109.00	112.00	127.00	145.00	154.00
Salem Community College	89.50	89.50	92.50	96.50	103.00	115.00	125.00	125.00	125.00	125.00
Sussex County College	146.00	154.00	164.00	178.00	202.00	214.00	240.00	254.00	254.00	254.00
Union County College	164.00	174.00	174.00	180.00	188.00	200.00	218.00	224.00	244.00	330.00
Warren County Community College	105.00	110.00	116.00	121.00	127.25	132.25	132.25	139.25	144.00	152.00

Source: Financial Reports of the County Community Colleges of the State of New Jersey as compiled by the New Jersey Community College Business Officers Association and the NJ Department of Higher Education website for 2015 statistics

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
DEBT CAPACITY PER STUDENT

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Capital lease obligation:										
Capital lease payable	\$ 124,977	\$ 64,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,354	\$ 256,257
Future interest payments	\$ 6,327	\$ 1,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,454	\$ 60,925
Total students	8,180	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096
Capital lease obligation per student:										
Capital lease payable	\$ 15.28	\$ 7.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.83	\$ 31.65
Future interest payments	\$ 0.77	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.41	\$ 7.53

UNAUDITED COUNTY COLLEGE OF MORRIS 2005 - 2014 DEMOGRAPHICS STATISTICS			
	County Population	Per Capita Personal Income	Unemployment Rate
2005	483,198	62,173	3.20%
2006	484,887	66,763	3.30%
2007	485,592	69,843	3.00%
2008	486,946	71,937	4.00%
2009	488,518	67,698	7.20%
2010	492,276	68,656	7.40%
2011	494,976	71,914	7.80%
2012	497,999	74,826	7.70%
2013	499,397	75,054	6.80%
2014	499,727	N/A	5.00%

Source: United States Census  
State of New Jersey, Department of Labor  
United States, Department of Labor, Bureau of Labor and Statistics

UNAUDITED COUNTY COLLEGE OF MORRIS MORRIS COUNTY MAJOR EMPLOYERS LIST	
Company	Employees
Picatinny Arsenal	6,090
Atlantic Health System	4,844
Novartis	4,749
Bayer	2,665
St. Clare's Health System	1,756
County of Morris	1,667
Accenture	1,621
Wyndham Worldwide	1,546
BASF	1,500
Greystone Park Psychiatric	1,244

Source: Morris County Planning & Public Works, March-April 2015 Survey

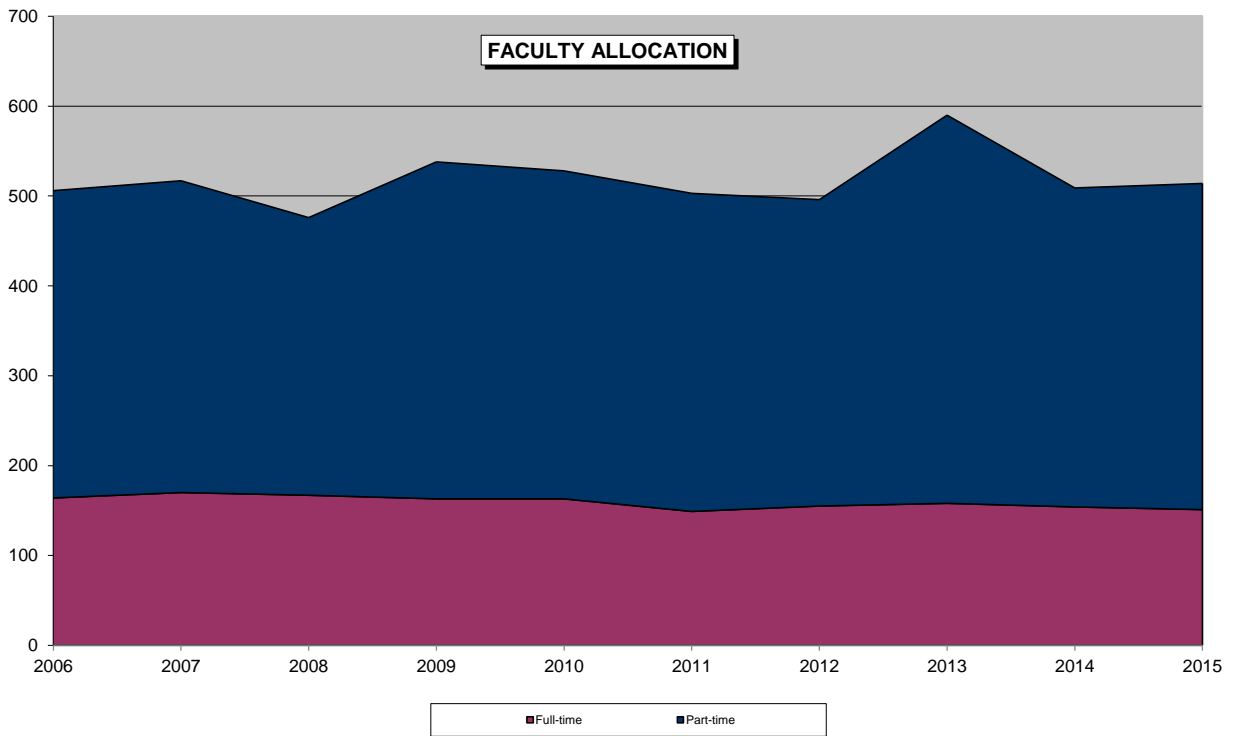
UNAUDITED  
COUNTY COLLEGE OF MORRIS  
ENROLLMENT STATISTICS

	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Total enrollment	8,180	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096
Enrollment status:										
Full-time	4,394	4,423	4,629	4,761	5,078	5,033	4,685	4,633	4,549	4,129
Part-time	3,786	3,651	3,701	3,680	3,660	3,672	3,869	4,046	3,898	3,967
County of origin										
In-county	6,289	6,262	6,448	6,557	6,873	6,956	6,783	6,886	6,631	6,351
Out-of-county	1,891	1,812	1,882	1,884	1,865	1,749	1,771	1,793	1,816	1,745
Fundable credit hours	176,461	178,684	183,426	190,124	198,185	196,114	192,398	194,116	188,732	179,380
Full-time equivalent	5,882	5,956	6,114	6,337	6,606	6,537	6,413	6,471	6,291	5,979
Average Class Size	22	22	22	22	21	21	20	20	19	18

Source: County College of Morris Fall 2014 Facts & Figures  
and  
County College of Morris Schedule of Credit-Hour Enrollment Year Ended 6/30/15

UNAUDITED  
 COUNTY COLLEGE OF MORRIS  
 FACULTY, STAFF AND ADMINISTRATOR STATISTICS

	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL
<b>Faculty:</b>										
Full-time	164	170	167	163	163	149	155	158	154	151
Part-time	342	347	309	375	365	354	341	432	355	363
<b>Professional and Staff:</b>										
Full-time	290	285	279	284	274	285	283	281	280	267
Part-time	62	63	62	64	58	58	57	55	64	54
<b>Total employees</b>										
Full-time	454	455	446	447	437	434	438	439	434	418
Part-time	404	410	371	439	423	412	398	487	419	417
<b>Total Students</b>	8,180	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096
<b>Students per full-time faculty</b>	50	47	50	52	54	58	55	55	55	54
<b>Students per part-time faculty</b>	24	23	27	23	24	25	25	20	24	22



Source: County College of Morris' Department of Human Resources.  
 and  
 County College of Morris Fall 2014 Facts & Figures

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
NET ASSIGNABLE SQUARE FOOTAGE BY BUILDING

Building and Use	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Henderson Hall - Administrative and Academic</b>										
Office	19,529	19,529	17,617	17,617	17,617	17,617	17,617	17,617	17,617	17,617
Classroom	1,931	1,931	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133
<b>Sheffield Hall - Academic and Administrative</b>										
Classroom	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558
Instructional Laboratory	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192
Office	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732
Plant Maintenance	746	746	746	746	746	746	746	746	746	746
<b>Emeriti Hall - Academic and Administrative</b>										
Instructional Laboratory	9,840	9,840	9,840	9,840	7,012	7,012	7,012	7,012	7,012	7,012
Office	4,184	4,184	4,184	4,184	7,012	7,012	7,012	7,012	7,012	7,012
<b>Cohen Hall - Academic, Administrative and Student Health/Activities</b>										
Classroom	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475
Instructional Laboratory	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825
Office	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711
Plant Maintenance	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
Student Health/Activities	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
<b>Demare Hall - Academic and Administrative</b>										
Classroom	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902
Instructional Laboratory	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525
Office	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600
<b>Health and Physical Education - Academic and Athletic</b>										
Classroom	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,275
Instructional Laboratory	253	253	253	253	253	253	253	253	253	1,196
Office	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	2,145
Physical Ed and Recreation	32,293	32,293	32,293	32,293	32,293	32,293	32,293	32,293	32,293	31,349
<b>Aquatic Facility - Athletic</b>										
Physical Ed and Recreation	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
<b>Sherman H. Masten Learning Resource Center - Library</b>										
Library and Support	43,641	43,641	43,641	43,641	43,641	43,641	43,641	43,641	29,246	29,246
Classroom									923	923
Office	5,573	5,573	5,573	5,573	5,573	5,573	5,573	5,573	3,331	3,331
Student Activities/Services	543	543	543	543	543	543	543	543	10,125	10,125
Instructional Laboratory	1,696	1,696	1,696	1,696	1,696	1,696	1,696	1,696	3,950	3,950
Audio/visual, Radio and TV	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	1,052	1,052
<b>Student Community Center and Auditorium - Student Activities, Administration and Auditorium</b>										
Office	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642
Student Activities	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919
Auditorium	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390
<b>Plant and Maintenance Building - Maintenance, Storage and Campus Security</b>										
Office	742	742	742	742	742	742	742	742	742	742
Plant Maintenance	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751
<b>Landscape and Horticulture Technology Complex - Academic</b>										
Instructional Laboratory	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
Office	185	185	185	185	185	185	890	890	890	890
Classroom	890	890	890	890	890	890	5,165	5,165	5,165	5,165
<b>Dalrymple House</b>										
Office	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645
<b>675 Rt. 10</b>										
Office								15,448	15,448	15,448
<b>Parking Capacity</b>										
	3,200	3,200	3,200	3,200	3,242	3,242	3,242	3,330	3,330	3,330

Source: County College of Morris' Facilities/Financial Master Plan/675 Rt. 10 Facility Assessment Report

## Unaudited - Ratio Analysis

Ratio analysis can communicate the financial strengths and weaknesses of a college. An article published in the April 2003 NACUBO's Business Officer, "How to Assess and Enhance Financial Health," by Lawrence R. Hudack, Larry L. Orsini, and Brenda M. Snow, identifies the Primary Reserve Ratio, the Net Income Ratio, the Return on Net Position Ratio and the Viability Ratio as four core ratios. These four core ratios are combined and weighted to develop a composite financial index for a given year. Because the College has minimal long term debt, the viability ratio is excluded from the composite financial index. The composite financial index is a tool to help readers determine the overall financial health of an institution as compared to other institutions. The following ratio analysis excludes the pension liability impact of GASB 68. Below is a chart representing the County College of Morris' Financial Health as of 2015.

Fiscal Year 2015	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	34.89%	13.30%	2.62	54%	1.41
Net Income Ratio	4.00%	-1.02%	0.70%	-1.46	15%	-0.22
Return on Net Position	7.00%	11.04%	2.00%	5.52	31%	1.71
Composite Financial Index						2.9

$$* \text{ Strength Factor} = \frac{\text{Core Ratio}}{\text{Relevant Value}}$$

Ratios are averaged over a period of five years in order to evaluate the ongoing stability of an institution. Below is a chart representing the County College of Morris' Financial Health as a five year average.

Five Year Average as of 2015	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	37.38%	13.30%	2.81	54%	1.52
Net Income Ratio	4.00%	0.63%	0.70%	0.90	15%	0.14
Return on Net Position	7.00%	8.32%	2.00%	4.16	31%	1.29
Composite Financial Index						2.95

$$* \text{ Strength Factor} = \frac{\text{Core Ratio}}{\text{Relevant Value}}$$

The Primary Reserve Ratio focuses on expendable net position, which is quickly available to an institution, as compared to total expenses. It is recommended that an institution maintain a ratio greater than 40% to ensure financial stability. As of June 30, 2015 the County College of Morris was under the recommendation with a ratio of 34.89%. This means the College can cover 4.2 of the recommended 5 months of expenses that a 40% ratio would ensure. The five year average Primary Reserve Ratio is 37.38%.

The Net Income Ratio indicates the degree of surplus or deficit that a college generates as compared to total unrestricted operating income. Industry standard recommends this ratio be maintained between 2% and 4% to ensure adequate growth in reserves. However, as stated in the article, "it is important that surpluses are not obtained at the cost of mission-critical spending". County College of Morris had a net loss of \$686,125 before capital contributions and additions to endowments. As a result, the College had a negative net income ratio of -1.02% for fiscal year 2015. This is a decrease from fiscal year 2014, which was .05% and below the five year average of .63%. The average of .63% indicates that overall the College has not utilized reserves to operate. However, as the College's facilities expand and county and state funding remains flat reserves may need to be utilized to offset operational expenses.

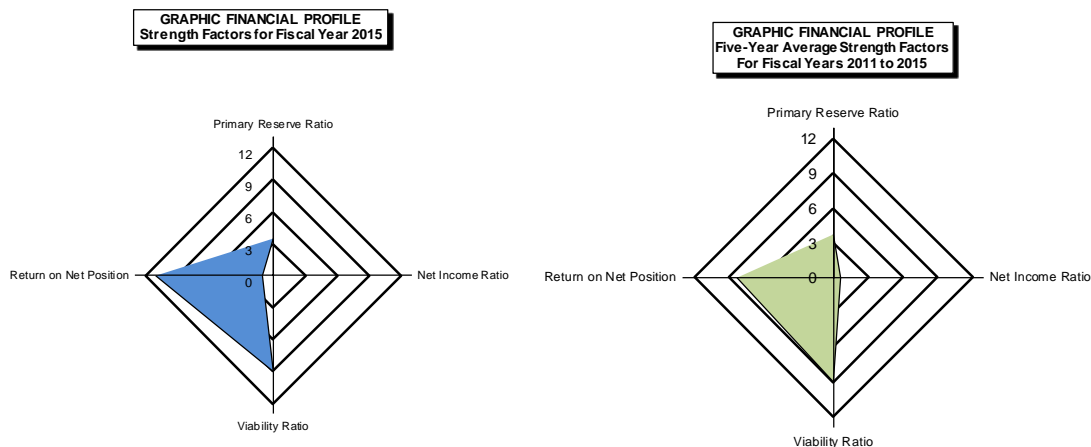


The Return on Net Position Ratio measures the total economic return, or real rate of return, on net position. Once this return is calculated, it is compared to the current rate of inflation to obtain a true rate of return. An institution should maintain a return on net position ratio of 4% to 5% during a time of 2% inflation to ensure the assets. The current rate of inflation is .1%. The five year average return on net position ratio is 8.32% compared to the average rate of inflation which is 1.86%. The College had an overall increase in net position due to capital contributions and additions to permanent endowments; therefore the return on net position is that of a financially strong institution.

The Viability Ratio measures the availability of expendable net position to cover long-term debt at the time of the balance sheet. Industry standard recommends a 100% viability ratio. Historically, the County College of Morris has minimal long-term debt and in 2015 long-term debt of only \$229,415. Since the College has minimal long-term debt the viability ratio indicates a strong future. To allow for vital comparisons with other institutions, it is recommended that this ratio not be utilized in calculating the composite financial index for an institution that has little or no long-term debt.

Once the ratios are calculated, they are converted to strength factors ranging from 1 to 10. Within this scale, a strength factor of 3 would represent an institution with moderate financial strength, 1 would indicate financial weakness and 10 would point out financial superiority. The strength factors are then weighed based upon importance to determine the overall composite financial index for an institution. To calculate the strength factor, the College's core ratios are divided by the industry's relevant value, which is based upon industry standards. County College of Morris' composite financial index for 2015 of 2.9, a decrease of .44 from 2014, is the result of a decrease in net income. The five year average of 2.95 indicates an institution with moderate financial health, but stresses our reliance on state and county support.

Further analyses of the strength factors related to the four ratios indicate the attributes in which the College is below the expected norm. The failure to completely cover the internal diamond with its four coordinates indicates areas for improvement.



In summary, the charts indicate overall improvement of the financial strength of the institution due to the increase in reserves and the minimal amount of debt. The decrease in Net Income Ratio is a direct result of decreases in county and state operating aid and investment income. Continued improvement may be obtained from increased revenue streams as well as savings recognized by operating efficiencies in order for the College to refrain from utilizing reserves.

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
REVENUES BY SOURCE  
OPERATING FUND

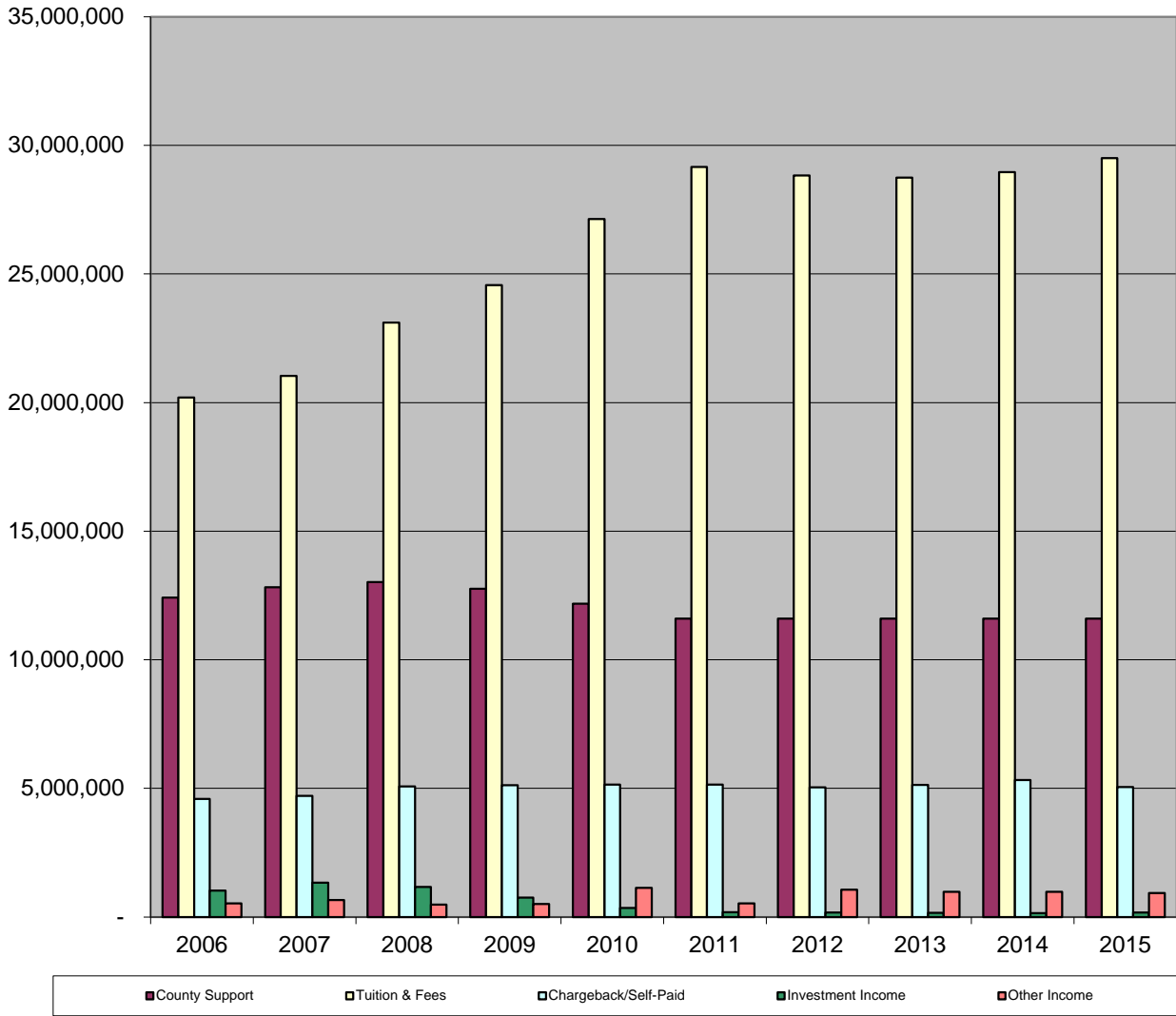
SOURCE	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Federal Support					\$ 413,418					
State Support	\$ 9,313,319	\$ 8,458,882	\$ 8,988,553	\$ 8,035,807	7,028,771	7,169,137	\$ 6,844,765	\$ 6,899,143	\$ 6,988,477	\$ 7,000,440
County Support	12,414,295	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000
Tuition & Fees	20,203,663	21,039,472	23,115,529	24,569,453	27,132,148	29,156,809	28,825,751	28,747,647	28,966,245	29,506,917
Chargeback/Self-Paid	4,590,769	4,711,365	5,070,834	5,121,222	5,142,148	5,149,561	5,041,015	5,131,547	5,319,328	5,049,247
Investment Income	1,031,201	1,331,178	1,173,255	757,439	348,660	181,737	172,894	157,332	155,848	169,391
Other Income	524,750	659,062	484,271	509,627	716,391	530,701	1,059,047	980,195	976,186	928,125
<b>TOTAL</b>	<b>\$ 48,077,997</b>	<b>\$ 49,016,477</b>	<b>\$ 51,850,497</b>	<b>\$ 51,750,904</b>	<b>\$ 52,957,434</b>	<b>\$ 53,787,945</b>	<b>\$ 53,543,472</b>	<b>\$ 53,515,864</b>	<b>\$ 54,006,084</b>	<b>\$ 54,254,120</b>

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
REVENUES BY SOURCE AS A PERCENTAGE OF TOTAL  
OPERATING FUND

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Federal Support					0.78%					
State Support	19.38%	17.25%	17.34%	15.52%	13.27%	13.32%	12.79%	12.89%	12.93%	12.90%
County Support	25.82%	26.15%	25.11%	24.65%	22.99%	21.57%	21.66%	21.68%	21.48%	21.38%
Tuition & Fees	42.02%	42.93%	44.58%	47.49%	51.24%	54.21%	53.84%	53.72%	53.64%	54.39%
Chargeback/Self-Paid	9.55%	9.61%	9.78%	9.90%	9.71%	9.57%	9.41%	9.59%	9.85%	9.31%
Investment Income	2.14%	2.72%	2.26%	1.46%	0.66%	0.34%	0.32%	0.29%	0.29%	0.31%
Other Income	1.09%	1.34%	0.93%	0.98%	1.35%	0.99%	1.98%	1.83%	1.81%	1.71%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE OPERATING REVENUES BY SOURCE**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY FUNCTION  
OPERATING FUND

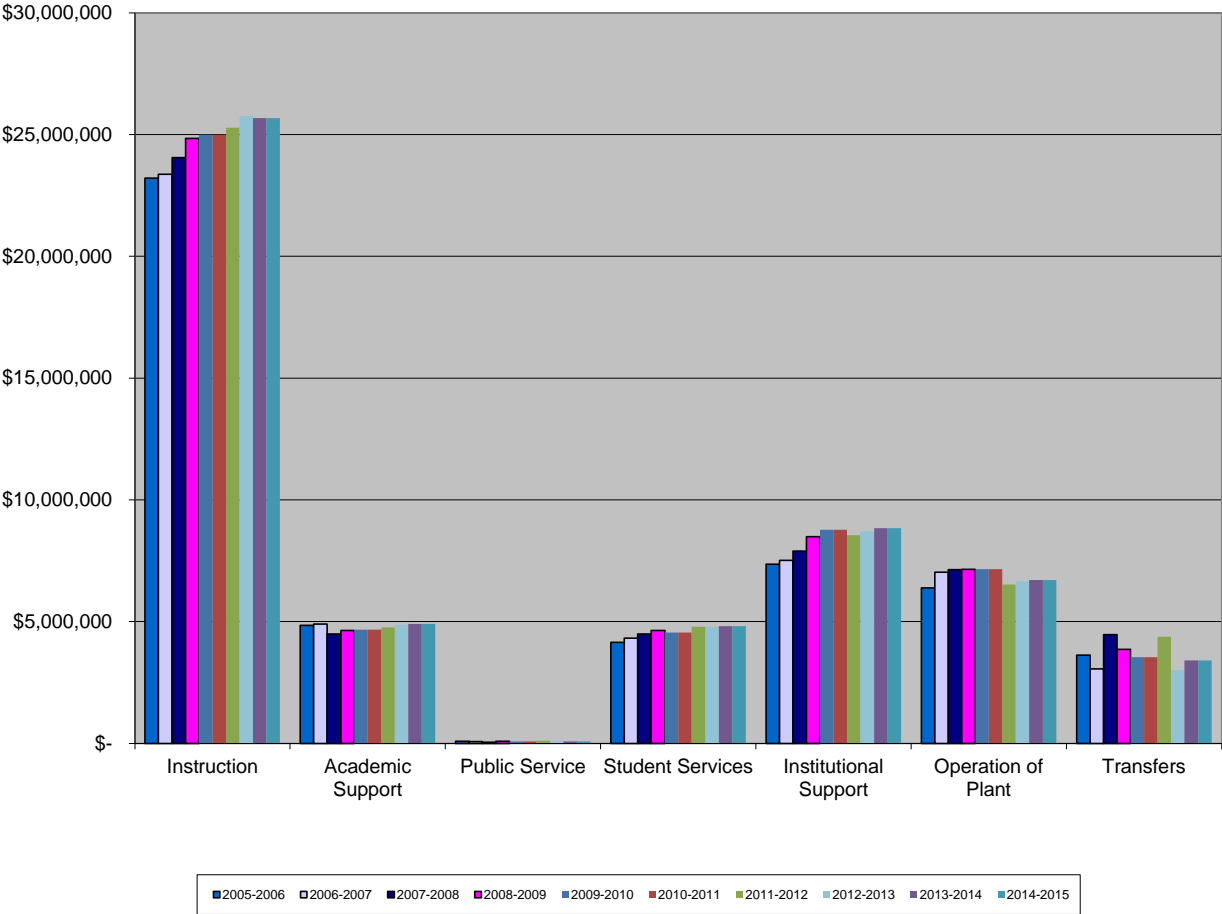
ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Instruction	\$ 22,389,122	\$ 23,214,845	\$ 23,373,622	\$ 24,057,363	\$ 24,842,911	\$ 24,995,758	\$ 25,075,508	\$ 25,287,604	\$ 25,754,609	\$ 25,683,320
Academic Support	4,802,035	4,852,930	4,897,029	4,488,370	4,637,326	4,666,762	4,627,081	4,766,062	4,871,234	4,904,785
Public Service	98,797	87,174	73,699	53,790	85,127	83,622	87,198	107,063	86,373	86,095
Student Services	4,180,626	4,145,271	4,328,011	4,489,772	4,632,260	4,548,496	4,728,626	4,795,080	4,786,501	4,811,090
Institutional Support	6,935,633	7,363,152	7,519,798	7,902,250	8,488,656	8,768,884	8,715,588	8,551,880	8,707,048	8,831,528
Operation of Plant	6,481,511	6,383,857	7,032,899	7,140,815	7,151,522	7,155,130	6,636,127	6,530,336	6,658,145	6,703,044
Transfers	3,288,556	3,627,536	3,066,171	4,464,100	3,857,056	3,536,265	3,096,912	4,381,024	3,020,435	3,410,379
<b>TOTAL</b>	<b>\$ 48,176,280</b>	<b>\$ 49,674,765</b>	<b>\$ 50,291,229</b>	<b>\$ 52,596,460</b>	<b>\$ 53,694,858</b>	<b>\$ 53,754,917</b>	<b>\$ 52,967,040</b>	<b>\$ 54,419,049</b>	<b>\$ 53,884,345</b>	<b>\$ 54,430,240</b>

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY FUNCTION AS A PERCENTAGE OF TOTAL  
OPERATING FUND

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Instruction	46.46%	46.74%	46.47%	45.75%	46.24%	46.52%	47.34%	46.47%	47.79%	47.18%
Academic Support	9.97%	9.77%	9.74%	8.53%	8.64%	8.68%	8.74%	8.76%	9.04%	9.01%
Public Service	0.21%	0.18%	0.15%	0.10%	0.16%	0.16%	0.16%	0.20%	0.16%	0.16%
Student Services	8.68%	8.34%	8.61%	8.54%	8.63%	8.46%	8.93%	8.81%	8.88%	8.84%
Institutional Support	14.40%	14.82%	14.95%	15.01%	15.83%	16.29%	16.45%	15.71%	16.16%	16.23%
Operation of Plant	13.45%	12.85%	13.98%	13.58%	13.32%	13.31%	12.53%	12.00%	12.36%	12.31%
Transfers	6.83%	7.30%	6.10%	8.49%	7.18%	6.58%	5.85%	8.05%	5.61%	6.27%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE EXPENSES BY FUNCTION**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY OBJECT CODE  
OPERATING FUND

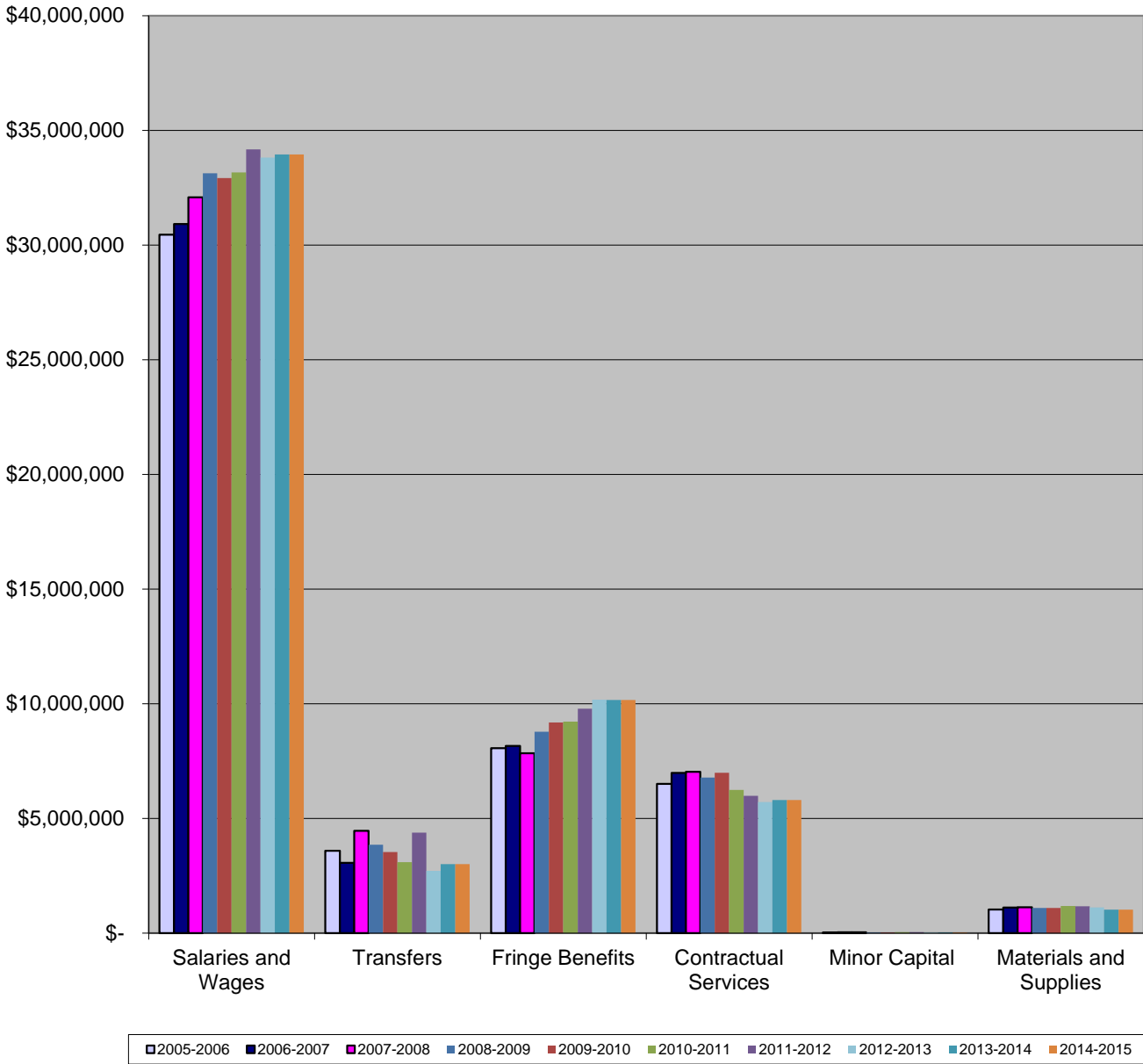
	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Salaries and Wages	\$ 29,687,099	\$ 30,448,863	\$ 30,918,033	\$ 32,085,657	\$ 33,131,756	\$ 32,919,610	\$ 33,161,279	\$ 34,168,821	\$ 33,812,114	\$ 33,952,023
Transfers	3,288,556	3,596,300	3,066,171	4,464,100	3,857,056	3,536,265	3,096,913	4,381,024	2,720,435	3,007,054
Fringe Benefits	7,372,390	8,062,228	8,164,824	7,848,541	8,781,560	9,185,415	9,225,848	9,781,874	10,173,497	10,163,002
Contractual Services	6,575,218	6,510,687	6,989,317	7,031,773	6,781,683	6,988,127	6,252,057	5,991,535	5,722,441	5,805,736
Minor Capital	88,451	23,763	37,345	41,351	38,937	31,665	43,594	40,523	33,938	27,985
Materials and Supplies	1,165,166	1,032,924	1,115,539	1,125,038	1,103,866	1,093,834	1,187,384	1,167,174	1,121,923	1,030,048
<b>TOTAL</b>	<b>\$ 48,176,880</b>	<b>\$ 49,674,765</b>	<b>\$ 50,291,229</b>	<b>\$ 52,596,460</b>	<b>\$ 53,694,858</b>	<b>\$ 53,754,916</b>	<b>\$ 52,967,076</b>	<b>\$ 55,530,950</b>	<b>\$ 53,584,348</b>	<b>\$ 53,985,848</b>

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY OBJECT CODE AS A PERCENTAGE OF TOTAL  
OPERATING FUND

ITEM	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL
Salaries and Wages	61.62%	61.30%	61.48%	61.00%	61.71%	61.24%	62.61%	61.53%	63.10%	62.89%
Transfers	6.83%	7.24%	6.10%	8.49%	7.18%	6.58%	5.85%	7.89%	5.08%	5.57%
Fringe Benefits	15.30%	16.23%	16.24%	14.92%	16.35%	17.09%	17.42%	17.62%	18.99%	18.83%
Contractual Services	13.65%	13.11%	13.90%	13.37%	12.63%	13.00%	11.80%	10.79%	10.68%	10.75%
Minor Capital	0.18%	0.05%	0.07%	0.08%	0.07%	0.06%	0.08%	0.07%	0.06%	0.05%
Materials and Supplies	2.42%	2.08%	2.22%	2.14%	2.06%	2.03%	2.24%	2.10%	2.09%	1.91%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE EXPENSES BY OBJECT CODE**



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# Compliance Section





**The following supplemental information is provided for management information purposes:**

COUNTY COLLEGE OF MORRIS  
IOLTA GRANT  
(CALENDAR YEAR GRANT ENDING DECEMBER 31, 2015)

BALANCE SHEET  
JUNE 30, 2015

Assets:		
Cash	\$	1,650
Liabilities and Fund Balance:		
Accounts Payable		-
Total Liabilities		-
Fund Balance		1,650
Total Liabilities and Fund Balance	\$	1,650

SCHEDULE OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2015

	(Unaudited) Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
County College of Morris Grant	\$3,300	\$3,300	\$ -
Expenditures:			
Other Staff	3,300	1,650	1,650
FICA	-	-	-
Postage	-	-	-
Printing/Reproduction	-	-	-
Total expenditures	3,300	1,650	1,650
Excess (deficiency) of revenues over expenditures	\$ -	1,650	\$ 1,650
Fund Balance June 30, 2014		-	
Fund Balance June 30, 2015		\$1,650	

COUNTY COLLEGE OF MORRIS  
IOLTA GRANT  
(CALENDAR YEAR GRANT ENDING DECEMBER 31, 2014)

BALANCE SHEET  
JUNE 30, 2015

Assets:		
Cash	\$	<u><u>-</u></u>
Liabilities and Fund Balance:		
Accounts Payable		<u>-</u>
Total Liabilities		-
Fund Balance		<u>-</u>
Total Liabilities and Fund Balance	\$	<u><u>-</u></u>

SCHEDULE OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2015

	(Unaudited) Original Budget	Actual Expended Prior Fiscal Year	Actual Expended Current Fiscal Year	Total	Variance Favorable (Unfavorable)
Revenues:					
County College of Morris Grant	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ -</u>
Expenditures:					
Other Staff	3,300	-	3,300	3,300	-
FICA	-	-	-	-	-
Postage	-	-	-	-	-
Printing/Reproduction	-	-	-	-	-
Total expenditures	<u>3,300</u>	<u>-</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures		<u><u>\$ 3,300</u></u>	<u><u>(3,300)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balance June 30, 2014			3,300		
Fund Balance June 30, 2015			<u><u>\$ -</u></u>		

Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Randolph, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey (the "Department"), the financial statements of the County College of Morris (the "College") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 8, 2015.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Page 2

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

December 8, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance Required by OMB Circular A-133  
and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Randolph, New Jersey

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

We have audited the County College of Morris's (the "College's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/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, 2015. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
Page 2

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

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

**Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

December 8, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



COUNTY COLLEGE OF MORRIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS  
 YEAR ENDED JUNE 30, 2015

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authorizations	Amount Received 14-15	Amount Rec'd to Date	Grant Expenditures 14-15	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2015
<u>U.S. Department of Education:</u>										
Student Financial Assistance Program Cluster:										
Direct Aid:										
PELL	PELL	84.063	E-P063P142994	9/1/14-8/31/15	\$ 7,766,360	\$ 7,656,860	\$ 7,656,860	\$ 7,780,545	\$ 7,780,545	\$ 121,865
PELL	PELL	84.063	E-P063P132994	9/1/13-8/31/14	7,761,818	152,478	7,761,818	133,967	7,761,818	-
SEOG	SEOG	84.007	E-P007A142547	9/1/14-8/31/15	164,319	164,319	164,319	164,319	164,319	-
CWS	CWS	84.033	E-P033A142547	7/1/14-6/30/15	166,920	146,397	146,397	155,183	155,183	8,786
CWS	CWS	84.033	E-P033A132547	7/1/13-6/30/14	138,178	14,904	138,178	13,693	138,178	-
DIRECT LOANS	DIRECT LOANS	84.268	P-268K152994	9/1/14-8/31/15	6,876,219	6,225,120	6,225,120	6,276,773	6,276,773	51,653
DIRECT LOANS	DIRECT LOANS	84.268	P-268K142994	9/1/13-8/31/14	5,893,689	125,230	5,893,689	108,076	5,893,689	-
Subtotal Student Financial Assistance Program Cluster					28,891,503	14,487,308	27,888,381	14,632,556	28,170,505	182,124
<u>Pass Through Funds:</u>										
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715515	7/1/14-6/30/15	388,846	267,972	267,972	388,084	388,084	120,112
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715514	7/1/13-6/30/14	319,014	27,884	317,611	-	317,611	-
NJ Council of Community Colleges	College Access Challenge Grant College Readiness Now Project	84.378	Subgrant 378A	1/1/14-8/8/14	30,114	(20,187)	3,904	(22)	3,904	-
Total U.S. Department of Education					737,974	275,669	589,487	388,062	709,599	120,112
					29,628,477	14,762,977	28,577,868	15,020,618	28,880,104	302,236
<u>National Science Foundation:</u>										
National Science Foundation	Noyce Teacher Scholarship Program	47.076	DUE-1339956-COM	9/1/13-8/31/16	35,143	-	-	9,525	9,667	9,667
National Science Foundation	Advanced Tech Education Program	47.076	DUE-1400494	7/1/14-6/30/16	198,999	43,495	43,495	89,165	89,165	45,670
<u>U.S. Department of Health and Human Services:</u>										
US Department of Health and Human Services	NNJHPC	93.093	90FX000105	9/30/14-9/29/15	410,614	159,388	159,388	252,847	252,847	93,459
US Department of Health and Human Services	NNJHPC	93.093	90FX000104	9/30/13-9/29/14	491,056	394,578	447,284	199,231	447,284	-
US Department of Health and Human Services	HPOG Impact Study	93.093	HHSP2320095624WC	10/1/13-9/29/15	201,688	144,162	144,162	116,037	146,836	2,674
<u>U.S. Department of Labor:</u>										
US Department of Labor	TAA CCT Grant - Year 1	17.282	TC-26459-14-60-A-34	10/1/14-9/30/15	224,836	18,205	18,205	69,507	69,507	51,302
US Department of Labor	NJIT STEM Grant - Year 3	17.288	NP998801	1/1/15-3/31/16	55,122	3,824	3,824	28,364	28,364	24,540
US Department of Labor	NJIT STEM Grant - Year 2	17.288	NP998801	1/1/14-12/31/14	55,583	11,511	16,198	6,084	16,198	-
<u>U.S. Department of Homeland Security:</u>										
Office of Homeland Security and Preparedness	USAI Grant FFY14	97.067	EMW-2014-SS-00099-S01	9/1/14-8/31/16	157,000	90,114	90,114	115,425	115,425	25,311
Office of Homeland Security and Preparedness	USAI Grant FFY13	97.068	EMW-2013-SS-00032-S01	9/1/13-8/31/15	157,000	145,185	157,000	-	157,000	-
<u>National Endowment for the Humanities:</u>										
National Endowment for the Humanities	AAC&U Bridging Cultures Grant	45.162	NEH Subaward	7/1/12-12/31/15	7,500	-	7,500	1,926	7,064	(436)
Total Federal Awards					\$31,625,018	\$15,773,439	\$29,665,038	\$15,908,729	\$30,219,461	\$554,423

N/A - Not Applicable

THE ACCOMPANYING NOTE IS AN INTEGRAL PART OF THIS SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS

COUNTY COLLEGE OF MORRIS  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS  
 YEAR ENDED JUNE 30, 2015

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authorizations	Amount Received 14-15	Amount Rec'd to Date	Grant Expenditures 14-15	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2015
<b>Dept. of Student Assistance:</b>									
<b>Direct Aid:</b>									
	TAG	2124	7/1/14-6/30/15	\$ 1,587,475	\$ 1,586,663	\$ 1,586,663	\$ 1,586,663	\$ 1,586,663	\$ -
	EOF Article III	2124	6/1/14-6/30/15	61,689	61,689	61,689	61,689	61,689	-
	EOF Article IV	2124	6/1/14-6/30/15	114,305	111,297	111,297	111,297	111,297	-
	EOF Article III Summer 2015	2124	6/1/15-6/30/16	13,504	-	-	6,093	6,093	6,093
	EOF Article III Summer 2014	2124	6/1/14-6/30/15	13,272	13,272	13,272	7,965	13,272	-
	NJ Best	2124	7/1/14-6/30/15	17,250	17,250	17,250	17,250	17,250	-
	NJ State Program 2015	2124	7/1/14-6/30/15	125,185	125,185	125,185	125,185	125,185	-
	World Trade Center Scholarship	2124	7/1/14-6/30/15	2,500	2,500	2,500	2,500	2,500	-
	NJ Class Loans	N/A	7/1/14-6/30/15	43,402	43,402	43,402	43,402	43,402	-
				1,978,982	1,961,258	1,962,044	1,967,351	1,967,351	6,093
<b>Dept. of Children and Families:</b>									
<b>Direct Aid:</b>									
	Division on Women	15CLPW	7/1/14-6/30/15	130,475	128,906	128,906	130,475	130,475	1,569
	Division on Women	14CLPW	7/1/13-6/30/14	130,475	8,399	128,001	-	128,001	-
				260,950	137,305	256,907	130,475	258,476	1,569
<b>Department of the Treasurer:</b>									
<b>Direct Aid:</b>									
	State Support Operational Costs	N/A	7/1/14-6/30/15	7,000,440	7,000,440	7,000,440	7,000,440	7,000,440	-
				7,000,440	7,000,440	7,000,440	7,000,440	7,000,440	-
	Alternate Benefit Reimbursements	N/A	7/1/14-6/30/15	1,338,045	956,975	956,975	1,338,045	1,338,045	381,070
	Alternate Benefit Reimbursements	N/A	7/1/13-6/30/14	1,326,741	366,916	1,326,741	-	1,326,741	-
				2,664,786	1,323,891	2,283,716	1,338,045	2,664,786	381,070
<b>Pass Through Funds:</b>									
	Arts Council of Morris Area	N/A	11/1/14-12/31/15	2,200	1,100	1,100	2,200	2,200	1,100
	Arts Council of Morris Area	N/A	1/1/13-12/31/14	1,700	850	1,700	-	1,700	-
				3,900	1,950	2,800	2,200	3,900	1,100
	Total State Awards			\$ 11,908,658	\$ 10,424,844	\$ 11,505,121	\$ 10,433,204	\$ 11,894,953	\$ 389,832

N/A - Not applicable

**COUNTY COLLEGE OF MORRIS  
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying Schedules of expenditures of Federal and state awards includes the federal and state grant activity of the County College of Morris under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of State and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Because the schedules present only a selected portion of the operations of the College, they are not intended to and do not present the financial position, changes in net position or cash flows of the College.

**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the accrual basis of accounting.

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the College.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the College which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the College expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The College's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/State</u> <u>Identification Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
Federal:				
Student Financial Aid Cluster				
PELL	84.063	9/1/14-8/31/15	\$ 7,788,360	\$ 7,780,545
PELL	84.063	9/1/13-8/31/14	7,761,818	133,967
SEOG	84.007	9/1/14-8/31/15	164,319	164,319
CWS	84.033	7/1/14-6/30/15	166,920	155,183
CWS	84.033	7/1/13-6/30/14	138,178	13,693
Direct Loans	84.268	9/1/14-8/31/15	6,978,219	6,276,773
Direct Loans	84.268	9/1/13-8/31/14	5,893,689	108,076
State:				
TAG	2124	7/1/14-6/30/15	1,587,475	1,586,663
Alternate Benefit Reimbursements	N/A	7/1/14-6/30/15	1,338,045	1,338,045

- The thresholds used for distinguishing between Type A and Type B federal programs was \$477,262, and \$312,996 for state programs.
- The College was determined to be a "high risk" auditee under the provisions of section 530 of the federal Circular for federal programs and a "low risk" auditee for state programs.

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB 04-04 and 15-08.

COUNTY COLLEGE OF MORRIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year findings.