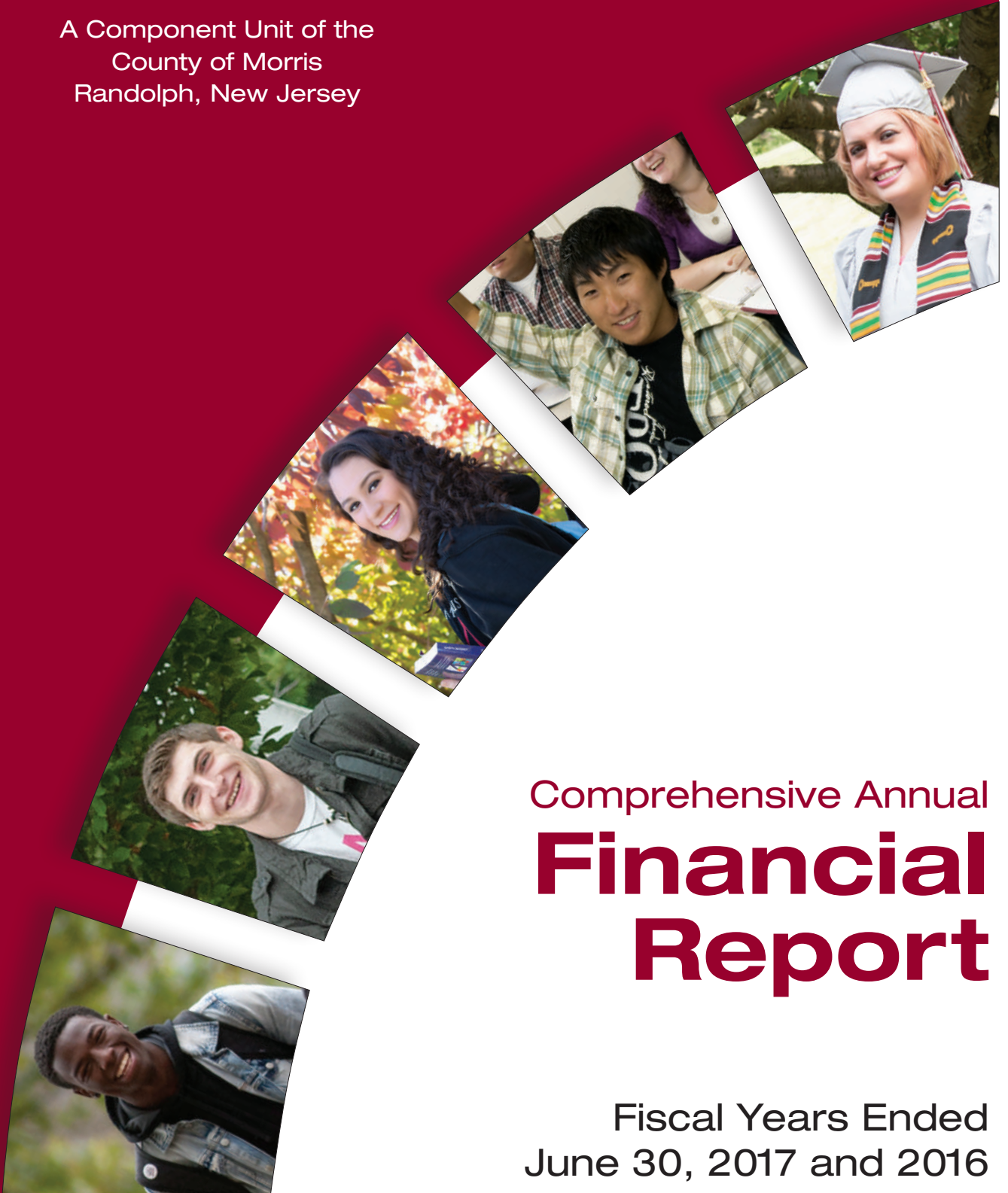




A Component Unit of the
County of Morris
Randolph, New Jersey



Comprehensive Annual
**Financial
Report**

Fiscal Years Ended
June 30, 2017 and 2016



COUNTY COLLEGE of MORRIS

A Component Unit of the County of Morris
Randolph, New Jersey

Comprehensive Annual

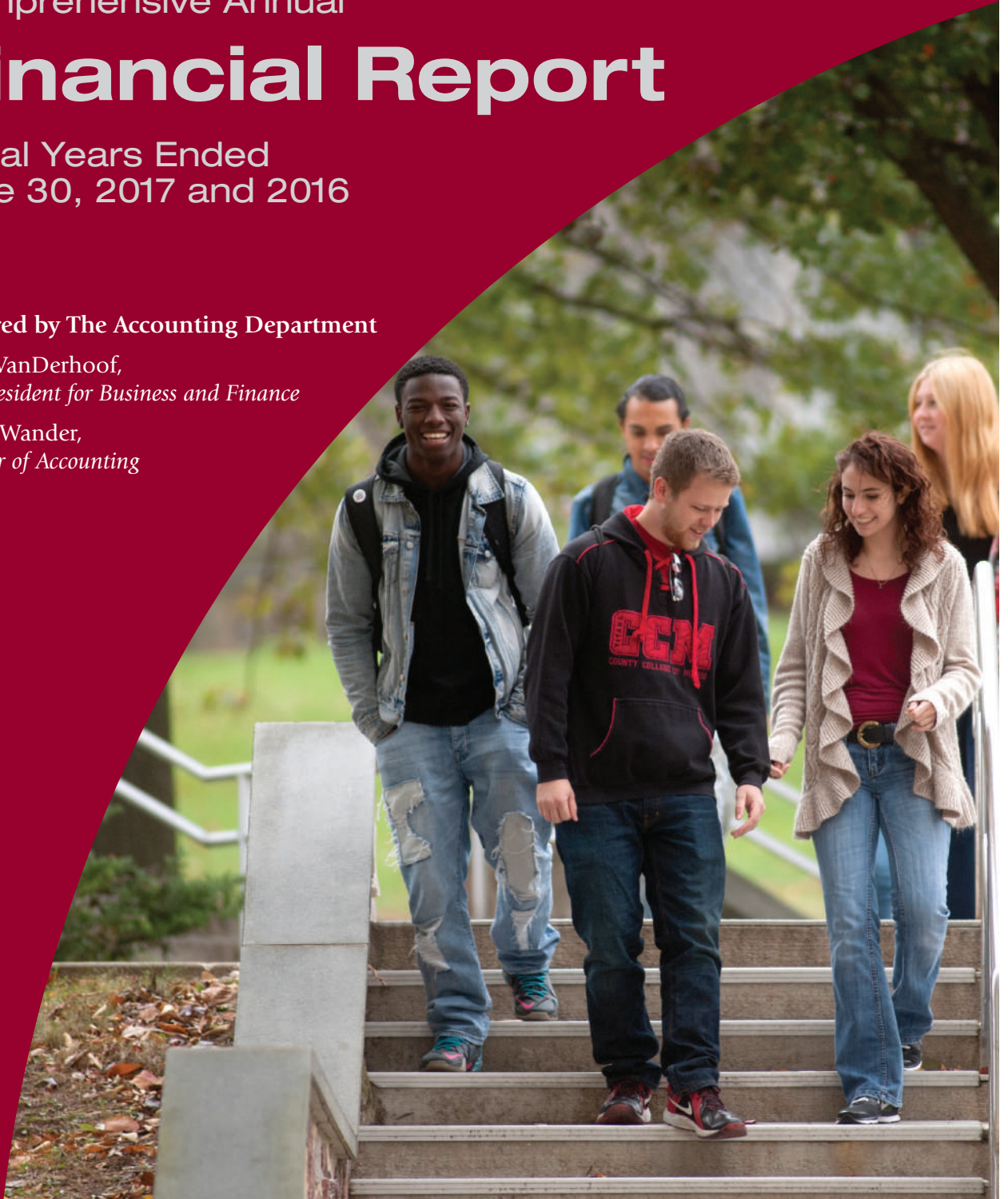
Financial Report

Fiscal Years Ended
June 30, 2017 and 2016

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, 2017
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Introductory Section



November 21, 2017

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 2017. This document presents the record of the College's financial operations for the past fiscal year.



A year ago, I began my journey as the third president of the College. What a remarkable year it has been as the result of the numerous accomplishments and contributions of our students, faculty, administration and staff. I couldn't be prouder to be part of an institutioan that not only provides a high-quality education to our community, but also continues to imagine possibilities, push boundaries and create new realities.

We continued to fulfill our commitment to improve academic facilities to support student learning. During the fiscal year we completed the renovation of the Cohen Hall Café, computer labs, speech labs, numerous classrooms and construction of a storage building. Additionally we undertook the replacement of the HVAC systems in the Student Community Center which was substantially completed in August. Equipped with a highly accomplished faculty and state-of-the-art facilities, we look forward to reaching more milestones by building bigger and better opportunities for our students, developing unique programs to meet the needs of adult students and establishing stronger community and workforce development programs.

We are grateful to our sponsors, donors and community for their continued support and to the Board of Trustees whose stewardship, commitment, and dedication has ensured the College's viability. We appreciate the efforts of the faculty, staff and administrators whose commitment and expertise enable the College to achieve its mission.

Respectfully,

A handwritten signature in blue ink that reads "Anthony J. Iacono". The signature is written in a cursive, flowing style.

Anthony J. Iacono, Ph.D.
President

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Transmittal Letter

November 21, 2017

To President Iacono 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, 2017 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 14-22) 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 51,169 degrees.

The County College of Morris is committed to excellence in teaching and lifelong learning through the delivery of exceptional programs and services to our students and to the larger community that reflects a dedication to inclusiveness and diversity, educational advancement, cultural enrichment and workforce development.

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

- Improve Student Learning Through High Impact Practices
- Improve Student Success Through Excellence in Teaching
- Increase Enrollment, Retention, Completion, Transfer and Career Advancement
- Strengthen Relationship Between CCM and the Community
- Develop a Marketing Strategy that Supports the Strategic Enrollment Management Plan and Emphasizes a High Quality Student Experience
- Expand Professional Development and Recognition for Employees
- Demonstrate Diversity Through Its Employees, Programs and Communication
- Develop an Integrated System of Planning, Allocating Resources and Assessment for Evidence-Based Institutional Effectiveness
- Diversify and Increase Sources of Revenue
- Workforce Development Expansion

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. Management of the College has operational responsibility for the Foundation and College Trustees also serve concurrently as members of the Foundation Board. 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.

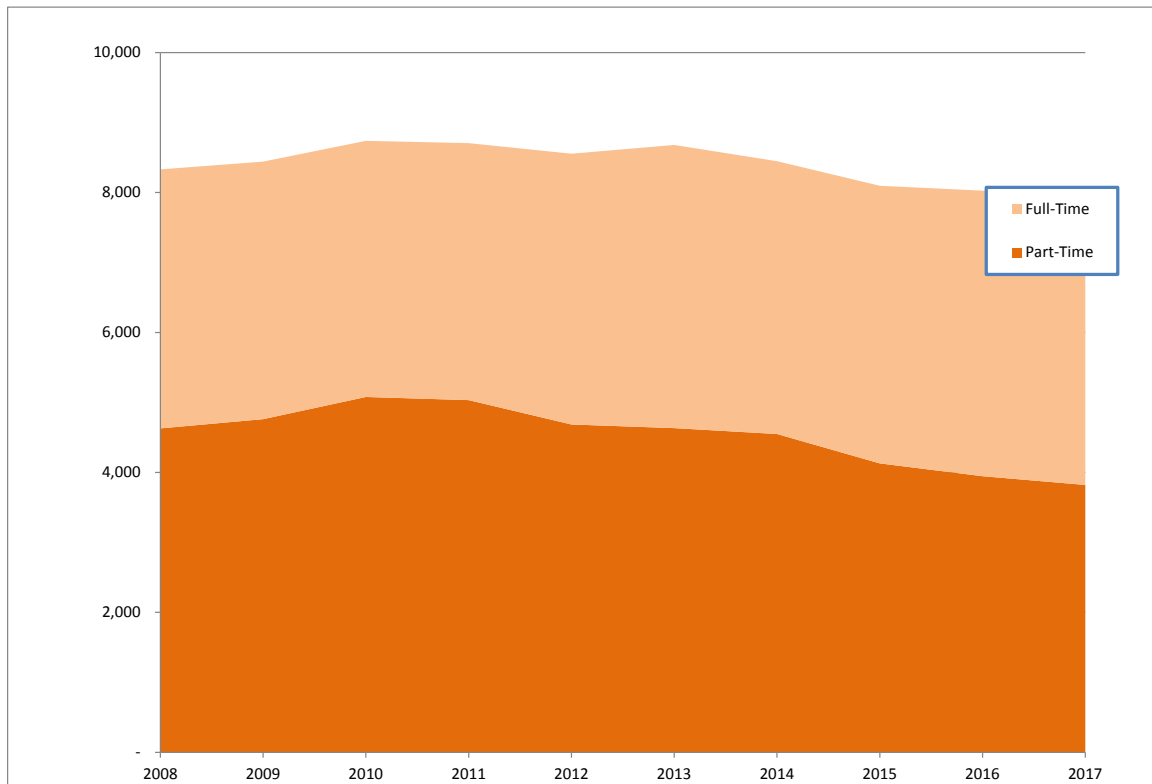
General

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 2016 78.7% of the College’s students were Morris County residents and the remaining 21.3% were from surrounding counties and other areas. Various foreign countries are represented, enriching campus diversity. The data also shows that 17.5% of 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 5% or 25,277 by 2024. As of 2015, income levels exceed the state's average by 40% and housing values are 34% above average. The county is home to several Fortune 500 companies including Honeywell International, PBF Energy, ADP, MetLife, Avis Budget Group, UPS, Realogy Holdings and Wyndham Worldwide. The jobless rate in the county as of June 2017 was 3.9%; .3% below the state's rate of 4.2%.

The College's financial outlook for the future continues to be cautious. The College's enrollment remained relatively flat last year after two years of decline and is expected to remain that way in the near future which is 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 appropriation remained constant for FY2017 and will remain at the same level 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 or enrollment increases.

Health benefits costs have increased by approximately 8% 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, 2016. 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 fifteenth 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, 2017

BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expiration</u>
Dr. Joseph L. Ricca, Jr.	Chair	10/31/2019
Paul R. Licitra	Vice Chair	10/31/2020
Laurie Bogaard, Esq.	Treasurer	10/31/2017
Thomas A. Pepe	Secretary	10/31/2019
Jeffrey M. Advokat, Esq	Trustee	10/31/2019
Jack N. Frost	Trustee	10/31/2020
Frank P. Giarratano	Trustee	10/31/2017
Barbara L. Hadzima	Trustee	10/31/2020
Roger A. Jinks	Trustee	Appt. by State Statute
Dr. Joseph S Weisberg	Trustee	10/31/2019

OFFICERS OF THE COLLEGE

Dr. Anthony J. Iacono, 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
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

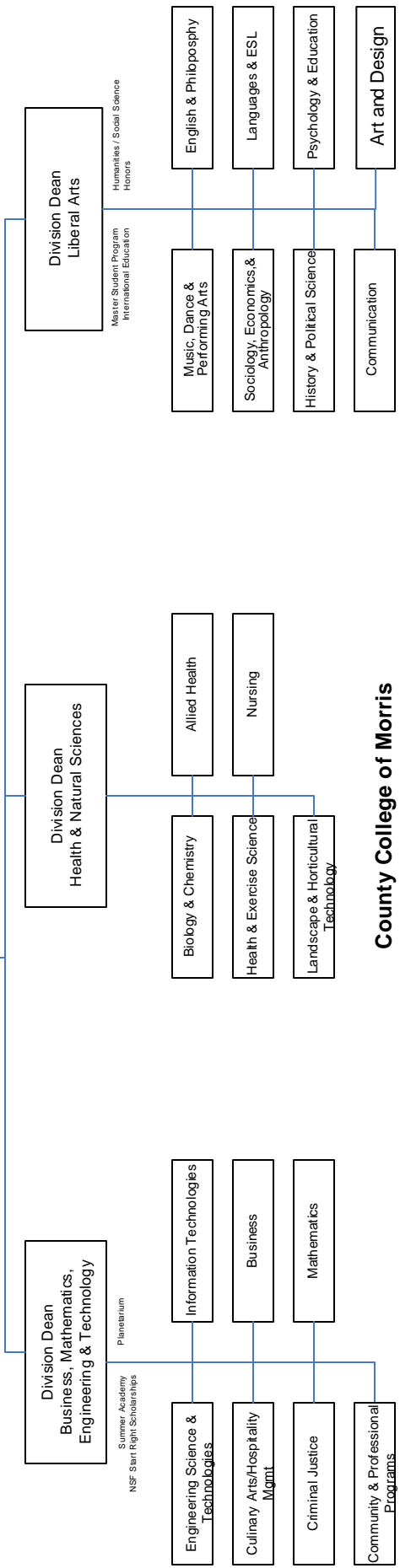
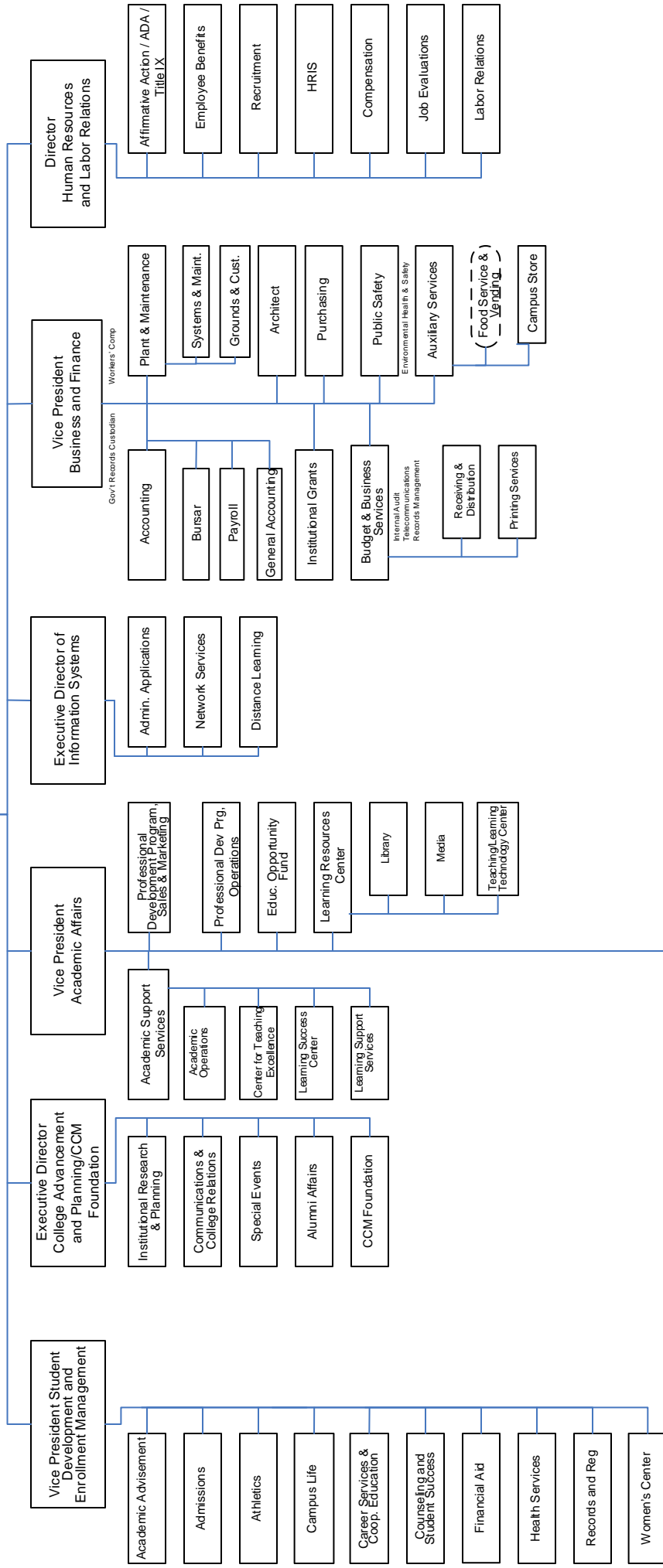
Business and Finance

DEPARTMENT ISSUING REPORT

Accounting

Board of Trustees of County College of Morris

President



**County College of Morris
Organization of Programs & Services
as of March 1, 2017**



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, 2016

Executive Director/CEO

Financial Section



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 years ended June 30, 2017 and 2016, 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, 2017 and 2016, and the changes in financial position and, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

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 pension schedules and the related notes 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 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 accompanying IOLTA grant schedules and the schedules of expenditures of federal and state 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 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 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.

November 21, 2017
Mount Arlington, New Jersey


NISIVOCCIA 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, 2017 and 2016. 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:

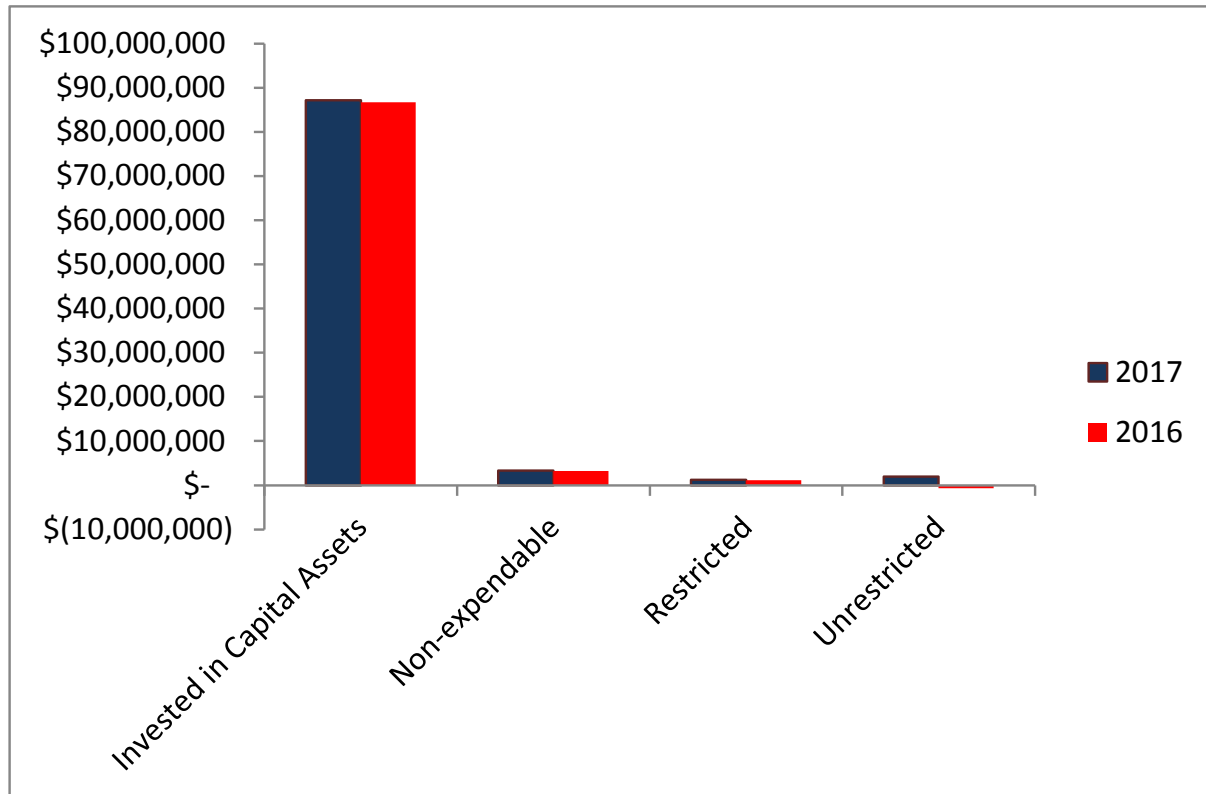
- *The Statement of Net Position* presents all of the College's assets, deferred inflows and outflows, and liabilities, with the difference reported as *net position*. The assets and liabilities are reported in order of relative liquidity while net position is categorized as *Net Investment in Capital 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 supplementary 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, 2017 and 2016:

NET POSITION



Fiscal Year 2017 Compared to 2016

Net position increased by \$3.3 million. Unrestricted net position increased by \$2.7 million as a result of operations. The net increase in net investments in capital assets equated to \$454 thousand (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$48 thousand. It should be noted that included in unrestricted net position is \$9.2 million of board designated funds for capital projects identified in the College's technology, facilities master and deferred maintenance plans. 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 and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$5 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 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.

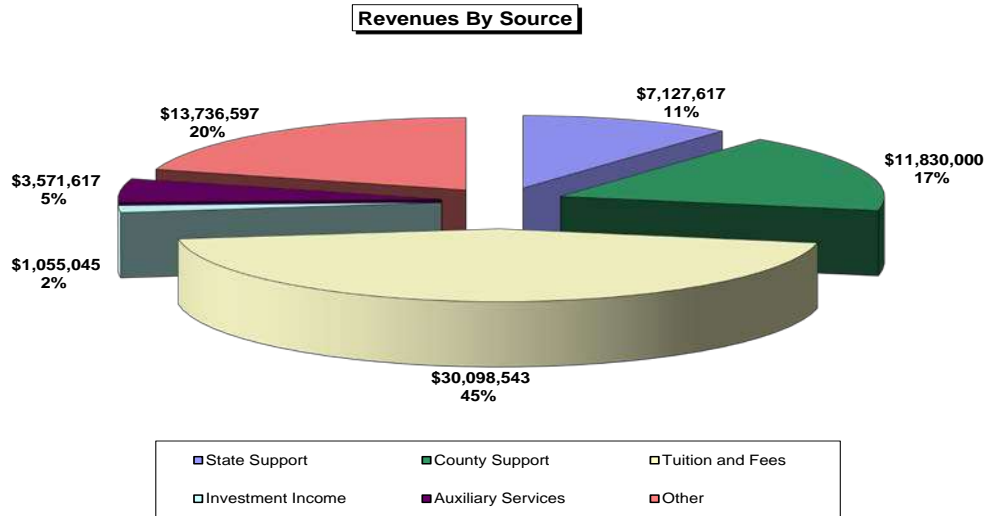
Fiscal Year 2016 Compared to 2015

Net position increased by \$4.7 million. Unrestricted net position increased by \$1,076 thousand as a result 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 due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. The net increase in capital assets equated to \$4.7 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$207 thousand. It should be noted that included in unrestricted net position is \$8.5 million of board designated funds for capital projects identified in the College's facilities master and deferred maintenance plans. 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 and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$3.9 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 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. The following depicts the change in net position for the fiscal years ending June 30, 2017, 2016 and 2015:

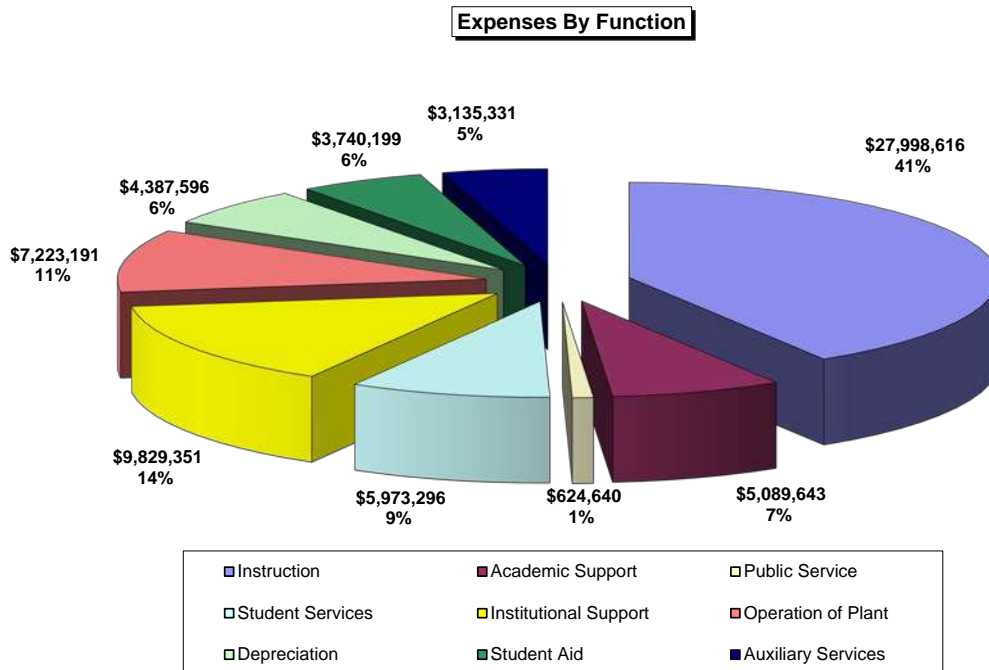
	2017	2016	2017-2016 Variance	Percent	2015	2016-2015 Variance	Percent
Total Non-capital Assets	\$ 47,705	\$ 41,706	\$ 5,999	14%	\$ 41,220	\$ 486	1%
Total Capital Assets	87,339	86,913	426	0%	82,267	4,646	6%
TOTAL ASSETS	135,044	128,619	6,426	5%	123,487	5,132	4%
Deferred Outflow s of Resources	11,282	5,105	6,177	121%	1,957	3,148	161%
Total Current Liabilities	10,738	9,515	1,223	13%	9,795	(280)	-3%
Total Non-current Liabilities	40,385	32,337	8,048	25%	27,689	4,648	17%
TOTAL LIABILITIES	51,123	41,852	9,271	22%	37,484	4,368	12%
Deferred Inflow s of Resources	1,515	1,487	28	2%	2,276	(789)	-35%
Net Investment in Capital Assets	87,138	86,684	454	1%	82,011	4,673	6%
Restricted Net Position	4,551	4,402	149	3%	4,297	105	2%
Unrestricted Net Position	2,000	(701)	2,701	385%	(624)	(77)	-12%
TOTAL NET POSITION	\$ 93,688	\$ 90,385	\$ 3,304	4%	\$ 85,684	\$ 4,701	5%

Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2017:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2017:



Below is a summary of operating results presented in thousands for the years ended June 30, 2017, 2016 and 2015:

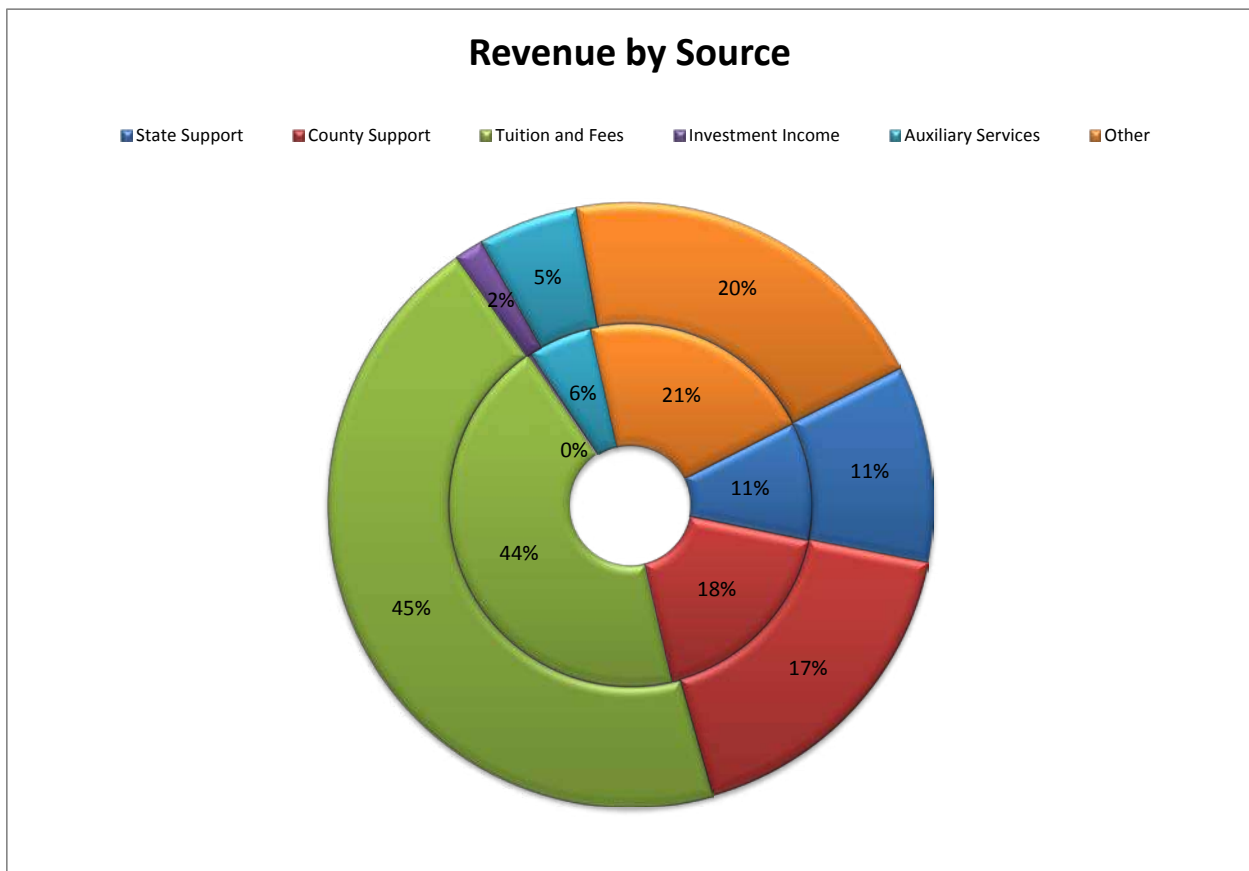
	2017	2016	2017-2016 Variance	Percent	2015	2016-2015 Variance	Percent
OPERATING REVENUES							
Student tuition and fees	\$ 30,099	\$ 28,699	\$ 1,400	5%	\$ 28,724	\$ (25)	0%
Federal grants and contracts	1,071	1,164	(93)	-8%	1,493	(329)	-22%
State and local grants and contracts	4,236	4,301	(65)	-2%	5,673	(1,372)	-24%
Auxiliary services	3,572	3,718	(146)	-4%	3,735	(17)	0%
Gifts	533	257	276	107%	201	56	28%
Other	840	746	94	13%	793	(47)	-6%
Total operating revenues	<u>40,351</u>	<u>38,885</u>	<u>1,466</u>	4%	<u>40,619</u>	<u>(1,734)</u>	-4%
NON-OPERATING REVENUES							
Federal grants and contracts	7,027	7,192	(165)	-2%	7,914	(722)	-9%
State appropriation	7,128	6,966	162	2%	7,000	(34)	0%
County appropriation	11,830	11,830	-	0%	11,600	230	2%
Investment income	1,055	196	859	438%	379	(183)	-48%
Other	29	17	12	71%	(7)	24	343%
Total non-operating revenues	<u>27,069</u>	<u>26,201</u>	<u>868</u>	3%	<u>26,886</u>	<u>(685)</u>	-3%
TOTAL REVENUES	<u>67,420</u>	<u>65,086</u>	<u>2,334</u>	4%	<u>67,505</u>	<u>(2,419)</u>	-4%
OPERATING EXPENSES							
Instruction	27,999	27,793	206	1%	28,726	(933)	-3%
Academic support	5,090	5,257	(167)	-3%	5,519	(262)	-5%
Public service	625	881	(256)	-29%	964	(83)	-9%
Student affairs	5,973	4,960	1,013	20%	5,091	(131)	-3%
Institutional support	9,829	9,570	259	3%	9,533	37	0%
Operation and maintenance of plant	7,223	6,877	346	5%	7,034	(157)	-2%
Depreciation	4,388	4,912	(524)	-11%	3,616	1,296	36%
Student aid	3,740	3,890	(150)	-4%	4,427	(537)	-12%
Auxiliary services	3,135	3,236	(101)	-3%	3,281	(45)	-1%
Total operating expenses	<u>68,002</u>	<u>67,376</u>	<u>626</u>	1%	<u>68,191</u>	<u>(815)</u>	-1%
TOTAL EXPENSES	<u>68,002</u>	<u>67,376</u>	<u>626</u>	1%	<u>68,191</u>	<u>(815)</u>	-1%
Excess (deficiency) before capital contributions and additions to permanent endowments	<u>(582)</u>	<u>(2,290)</u>	<u>1,708</u>	-75%	<u>(686)</u>	<u>(1,604)</u>	234%
OTHER REVENUES							
Capital contributions	3,877	6,770	(2,893)	-43%	10,011	(3,241)	-32%
Additions to permanent endowments	8	221	(213)	-96%	8	213	2663%
Total other revenues	<u>3,885</u>	<u>6,991</u>	<u>(3,106)</u>	-44%	<u>10,019</u>	<u>(3,028)</u>	-30%
INCREASE IN NET POSITION	<u>3,303</u>	<u>4,701</u>	<u>\$ (1,398)</u>	-30%	<u>9,333</u>	<u>\$ (4,632)</u>	-50%
NET POSITION - BEGINNING OF YEAR	<u>90,385</u>	<u>85,684</u>			<u>76,351</u>		
NET POSITION - END OF YEAR	<u>\$ 93,688</u>	<u>\$ 90,385</u>			<u>\$ 85,684</u>		

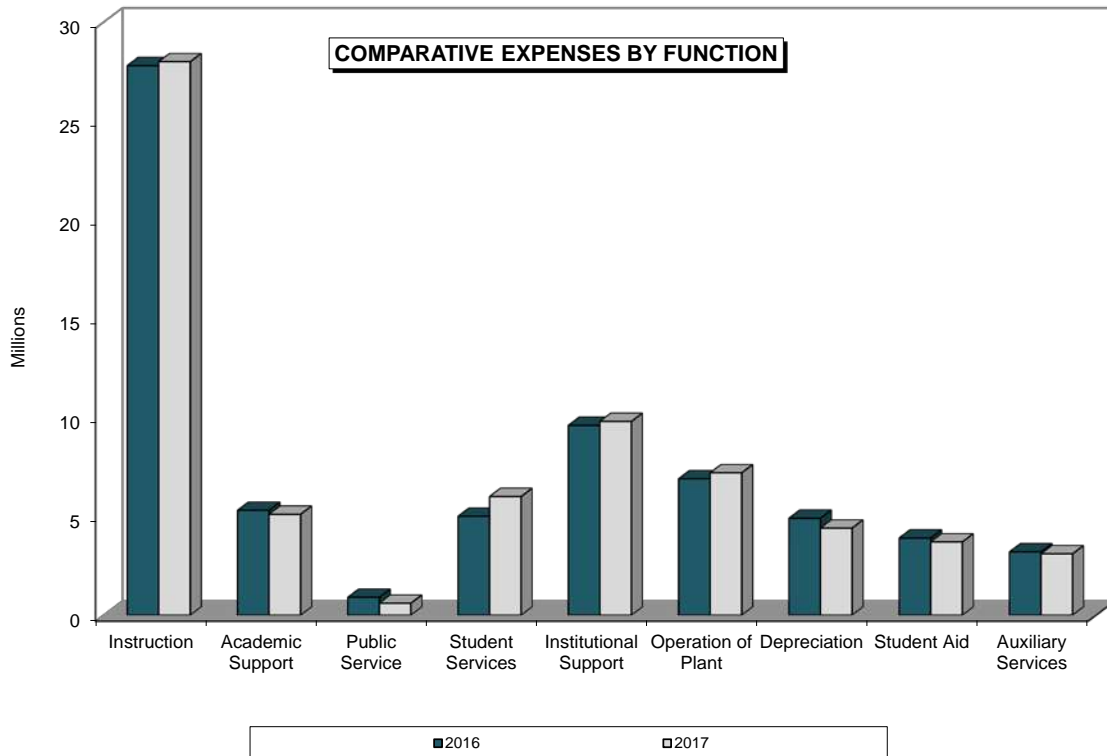
Fiscal Year 2017 Compared to 2016

Operating revenues increased by 3.8% in 2017. Tuition and fees increased by 4.9% with a \$2 per credit tuition increase and a \$2 college fee increase based upon no change in projected enrollment. Credit hour enrollment actually declined by 2%. Revenues from state and local grants and contracts decreased by \$65 thousand or 1.5%, while revenues from federal grants and contracts decreased by \$93 thousand or 8%. Gifts increased by \$276 thousand or 107.4%

Non-operating revenues increased by 3.3%. The County of Morris appropriation to the College remained flat. The College's appropriation from the State of New Jersey increased by \$162 thousand and federal Pell grants declined by 2.3% or \$165 thousand. Investment income increased by \$859 thousand as a result of strong market performance.

Operating expenses increased by \$626 thousand from the previous year. Salary increases averaged 2% and health benefit costs increased 8%. Depreciation decreased by \$524 thousand. All other expenses remained relatively constant.





Fiscal Year 2016 Compared to 2015

Operating revenues decreased by 4.3% in 2016. Tuition and fees were increased by 5.8% with a \$3 per credit tuition increase and a \$5 college fee increase to help offset the projected decline in enrollment. Credit hour enrollment remained relatively flat. Revenues from state and local grants and contracts decreased by \$1,372 thousand or 24.2%, while revenues from federal grants and contracts decreased by \$330 thousand or 22%.

Non-operating revenues decreased by 2.5%. The County of Morris appropriation to the College increased by 2%. The College's appropriation from the State of New Jersey decreased by \$34 thousand. Federal Pell grants declined by 9.2% or \$722 thousand.

Operating expenses decreased by \$815 thousand from the previous year. Depreciation increased by \$1.3 million or 36% due to our continual investment in capital assets. Salary increases averaged 2% and health benefit costs increased 8% which were more than offset by a planned reduction in force. All other expenses remained relatively constant.

Capital Assets and Long Term Debt

The College completed the renovation of the Music Technology Studio Equipment and Access Control System, Cohen Hall Café, construction of a storage building in Lot 3 and the repaving of parking Lot 3. The College started the implementation of, Henderson Hall Window Replacement project and the HVAC replacement in the Student Community Center. All projects are to be completed by the end of December 2017 (for more information see footnote 5 on capital assets on page 33).

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 \$237,871 (for more information see footnote 10 on page 45).

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 constant and all indications are that there will not be any reduction in support for fiscal years 2018 and 2019. The State of New Jersey's budget also contains level funding for the community colleges for fiscal year 2018.

Higher education is a labor intensive industry. Negotiated salary increases were under 2.5% for 2017 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 health care. The College experienced an 8% increase in health benefit costs effective January 2017 and may experience an increase of 13% effective January 2018.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 2.7% beginning summer 2017. An additional increase is also anticipated for the summer of 2018. 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 prompted the College to 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 including the expansion of our workforce development training. 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 required to maintain the current quality and level of programs offered.

The College received \$3 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2016 and will receive an additional \$3.3 million in fiscal year 2018. 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 have enabled the College to improve and renovate its buildings.

The College will be entering its 50th year of operations in 2018. Planning for a 50th 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.

COUNTY COLLEGE OF MORRIS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017 and 2016

	2017		2016	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 22,682,868	\$ 370,171	\$ 18,906,875	\$ 386,798
Student accounts receivable (less allowance of \$1,461,470 and \$1,453,831 in 2017 and 2016 respectively)	241,602	-	161,660	-
Other receivables, net	4,839,551	7,746	2,970,942	9,136
Inventory	793,987	-	766,112	-
Other assets	391,859	-	434,482	-
Total Current Assets	<u>28,949,867</u>	<u>377,917</u>	<u>23,240,071</u>	<u>395,934</u>
Non-current Assets				
Cash and cash equivalents	285,839	-	289,804	-
Investments	18,469,725	-	18,021,991	-
Deposit with Trustee	-	-	154,232	-
Capital assets (net)				
Sites (land) and construction in progress	4,840,767	-	2,408,320	-
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	82,498,233	438	84,505,153	877
Total Non-current Assets	<u>106,094,564</u>	<u>438</u>	<u>105,379,500</u>	<u>877</u>
TOTAL ASSETS	<u>135,044,431</u>	<u>378,355</u>	<u>128,619,571</u>	<u>396,811</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	<u>11,282,010</u>		<u>5,104,700</u>	
LIABILITIES				
Current Liabilities				
Accounts payable - vendors	2,448,819	6,655	1,370,442	129
Accrued expenses	5,474,049	2,553	5,288,544	2,564
Unearned revenue	2,593,211	233	2,657,748	233
Compensated Absences Payable	192,591	-	169,982	-
Capital Lease Payable	29,597	-	28,186	-
Total Current Liabilities	<u>10,738,266</u>	<u>9,441</u>	<u>9,514,902</u>	<u>2,926</u>
Non-current Liabilities				
Compensated Absences Payable	1,821,730	-	2,027,686	-
Capital Lease Payable	171,633	-	201,230	-
Net Pension Liability	38,391,141		30,107,819	
Deposits		11,121		9,301
Total Non-current Liabilities	<u>40,384,504</u>	<u>11,121</u>	<u>32,336,735</u>	<u>9,301</u>
TOTAL LIABILITIES	<u>51,122,770</u>	<u>20,562</u>	<u>41,851,637</u>	<u>12,227</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	<u>1,515,627</u>		<u>1,487,518</u>	
NET POSITION				
Net Investment in capital assets	87,137,770	438	86,684,057	877
Restricted net position:				
Expendable for:				
Reserve for external restrictions	1,230,509	16,000	1,130,068	16,000
Non-expendable net position	3,320,153	-	3,271,694	-
Unrestricted net position	1,999,612	341,355	(700,702)	367,708
TOTAL NET POSITION	<u>\$ 93,688,044</u>	<u>\$ 357,793</u>	<u>\$ 90,385,117</u>	<u>\$ 384,585</u>

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDING JUNE 30, 2017 and 2016

	2017		2016	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of \$5,428,099 and \$5,474,270)	\$ 30,098,543	\$ 8,370	\$ 28,699,121	\$ 8,509
Federal grants and contracts	1,071,151	-	1,163,427	-
State and local grants and contracts	4,235,903	-	4,301,440	-
Auxiliary services	3,571,617	-	3,718,153	-
Gifts	532,989	-	256,810	-
Other	840,456	240,397	745,917	256,067
Total Operating Revenues	<u>40,350,659</u>	<u>248,767</u>	<u>38,884,868</u>	<u>264,576</u>
OPERATING EXPENSES				
Instruction	27,998,616	-	27,792,623	-
Academic support	5,089,643	-	5,257,463	-
Public service	624,640	277,833	881,500	282,079
Student affairs	5,973,296	-	4,959,528	-
Institutional support	9,829,351	-	9,570,230	-
Operation and maintenance of plant	7,223,191	-	6,877,032	-
Depreciation	4,387,596	439	4,911,935	841
Student aid	3,740,199	-	3,889,713	-
Auxiliary services	3,135,331	-	3,235,883	-
Total Operating Expenses	<u>68,001,863</u>	<u>278,272</u>	<u>67,375,907</u>	<u>282,920</u>
Operating Income (Loss)	<u>(27,651,204)</u>	<u>(29,505)</u>	<u>(28,491,039)</u>	<u>(18,344)</u>
NON-OPERATING REVENUES (EXPENSES)				
Federal Grants	7,026,758	-	7,192,393	-
State appropriation	7,127,617	-	6,965,819	-
County appropriation	11,830,000	-	11,830,000	-
Investment income	1,055,045	2,713	196,075	2,434
Other	29,340	-	16,813	-
Net Non-operating Revenues	<u>27,068,760</u>	<u>2,713</u>	<u>26,201,100</u>	<u>2,434</u>
Income (Loss) Before Other Revenues (Expenses)	<u>(582,444)</u>	<u>(26,792)</u>	<u>(2,289,939)</u>	<u>(15,910)</u>
OTHER REVENUES				
Capital contributions	3,877,071	-	6,769,832	-
Additions to permanent endowments	8,300	-	220,738	-
Total Other Revenues	<u>3,885,371</u>	<u>-</u>	<u>6,990,570</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	3,302,927	(26,792)	4,700,631	(15,910)
NET POSITION - BEGINNING OF YEAR	90,385,117	384,585	85,684,486	400,495
NET POSITION - END OF YEAR	<u>\$ 93,688,044</u>	<u>\$ 357,793</u>	<u>\$ 90,385,117</u>	<u>\$ 384,585</u>

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS
STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDING JUNE 30, 2017 and 2016

	<u>2017</u> <u>College</u>	<u>2016</u> <u>College</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 27,676,308	\$ 26,775,695
Gifts	356,283	256,810
Grants and contracts	3,707,806	4,583,012
Payments to suppliers	(33,123,072)	(35,201,547)
Payments to employees	(22,264,600)	(22,109,591)
Auxiliary enterprise charges	2,395,758	2,449,821
Other	613,949	672,188
Net Cash (Used) by Operating Activities	<u>(20,637,568)</u>	<u>(22,573,612)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Federal support	7,026,758	7,192,393
State support	7,127,617	6,965,819
County support	12,241,164	10,925,919
Agency Transactions	5,103	3,771
Endowment Receipts	8,300	220,739
Net Cash Provided by Non-Capital Financing Activities	<u>26,408,942</u>	<u>25,308,641</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	1,900,998	9,790,810
Purchase of capital assets	(4,473,249)	(9,558,216)
Payment of Principal on long-term debt	(40,657)	(40,655)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(2,612,908)</u>	<u>191,939</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	856,649	11,125,406
Investment income	348,414	277,655
Purchase of investments	(591,502)	(13,620,657)
Net Cash Provided (Used) by Investing Activities	<u>613,561</u>	<u>(2,217,596)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,772,027	709,372
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,196,679	18,487,307
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,968,706</u>	<u>\$ 19,196,679</u>
 RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating Loss	\$ (27,651,204)	\$ (28,491,039)
ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	4,387,596	4,911,935
Changes in assets and liabilities:		
Student accounts receivable	(79,942)	17,916
Other receivable and Deferred Outflows	(6,330,480)	(3,980,295)
Inventory	(27,875)	(175,035)
Other assets	(742,203)	31,995
Accounts payable	1,585,597	(639,872)
Accrued expenses and Deferred Inflows	8,285,480	5,303,493
Unearned revenue	(64,537)	447,290
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (20,637,568)</u>	<u>\$ (22,573,612)</u>

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 otherwise exclusively benefits the primary government even though it does not provide services directly to it; or (3) the component unit's total outstanding debt including leases, is expected to be repaid entirely or almost entirely with 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 is the sole corporate member of the Foundation. Management of the College has operational responsibility for the Foundation and College Trustees also serve concurrently as members of the Foundation Board. All financial resources and services of the Foundation are performed 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.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Although the Board of Directors is substantively different from the College, the members are appointed by the County College of Morris Trustees. 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, 2017 AND 2016

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, 2017 AND 2016

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 of supplies and inventories for resale are valued at 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 2014 through 2016 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.

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.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 2: Cash, Cash Equivalents, and Investments

Investments are presented in the financial statements generally in the aggregate at fair value. Unrealized gains and losses are recorded as investment income. The fair value hierarchy prioritizes the inputs used to measure fair value into three levels. Level 1 input is quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices in level 1 that are observable either directly or indirectly. Level 3 inputs are “unobservable” inputs. The College's and PITS'S investments for the year ended June 30, 2016 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 fair 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 fair value equal to 100% of the amount exceeding 75%.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

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.

Cash and Cash Equivalents

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

	2017 College	2017 PTIC	2016 College	2016 PTIC
Cash on Hand	\$ 11,804	\$ 200	\$ 16,781	\$ 200
Checking Accounts	3,488,079	24,870	4,435,168	44,205
Money Market Accounts	19,468,824	345,101	14,744,730	342,393
	<u>\$ 22,968,707</u>	<u>\$ 370,171</u>	<u>\$ 19,196,679</u>	<u>\$ 386,798</u>

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2017 and June 30, 2016 was \$22,968,707 and \$19,196,679. The bank balance was \$23,244,777 and \$19,235,679. Of the bank balance, \$0 in 2017 and \$0 in 2016, deposited with the Cash Management Fund are 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, 2017 AND 2016

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:

	2017	2016
Certificates of deposit	\$ 13,100,000	\$ 13,385,000
Common Fund multi-strategy equity fund	3,694,306	3,135,449
Common Fund multi-strategy bond fund	1,329,484	1,292,696
Lakeland Bancorp, Inc. stock	345,935	208,846
	\$ 18,469,725	\$ 18,021,991

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

	2017	2016
Fair value, end of year	\$ 5,369,725	\$ 4,636,992
Less: Cost of investments purchased	56,502	235,657
Less: Fair value, beginning of year	4,636,992	4,533,719
Increase(Decrease) in fair value of Investments	\$ 676,231	\$ (132,384)

Note 3: Other Receivables

As of June 30 other receivables consisted of the following:

	2017		2016	
	College	PTIC	College	PTIC
County of Morris	\$ 2,713,836	\$ -	\$ 1,042,002	\$ -
Federal Awards Receivable	379,906	-	185,448	-
New Jersey Division of Pensions & Benefits	388,925	-	382,774	-
State Awards Receivable	7,878	-	96,061	-
Other	1,349,006	7,746	1,264,657	9,136
	\$ 4,839,551	\$ 7,746	\$ 2,970,942	\$ 9,136

COUNTY COLLEGE OF MORRIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017 AND 2016

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 and donated works of art are recorded at acquisition value. 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
HVAC Units	20
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, 2017 AND 2016

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal year ended June 30, 2017 and 2016:

COUNTY COLLEGE OF MORRIS	June 30, 2016			June 30, 2017
	<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	423,919	3,694,066	1,261,619	2,856,366
Total Capital Assets Not Being Depreciated	<u>2,408,320</u>	<u>3,694,066</u>	<u>1,261,619</u>	<u>4,840,767</u>
Capital Assets Being Depreciated:				
Land improvements	2,769,282	64,331	-	2,833,613
Infrastructure	11,399,087	156,883	-	11,555,970
Buildings and improvements	88,445,640	246,160	-	88,691,800
Equipment and furniture & fixtures	20,206,233	1,910,309	666,634	21,449,908
Software	1,424,804	87,037	-	1,511,841
Total Capital Assets Being Depreciated	<u>124,245,046</u>	<u>2,464,720</u>	<u>666,634</u>	<u>126,043,132</u>
Total Capital Assets	<u>126,653,366</u>	<u>6,158,786</u>	<u>1,928,253</u>	<u>130,883,899</u>
Accumulated Depreciation:				
Land improvements	1,084,765	139,954	-	1,224,719
Infrastructure	2,756,974	393,968	-	3,150,942
Buildings and improvements	22,935,372	1,945,166	-	24,880,538
Equipment and furniture & fixtures	11,650,476	1,844,921	582,591	12,912,806
Software	1,312,306	63,588	-	1,375,894
Total Accumulated Depreciation	<u>39,739,893</u>	<u>4,387,597</u>	<u>582,591</u>	<u>43,544,899</u>
Capital Assets Net Accumulated Depreciation	<u>\$ 86,913,473</u>	<u>\$ 1,771,189</u>	<u>\$ 1,345,662</u>	<u>\$ 87,339,000</u>
	June 30, 2016			June 30, 2017
PITC	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
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	16,912	439	-	17,351
Total Accumulated Depreciation	<u>16,912</u>	<u>439</u>	<u>-</u>	<u>17,351</u>
Capital Assets Net Accumulated Depreciation	<u>\$ 877</u>	<u>\$ (439)</u>	<u>\$ -</u>	<u>\$ 438</u>

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 5: Capital Assets (Cont'd)

Construction in progress

The College has active construction projects as of June 30, 2017. The following tables present the balance of construction in progress activities for the fiscal year ended:

	2017		2016	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Music Technology Addition	\$ -	\$ -	\$ -	\$ 174,049
Access Road to Route 10	-	-	-	157,068
LRC Media Center	-	-	-	32,745
Music Technology Studio Equipment	-	-	232,895	100,455
Access Control System	-	-	70,261	7,020
Henderson Hall Window	282,786	229,464	9,738	5,145
Lot #3/Storage Building	1,209,162	171,996	37,030	15,500
Cohen Café	-	-	73,995	532,198
HVAC-SCC	1,364,418	832,732	-	-
	<u>\$ 2,856,366</u>	<u>1,234,192</u>	<u>\$ 423,919</u>	<u>\$ 1,024,180</u>

Note 6: Accrued Expenses

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

	2017		2016	
	College	PTIC	College	PTIC
Payroll, Taxes and Agencies	\$ 3,542,123	-	\$ 3,580,217	-
Vacations and Compensated Absences	1,479,877	-	1,522,594	-
Other	452,049	\$ 2,553	185,733	\$ 2,564
	<u>\$ 5,474,049</u>	<u>\$ 2,553</u>	<u>\$ 5,288,544</u>	<u>\$ 2,564</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:

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

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.

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 a 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.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

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 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service 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.

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 7.20% in fiscal year 2017.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

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, 2017 was 13.3% 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 \$1,157,293 for the fiscal year ended June 30, 2017.

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.

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, 2017 employee contributions to the plan were \$1,024,121 and the State of New Jersey made on-behalf payments for the College contributions of \$1,337,274.

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

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

For the fiscal year ended June 30, 2017 employee contributions totaled \$25,330, and the College recognized pension expense of \$13,818. 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, 2017 the College reported a liability of \$38,391,141 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2016, the College's proportion was .1296247765% which was a decrease of .0044977481% from its proportion measured as of June 30, 2016.

At June 30, 2017 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period In Years	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Changes of Assumptions			
2014	6.44	644,483	
2015	5.72	2,588,856	
2016	5.57	4,719,255	
Difference Between Expected and Actual Experience			
2015	5.72	718,267	
2016	5.57	(4,308)	
Changes in Proportion			
2014	6.44		613,949
2015	5.72		389,493
2016	5.57		512,185
Net Difference Between Projected and Actual Earnings on Pension Plan Investment			
2016	5.00	1,463,889	
District Contribution Subsequent to Measurement Date			
2016	1.00	1,151,568	
		11,282,010	1,515,627

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

\$1,151,568 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2017	2,280,777
2018	2,280,777
2019	2,642,357
2020	2,219,966
2021	706,565
	\$ 10,130,442

Actuarial Assumptions

The total pension liability in the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled to June 30, 2016. The actuarial valuation used the following actuarial assumptions:

Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Males and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and actuaries. The long-term expected rates of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 "PERS" target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liabilities of the plan was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 7: Pension Plans (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on the plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2034
Municipal Bond Rate	From July 1, 2034 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 3.98%, 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
College's Proportionate Share of the Net Pension Liability	\$47,043,862	\$ 38,391,141	\$31,247,569

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.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

Note 8: Retirement Program (Cont'd)

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 the year-ended June 30, 2017 were \$1,337,274 and total expenses under the plan were \$300,405. 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 unused sick leave that is paid upon retirement, net pension liability and capital leases. 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, 2017:

	June 30, 2016			June 30, 2017
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 2,197,668	\$ 162,244	\$ 345,591	\$ 2,014,321
Deposits	9,301	2,230	410	11,121
Net Pension Liability	30,107,819	8,283,322	-	38,391,141
Capital Lease Payable	229,416	-	28,186	201,230
	<u>\$ 32,544,204</u>	<u>\$ 8,447,796</u>	<u>\$ 374,187</u>	<u>\$ 40,617,813</u>
	June 30, 2015			June 30, 2016
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 2,107,870	\$ 217,344	\$ 127,546	\$ 2,197,668
Deposits	8,516	1,892	1,107	9,301
Net Pension Liability	25,570,494	4,537,325	-	30,107,819
Capital Lease Payable	256,257	-	26,841	229,416
	<u>\$ 27,943,137</u>	<u>\$ 4,756,561</u>	<u>\$ 155,494</u>	<u>\$ 32,544,204</u>

It is estimated that of the \$2,014,321 sick leave liability, \$1,821,730 is long term and \$192,591 is short term which may become due within one year based upon employee retirements. The capital lease payable at June 30 2017 was \$201,230 of that \$171,633 is long-term and \$29,597 is short-term.

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

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. The assets acquired under the capital lease were all instructional equipment, with accumulated depreciation to date of \$546,166.

Fiscal Year Ending	Amount
June 30, 2018	\$ 39,658
June 30, 2019	\$ 39,656
June 30, 2020	\$ 39,648
June 30, 2021	\$ 39,630
June 30, 2022	\$ 39,631
June 30, 2023	\$ 39,648
Total Future Minimum lease payment	\$ 237,871
Less amount representing interest	\$ 36,641
Present value of net minimum lease payments	<u>\$ 201,230</u>

Note 11: Interfund Receivables and Payables

The following details interfund balances at June 30, 2017 and 2016.

Fund	2017		2016	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	\$ 2,435,457	\$ 36,301	\$ 460,589	\$ 45,549
Current Restricted Fund	5,451	418,521	2,883	198,097
Foundation Fund	1,000	9,789	5,698	5,004
Plant Fund	-	1,977,297	-	220,520
	<u>\$ 2,441,908</u>	<u>\$ 2,441,908</u>	<u>\$ 469,170</u>	<u>\$ 469,170</u>

June 30, 2017 and 2016 interfund balances reported are the result of reciprocal interfund activity. The majority of both the 2017 and 2016 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, 2017 AND 2016

Note 12: Interfund Transfers

The following interfund transfers were made during the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mandatory Transfers:		
General to Restricted for Required Matching Funds	\$ 79,362	\$ 85,303
Foundation to Restricted for Program Expenditures	51,683	34,609
Foundation to Plant for Capital Projects	-	20,400
Non-mandatory Transfers:		
General to Plant for Self-funded Capital Projects	4,057,626	4,040,789
Foundation to Restricted for Program Expenditures	35,809	30,840
Bookstore to Plant for Self-Funded Capital Projects	400,000	256,578
Student Activities to Foundation for Scholarships	7,564	

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, 2017 and 2016 is comprised of the following categories:

	<u>2017</u>		<u>2016</u>	
	<u>College</u>	<u>PITC</u>	<u>College</u>	<u>PITC</u>
Scholarships	\$ 768,813	\$ -	\$ 703,437	\$ -
Unemployment Benefit Reserve	248,877	-	221,143	-
Public Relations	121,804	16,000	135,211	16,000
Academics	83,160	-	64,041	-
Athletics	7,855	-	6,236	-
	<u>\$ 1,230,509</u>	<u>\$ 16,000</u>	<u>\$ 1,130,068</u>	<u>\$ 16,000</u>

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.

	<u>2017</u>	<u>2016</u>
Unrestricted Endowment	\$ 296,360	\$ 276,360
Endowment Income Restricted for Scholarships	3,023,793	2,995,334
	<u>\$ 3,320,153</u>	<u>\$ 3,271,694</u>

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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, 2017 and 2016 was \$1,999,612 and (\$700,702) this was the 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.

	<u>2017</u>	<u>2016</u>
Pre-GASB 68 - Net Position	\$ 40,390,753	\$ 29,407,117
GASB 68 - Pension Liability	<u>(38,391,141)</u>	<u>(30,107,819)</u>
Post-GASB 68 - Net Position	<u>\$ 1,999,612</u>	<u>\$ (700,702)</u>

Prior to the implementation of GASB 68, the following amounts had been designated for various future capital projects. The following have been appropriated by the Board of Trustees as of June 30, 2017.

Fund	<u>2017</u>	<u>2016</u>
Administrative Computing	\$ 39,035	\$ 39,035
Technology Reserve	2,116,201	1,616,750
Academic Furnishings	1,562,849	1,548,859
Furnishings and Equipment	1,196,066	1,184,690
Building Renovations	3,208,534	2,541,065
Video Surveillance	1,121,757	1,191,138
Planetarium Renovations	24,387	24,387
Route 10 Access	345,776	346,879
LRC Media Center	6,671	6,671
	<u>\$ 9,621,277</u>	<u>\$ 8,499,472</u>

COUNTY COLLEGE OF MORRIS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 \$27.3 million toward Chapter 126 benefits for eligible retired community college members in Fiscal Year 2017. It is estimated that \$1,438,632 was made on behalf of the County College of Morris in fiscal year 2017. State of New Jersey contributions are recognized as revenues and expenses in the appropriate periods.

Note 18: Related Party Transactions

During the years ended June 30, 2017 and 2016, the College recognized \$15,498,716 and \$16,255,953 respectively, 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 \$198,277 in 2017 and \$193,022 in 2016.

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, 2017 AND 2016

Note 19: Risk Management (Cont'd)

Selected, summarized financial information for the Pool as of December 31, 2016 is as follows:

	<u>Morris County Insurance Fund</u>
Total Assets	\$11,369,900
Net Position	6,884,822
Total Operating Revenue	3,120,465
Total Operating Expenses	2,894,936
Non-Operating Revenue	38,912
Change in Net Position	264,441
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 Administration and Records Building
Court Street, P.O. Box 900
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, 2017 was \$248,877.

Note 20: Contingent Liabilities

At June 30, 2017 the College had commitments of approximately \$229 thousand for the replacement of windows in Henderson Hall, \$172 thousand for Lot 3 paving and storage building and \$833 thousand for the HVAC replacement in the student community center. 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 2017. The \$1.2 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.

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 Years Ending June 30, 2017, 2016 And 2015
Unaudited

	2017	2016	2015
College's portion of the net pension liability (asset)	0.13%	0.13%	0.14%
College's proportionate share of the net pension liability (asset)	\$ 38,391,141	\$ 30,107,819	\$ 25,570,494
College's covered-employee payroll	\$ 8,723,830	\$ 9,185,534	\$ 9,503,736
College's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	440.07%	327.77%	269.06%
Plan fiduciary net positions as a percentage of the total pension liability	40.14%	47.92%	52.08%

- * The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year
- * The Required Supplementary Information will provide ten year comparisons. This information will be provided as it becomes available.

Schedule of County College of Morris Contributions
PERS
For the Fiscal Years Ending June 30, 2017, 2016 And 2015
Unaudited

	2017	2016	2015
Contractually required contribution	\$ 1,151,568	\$ 1,153,094	\$ 1,125,901
Contributions in relation to the contractually required contribution	<u>(1,151,568)</u>	<u>(1,153,094)</u>	<u>(1,125,901)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll			
	\$ 8,722,930	\$ 8,723,830	\$ 9,185,534
Contributions as a percentage of covered-employee payroll	13.20%	13.22%	12.26%

* The Required Supplementary Information will provide ten year comparisons. This information will be provided as it becomes available.

County College of Morris
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017
Unaudited

Changes of benefit terms. There were no changes.

Changes in assumptions. The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016 in accordance with Paragraph 44 of GASB Statement No. 67. The inflation rate changed from 3.04% as of June 30, 2015 to 3.08 as of June 30, 2016.

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

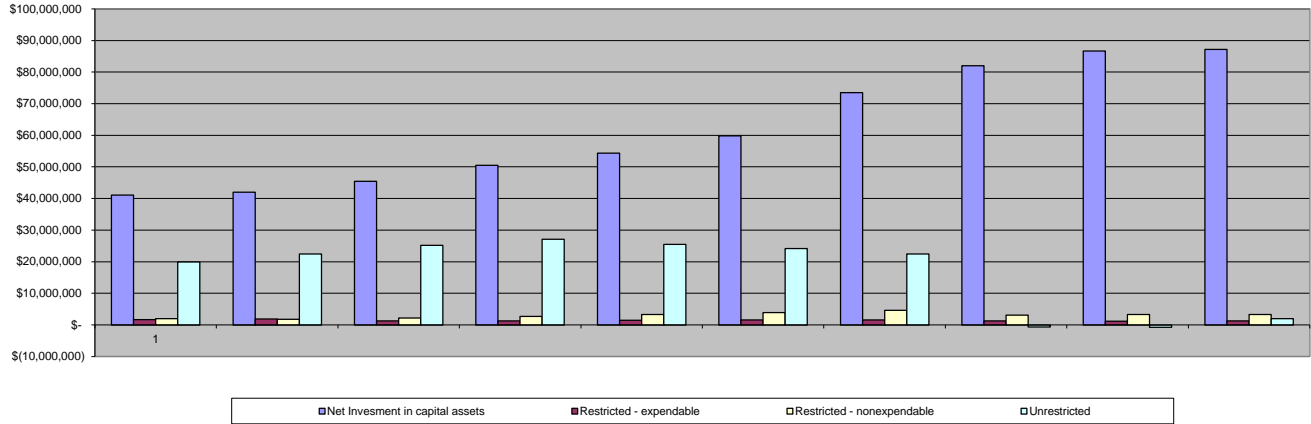
	<u>Pages</u>
Financial Trend Information These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	54 - 59
Revenue Capacity This schedule contains information to help the reader assess the factors affecting the College's ability to generate its tuition revenue.	60
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.	61
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.	62 - 65
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.	66 - 73

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	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Net Investment in capital assets	\$ 41,109,690	\$ 42,025,411	\$ 45,479,344	\$ 50,455,841	\$ 54,348,416	\$ 59,776,549	\$ 73,504,405	\$ 82,010,934	\$ 86,684,057	\$ 87,137,770
Restricted - expendable	1,674,974	1,839,307	1,244,369	1,331,271	1,437,909	1,565,613	1,629,441	1,232,694	1,130,068	1,230,509
Restricted - nonexpendable	1,999,077	1,780,449	2,206,604	2,690,972	3,275,266	3,866,569	4,612,455	3,065,107	3,271,694	3,320,153
Unrestricted	19,867,703	22,496,294	25,234,089	27,129,470	25,463,514	24,157,871	22,444,815	(624,249)	(700,702)	2,001,138
TOTAL	\$ 64,651,444	\$ 68,141,461	\$ 74,164,406	\$ 81,607,554	\$ 84,525,105	\$ 89,366,602	\$ 102,191,116	\$ 85,684,486	\$ 90,385,117	\$ 93,689,570

UNAUDITED COUNTY COLLEGE OF MORRIS NET POSITION BY COMPONENT AS A PERCENTAGE OF TOTAL										
ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Net Investment in capital assets	63.59%	61.67%	61.32%	61.83%	64.30%	66.89%	71.94%	95.71%	95.91%	93.01%
Restricted - expendable	2.59%	2.70%	1.68%	1.63%	1.70%	1.75%	1.59%	1.44%	1.25%	1.31%
Restricted - nonexpendable	3.09%	2.61%	2.98%	3.30%	3.87%	4.33%	4.51%	3.58%	3.62%	3.54%
Unrestricted	30.73%	33.01%	34.02%	33.24%	30.13%	27.03%	21.96%	-0.73%	-0.78%	2.14%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES										
Student tuition and fees	\$ 26,142,448	\$ 27,353,697	\$ 28,362,806	\$ 29,538,633	\$ 29,139,718	\$ 28,571,503	\$ 28,534,478	\$ 28,723,880	\$ 28,699,121	\$ 30,098,543
Federal grants and contracts	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434	1,163,427	1,071,151
State and local grants and contracts	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	5,673,000	4,301,440	4,235,903
Auxiliary services	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678	3,718,153	3,571,617
Gifts	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683	256,810	532,989
Other	446,110	603,718	576,705	542,841	1,056,501	871,087	817,746	793,588	745,917	840,456
Total Operating Revenues	<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>	<u>38,884,868</u>	<u>40,350,659</u>
OPERATING EXPENSES										
Instruction	24,286,870	24,723,076	26,676,746	26,813,545	27,754,303	27,242,885	28,551,764	28,725,970	27,792,623	27,998,616
Academic support	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,518,924	5,257,463	5,089,643
Public service	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,492	881,500	624,640
Student affairs	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	5,091,497	4,959,528	5,973,296
Institutional support	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,532,624	9,570,230	9,829,351
Operation and maintenance of plant	7,781,851	7,212,949	7,466,885	7,653,190	6,736,810	6,747,997	6,805,930	7,034,013	6,877,032	7,223,191
Depreciation	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011	4,911,935	4,387,596
Student aid	2,493,620	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110	3,889,713	3,740,199
Auxiliary services	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,281,216	3,235,883	3,135,331
Total Operating Expenses	<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>	<u>67,375,907</u>	<u>68,001,863</u>
Operating Income (Loss)	<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>	<u>(28,491,039)</u>	<u>(27,651,204)</u>
NON-OPERATING REVENUES (EXPENSES)										
Federal Grants			413,418	-	7,409,732	7,627,319	7,845,653	7,914,512	7,192,393	7,026,758
State appropriation	8,988,553	8,035,807	7,028,771	7,169,137	6,844,765	6,899,143	6,988,477	7,000,440	6,965,819	7,127,617
County appropriation	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000	11,830,000	11,830,000
Investment income	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912	196,075	1,055,045
Interest on capital assets and related det	(3,223)	-	-	-	-	-	-	-	-	-
Other	4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)	16,813	29,340
Net Non-operating Revenues	<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>	<u>26,201,100</u>	<u>27,068,760</u>
Income (Loss) Before Other Revenues (Expenses)	<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>	<u>(2,289,939)</u>	<u>(582,444)</u>
OTHER REVENUES										
Capital contributions	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786	6,769,832	3,877,071
Additions to permanent endowments	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230	220,738	8,300
Total Other Revenues	<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>	<u>6,990,570</u>	<u>3,885,371</u>
INCREASE (DECREASE) IN NET POSITION	<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>	<u>4,700,631</u>	<u>3,302,927</u>
NET POSITION - BEGINNING OF YEAR	<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>	<u>85,684,486</u>	<u>90,385,117</u>
NET POSITION - END OF YEAR	<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>	<u>\$ 90,385,117</u>	<u>\$ 93,688,044</u>

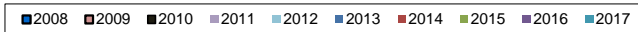
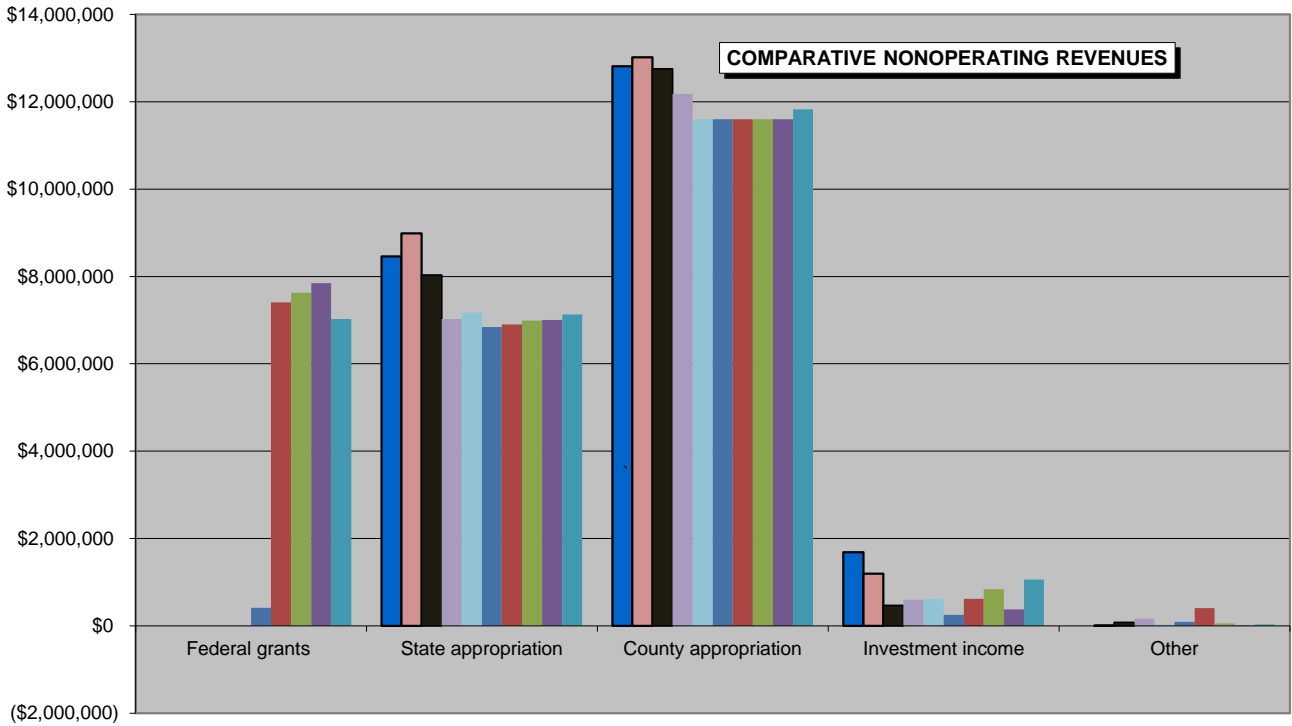
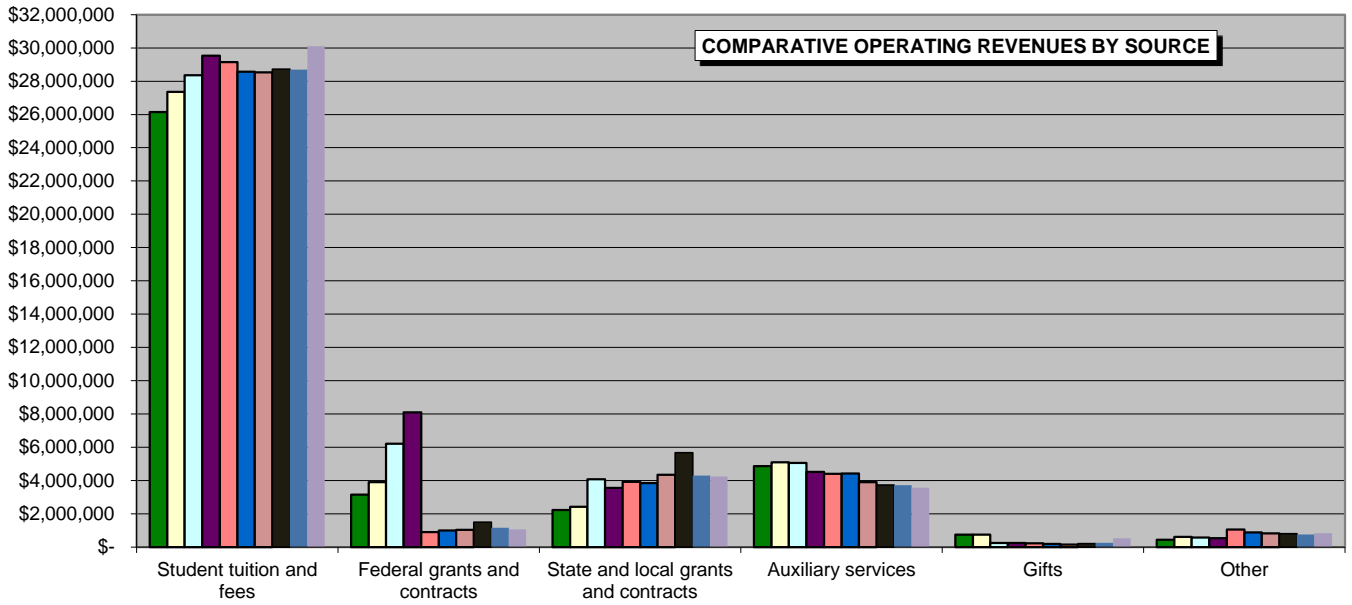
* Net position restated for prior period adjustment

UNAUDITED
COUNTY COLLEGE OF MORRIS
SCHEDULE OF REVENUE BY SOURCE

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Student tuition and fees	\$26,142,448	\$27,353,697	\$28,362,806	\$29,538,633	\$29,139,718	\$28,571,503	\$28,534,478	\$28,723,880	\$28,699,121	\$30,098,543
Federal grants and contracts	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434	1,163,427	1,071,151
State and local grants and contracts	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	5,673,000	4,301,440	4,235,903
Auxiliary services	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678	3,718,153	3,571,617
Gifts	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683	256,810	532,989
Other	446,110	603,718	576,705	542,843	1,056,501	871,087	817,746	793,588	745,917	840,456
Total Operating Revenue	37,565,460	40,121,191	44,511,592	46,488,279	39,639,267	38,881,478	38,770,907	40,619,263	38,884,868	40,350,659
Federal grants						413,418	7,409,732	7,627,319	7,845,653	7,026,758
State appropriation	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	7,127,617
County appropriation	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	11,830,000
Investment income	1,681,922	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912	1,055,045
Other		4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)	29,340
Total Non-Operating Revenues	22,957,322	23,205,562	21,340,023	19,962,316	19,418,267	19,198,724	26,932,926	27,106,029	26,817,610	27,068,760
TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION	\$60,522,782	\$63,326,753	\$65,851,615	\$66,450,595	\$59,057,534	\$58,080,202	\$65,703,833	\$67,725,292	\$65,702,478	\$67,419,419

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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Student tuition and fees	43.18%	43.19%	43.06%	44.45%	49.34%	49.19%	43.42%	42.40%	43.67%	44.65%
Federal grants and contracts	5.21%	6.17%	9.44%	12.18%	1.51%	1.71%	1.57%	2.21%	1.77%	1.59%
State and local grants and contracts	3.68%	3.81%	6.18%	5.34%	6.64%	6.61%	6.60%	8.38%	6.55%	6.28%
Auxiliary services	8.02%	8.05%	7.67%	6.81%	7.44%	7.60%	5.94%	5.51%	5.66%	5.30%
Gifts	1.23%	1.18%	0.37%	0.36%	0.40%	0.33%	0.23%	0.30%	0.39%	0.79%
Other	0.74%	0.95%	0.88%	0.82%	1.79%	1.50%	1.24%	1.17%	1.14%	1.25%
Total Operating Revenue	62.06%	63.35%	67.60%	69.96%	67.12%	66.94%	59.00%	59.97%	59.18%	59.86%
Federal grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	11.29%	11.26%	11.94%	10.42%
State appropriation	13.98%	14.19%	12.20%	10.58%	12.14%	11.79%	10.50%	10.32%	10.65%	10.57%
County appropriation	21.18%	20.56%	19.37%	18.32%	19.64%	19.97%	17.65%	17.13%	17.66%	17.55%
Investment income	2.78%	1.89%	0.71%	0.89%	1.05%	0.43%	0.94%	1.24%	0.58%	1.56%
Other	0.00%	0.01%	0.12%	0.25%	0.05%	0.16%	0.62%	0.08%	-0.01%	0.04%
Total Non-Operating Revenues	37.94%	36.65%	32.40%	30.04%	32.88%	33.06%	41.00%	40.03%	40.82%	40.14%
TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

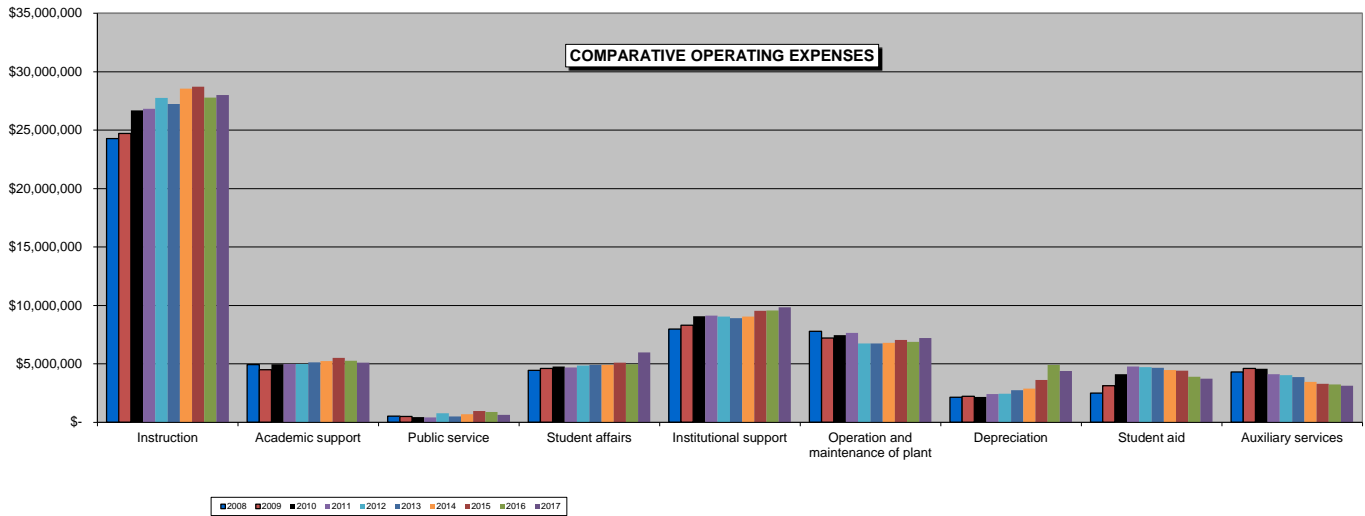


UNAUDITED
COUNTY COLLEGE OF MORRIS
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Instruction	\$ 24,286,870	\$ 24,723,076	\$ 26,676,746	\$ 26,813,545	\$ 27,754,303	\$ 27,242,885	\$ 28,551,764	\$ 28,725,970	\$ 27,792,623	\$ 27,998,128
Academic support	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,518,924	5,257,463	5,089,460
Public service	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,492	881,500	624,640
Student affairs	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	5,091,497	4,959,528	5,973,113
Institutional support	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,532,624	9,570,230	9,829,015
Operation and maintenance of plant	7,781,851	7,212,949	7,466,885	7,653,190	6,736,810	6,747,997	6,805,930	7,034,013	6,877,032	7,222,885
Depreciation	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011	4,911,935	4,387,596
Student aid	2,493,820	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110	3,889,713	3,740,199
Auxiliary services	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,281,216	3,235,883	3,135,301
Total Operating Expenses	58,907,337	59,826,211	64,247,802	65,006,122	65,321,983	64,718,236	66,063,920	68,191,857	67,375,907	68,000,337
Interest on capital assets and related debt	12,145	9,319	6,348	3,223	-	-	-	-	-	-
Other	-	3,982	19,870	-	-	-	-	-	-	-
Total Non-Operating Expenses	12,145	13,301	26,218	3,223	-	-	-	-	-	-
TOTAL EXPENSES	\$ 58,919,482	\$ 59,839,512	\$ 64,274,020	\$ 65,009,345	\$ 65,321,983	\$ 64,718,236	\$ 66,063,920	\$ 68,191,857	\$ 67,375,907	\$ 68,000,337

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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Instruction	41.22%	41.31%	41.49%	41.24%	42.48%	42.09%	43.21%	42.13%	41.26%	41.19%
Academic support	8.37%	7.53%	7.74%	7.69%	7.63%	7.92%	7.93%	8.09%	7.80%	7.48%
Public service	0.89%	0.82%	0.71%	0.66%	1.18%	0.76%	1.03%	1.41%	1.31%	0.92%
Student affairs	7.54%	7.70%	7.42%	7.21%	7.43%	7.60%	7.44%	7.47%	7.36%	8.78%
Institutional support	13.56%	13.88%	14.10%	14.03%	13.83%	13.75%	13.71%	13.98%	14.20%	14.45%
Operation and maintenance of plant	13.21%	12.05%	11.62%	11.77%	10.31%	10.43%	10.30%	10.32%	10.21%	10.62%
Depreciation	3.64%	3.74%	3.36%	3.73%	3.74%	4.26%	4.35%	5.30%	7.29%	6.45%
Student aid	4.23%	5.22%	6.40%	7.34%	7.23%	7.22%	6.78%	6.49%	5.77%	5.50%
Auxiliary services	7.32%	7.72%	7.12%	6.33%	6.17%	5.97%	5.25%	4.81%	4.80%	4.61%
Total Operating Expenses	99.98%	99.97%	99.96%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Interest on capital assets and related debt	0.02%	0.02%	0.01%	0.00%	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%
Total Non-Operating Expenses	0.02%	0.03%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL EXPENSES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Income (Loss) before other changes in net position	\$1,860,462	\$1,635,003	\$ 639,524	\$ 900,422	\$ 512,322	\$1,313,755	\$ 31,350	\$ (686,125)	\$ (2,289,939)	\$ (582,444)
Capital contributions	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786	6,769,832	3,877,071
Additions to permanent endowments	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230	220,738	8,300
Net increase in net position	\$7,262,319	\$3,490,017	\$ 6,022,945	\$7,443,148	\$2,917,551	\$4,841,497	\$12,824,514	\$ 9,332,891	\$ 4,700,631	\$ 3,302,927

UNAUDITED
AVERAGE ANNUAL FALL TUITION AT
COMPARABLE NEW JERSEY COMMUNITY COLLEGES

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
In County Tuition Per Credit:										
Atlantic Cape Community College	\$ 83.00	\$ 88.40	\$ 93.00	\$ 94.80	\$ 97.20	\$102.00	\$108.00	\$113.00	\$116.00	\$120.00
Bergen Community College	98.40	103.30	111.60	118.30	124.80	128.55	130.55	132.55	135.00	138.50
Brookdale Community College	103.00	110.00	115.00	118.50	118.50	115.50	115.50	118.75	122.75	129.75
Burlington County College	73.00	78.00	86.00	92.00	92.00	92.00	96.00	100.00	100.00	100.00
Camden County College	83.00	88.00	93.00	96.00	101.00	101.00	104.00	107.00	107.00	107.00
Cumberland County College	84.00	89.00	94.00	99.00	105.00	110.00	110.00	113.00	113.00	118.00
Essex County College	87.50	95.00	103.50	108.50	108.50	108.50	108.50	108.50	116.50	119.50
Gloucester County College	77.00	80.50	83.00	85.00	87.00	90.00	93.00	95.00	97.00	99.00
Hudson County Community College	82.00	93.00	93.00	101.25	106.50	110.25	112.25	116.00	122.00	129.00
Mercer County Community College	84.50	91.50	96.50	102.50	106.50	109.50	112.25	115.50	118.50	121.50
Middlesex County College	85.55	91.00	97.00	99.00	101.00	102.00	103.00	104.00	106.00	108.00
County College of Morris	96.00	99.00	105.00	110.00	114.00	116.00	117.00	118.00	121.00	123.00
Ocean County College	88.00	94.00	92.00	94.00	94.00	98.00	101.00	104.00	109.00	112.00
Passaic County Community College	82.50	88.50	93.00	96.75	100.50	102.50	105.50	108.50	111.50	114.00
Raritan Valley Community College	87.00	91.00	96.00	99.00	102.00	117.00	125.00	129.00	137.00	143.00
Salem Community College	82.50	86.50	93.00	98.00	98.00	102.00	102.00	102.00	102.00	102.00
Sussex County College	82.00	89.00	101.00	107.00	120.00	127.00	127.00	127.00	130.00	140.00
Union County College	87.00	90.00	94.00	100.00	109.00	112.00	244.00	165.00	177.00	183.75
Warren County Community College	86.00	91.00	97.25	102.25	106.25	109.25	114.00	122.00	127.00	135.00
Out Of County Tuition Per Credit:										
Atlantic Cape Community College	\$ 166.00	\$ 176.80	\$ 186.00	\$ 189.60	\$ 194.40	\$ 154.00	\$ 163.00	\$ 168.00	\$ 172.00	\$ 178.00
Bergen Community College	203.00	213.00	234.00	248.00	262.00	270.00	272.00	274.00	277.00	285.00
Brookdale Community College	206.00	220.00	230.00	237.00	237.00	231.00	231.00	237.50	245.50	245.50
Burlington County College	92.00	94.00	102.00	108.00	108.00	108.00	112.00	116.00	116.00	116.00
Camden County College	87.00	92.00	97.00	100.00	105.00	105.00	108.00	111.00	111.00	111.00
Cumberland County College	168.00	178.00	188.00	198.00	115.00	120.00	120.00	123.00	123.00	128.00
Essex County College	175.00	190.00	207.00	217.00	217.00	217.00	217.00	217.00	233.00	239.00
Gloucester County College	80.00	84.00	90.00	95.00	100.00	105.00	110.00	115.00	120.00	125.00
Hudson County Community College	164.00	186.00	186.00	202.50	213.00	220.50	225.00	232.00	244.00	258.00
Mercer County Community College	119.00	129.00	136.50	145.00	150.00	154.00	158.00	162.00	166.00	170.00
Middlesex County College	171.10	182.00	194.00	198.00	202.00	204.00	206.00	208.00	212.00	216.00
County College of Morris	192.00	198.00	210.00	220.00	228.00	232.00	234.00	236.00	242.00	246.00
Ocean County College	121.00	129.00	126.00	126.00	126.00	130.00	133.00	133.00	135.00	135.00
Passaic County Community College	82.50	88.50	93.00	96.75	100.50	102.50	105.50	125.00	135.00	143.00
Raritan Valley Community College	87.00	101.00	106.00	109.00	112.00	127.00	145.00	154.00	167.00	178.00
Salem Community College	92.50	96.50	103.00	115.00	125.00	125.00	125.00	125.00	125.00	125.00
Sussex County College	164.00	178.00	202.00	214.00	240.00	254.00	190.00	190.00	195.00	210.00
Union County College	174.00	180.00	188.00	200.00	218.00	224.00	244.00	330.00	354.00	367.50
Warren County Community College	96.00	101.00	107.25	112.25	112.25	119.25	124.00	132.00	137.00	145.00
Out Of State Tuition Per Credit:										
Atlantic Cape Community College	\$ 332.00	\$ 353.60	\$ 372.00	\$ 379.20	\$ 388.80	\$ 204.00	\$ 216.00	\$ 220.00	\$ 225.00	\$ 230.00
Bergen Community College	213.00	223.00	245.00	260.00	275.00	283.00	285.00	285.00	292.00	300.00
Brookdale Community College	225.00	245.00	255.00	262.00	262.00	256.00	256.00	262.50	270.50	270.50
Burlington County College	157.00	159.00	167.00	173.00	173.00	173.00	177.00	181.00	181.00	181.00
Camden County College	87.00	92.00	97.00	100.00	105.00	105.00	108.00	111.00	111.00	111.00
Cumberland County College	336.00	356.00	376.00	396.00	420.00	440.00	440.00	452.00	452.00	256.00
Essex County College	175.00	190.00	207.00	217.00	217.00	217.00	217.00	217.00	233.00	239.00
Gloucester County College	160.00	168.00	180.00	190.00	200.00	210.00	210.00	230.00	240.00	250.00
Hudson County Community College	246.00	249.00	279.00	303.75	319.50	330.75	337.50	348.00	366.00	387.00
Mercer County Community College	191.00	205.00	216.50	230.00	236.00	241.00	245.00	249.00	254.00	259.00
Middlesex County College	171.10	182.00	194.00	198.00	202.00	204.00	206.00	208.00	212.00	216.00
County College of Morris	269.00	278.00	296.00	311.00	324.00	330.00	333.00	336.00	345.00	351.00
Ocean County College	198.00	210.00	206.00	206.00	215.00	215.00	215.00	215.00	225.00	225.00
Passaic County Community College	165.00	177.00	186.00	193.50	201.00	205.00	211.00	217.00	223.00	228.00
Raritan Valley Community College	87.00	101.00	106.00	109.00	112.00	127.00	145.00	154.00	167.00	178.00
Salem Community College	92.50	96.50	103.00	115.00	125.00	125.00	125.00	125.00	150.00	150.00
Sussex County College	164.00	178.00	202.00	214.00	240.00	254.00	254.00	254.00	260.00	280.00
Union County College	174.00	180.00	188.00	200.00	218.00	224.00	244.00	330.00	354.00	367.50
Warren County Community College	116.00	121.00	127.25	132.25	132.25	139.25	144.00	152.00	157.00	165.00

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 2016 statistics

UNAUDITED
COUNTY COLLEGE OF MORRIS
DEBT CAPACITY PER STUDENT

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital lease obligation:										
Capital lease payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,354	\$ 256,257	\$ 229,416	\$ 201,230
Future interest payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,454	\$ 60,925	\$ 48,112	\$ 36,641
Total students	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026	8,067
Capital lease obligation per student:										
Capital lease payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.83	\$ 31.65	\$ 28.58	\$ 24.94
Future interest payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.41	\$ 7.53	\$ 5.99	\$ 4.54

UNAUDITED COUNTY COLLEGE OF MORRIS 2007 - 2016 DEMOGRAPHICS STATISTICS			
	County Population	Per Capita Personal Income	Unemployment Rate
2007	485,592	72,211	3.00%
2008	486,946	74,636	4.00%
2009	488,518	70,516	7.20%
2010	492,276	72,780	7.40%
2011	494,976	76,194	7.80%
2012	497,999	78,693	7.70%
2013	499,397	79,094	6.80%
2014	499,727	82,810	5.00%
2015	499,509	86,582	5.10%
2016	498,423	N/A	4.10%

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	6,000
Atlantic Health System	5,455
Novartis	4,220
Bayer	2,800
ADP	2,266
Honeywell	1,838
County of Morris	1,817
Wyndham Worldwide	1,708
St. Clare's Health System	1,688
Accenture	1,631

Source: Morris County Planning & Public Works, March 2017 Survey

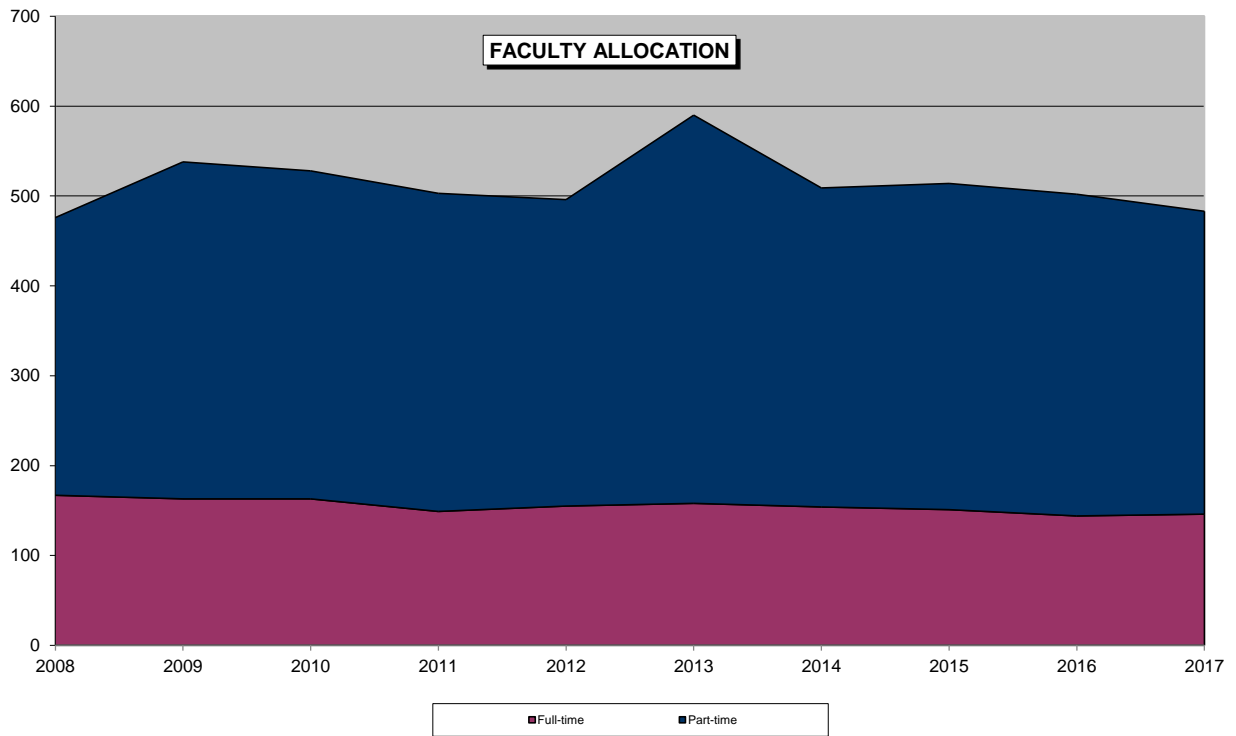
UNAUDITED
COUNTY COLLEGE OF MORRIS
ENROLLMENT STATISTICS

	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Total enrollment	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026	8,067
Enrollment status:										
Full-time	4,629	4,761	5,078	5,033	4,685	4,633	4,549	4,129	3,946	3,821
Part-time	3,701	3,680	3,660	3,672	3,869	4,046	3,898	3,967	4,080	4,246
County of origin										
In-county	6,448	6,557	6,873	6,956	6,783	6,886	6,631	6,351	6,302	6,351
Out-of-county	1,882	1,884	1,865	1,749	1,771	1,793	1,816	1,745	1,724	1,716
Fundable credit hours	183,426	190,124	198,185	196,114	192,398	194,116	188,732	179,380	179,037	176,318
Full-time equivalent	6,114	6,337	6,606	6,537	6,413	6,471	6,291	5,979	5,968	5,877
Average Class Size	22	22	21	21	20	20	19	18	20	19

Source: County College of Morris Fall 2016 Facts & Figures
and
County College of Morris Schedule of Credit-Hour Enrollment Year Ended 6/30/17

UNAUDITED
COUNTY COLLEGE OF MORRIS
FACULTY, STAFF AND ADMINISTRATOR STATISTICS

	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL
Faculty:										
Full-time	167	163	163	149	155	158	154	151	144	146
Part-time	309	375	365	354	341	432	355	363	358	337
Professional and Staff:										
Full-time	279	284	274	285	283	281	280	267	268	267
Part-time	62	64	58	58	57	55	64	54	51	54
Total employees										
Full-time	446	447	437	434	438	439	434	418	412	413
Part-time	371	439	423	412	398	487	419	417	409	391
Total Students	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026	8,067
Students per full-time faculty	50	52	54	58	55	55	55	54	56	55
Students per part-time faculty	27	23	24	25	25	20	24	22	22	24



Source: County College of Morris' Department of Human Resources.
and
County College of Morris Fall 2016 Facts & Figures

UNAUDITED
COUNTY COLLEGE OF MORRIS
NET ASSIGNABLE SQUARE FOOTAGE BY BUILDING

Building and Use	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Henderson Hall - Administrative and Academic										
Office	19,529	17,617	17,617	17,617	17,617	17,617	17,617	17,617	17,617	17,617
Classroom	1,931	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133
Sheffield Hall - Academic and Administrative										
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
Emeriti Hall - Academic and Administrative										
Instructional Laboratory	9,840	9,840	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Office	4,184	4,184	7,012	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Cohen Hall - Academic, Administrative and Student Health/Activities										
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
Demare Hall - Academic and Administrative										
Classroom	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902	20,242	20,242
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	5,260	5,260
Health and Physical Education - Academic and Athletic										
Classroom	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,275	2,275	2,275
Instructional Laboratory	253	253	253	253	253	253	253	1,196	1,196	1,196
Office	1,930	1,930	1,930	1,930	1,930	1,930	1,930	2,145	2,145	2,145
Physical Ed and Recreation	32,293	32,293	32,293	32,293	32,293	32,293	32,293	31,349	31,349	31,349
Aquatic Facility - Athletic										
Physical Ed and Recreation	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Sherman H. Masten Learning Resource Center - Library										
Library and Support	43,641	43,641	43,641	43,641	43,641	43,641	29,246	29,246	29,246	29,246
Classroom							923	923	923	923
Office	5,573	5,573	5,573	5,573	5,573	5,573	3,331	3,331	3,331	3,331
Student Activities/Services	543	543	543	543	543	543	10,125	10,125	10,125	10,125
Instructional Laboratory	1,696	1,696	1,696	1,696	1,696	1,696	3,950	3,950	3,950	3,950
Audio/visual, Radio and TV	4,681	4,681	4,681	4,681	4,681	4,681	1,052	1,052	1,052	1,052
Student Community Center and Auditorium - Student Activities, Administration and Auditorium										
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
Music Technology Center										
Classroom									2,983	2,983
Instructional Laboratory									6,686	6,686
Auditorium									1,948	1,948
Office									1,748	1,748
Plant and Maintenance Building - Maintenance, Storage and Campus Security										
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
Landscape and Horticulture Technology Complex - Academic										
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	890	890	890	890	890	890
Classroom	890	890	890	890	5,165	5,165	5,165	5,165	5,165	5,165
Dalrymple House										
Office	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645
675 Rt. 10										
Office						15,448	15,448	15,448	15,448	15,448
Parking Capacity										
	3,200	3,200	3,242	3,242	3,242	3,330	3,330	3,330	3,330	3,263

Source: County College of Morris' Facilities/Financial Master Plan/675 Rt. 10 Facility Assessment Report/Music Tech. Ctr. Architectural Plans

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 2017.

Fiscal Year 2017	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	59.40%	13.30%	4.47	54%	2.41
Net Income Ratio	4.00%	-0.86%	0.70%	-1.23	15%	-0.18
Return on Net Position	7.00%	3.53%	2.00%	1.77	31%	0.55
Composite Financial Index						2.78

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

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 2017	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	41.85%	13.30%	3.15	54%	1.70
Net Income Ratio	4.00%	-0.67%	0.70%	-0.96	15%	(0.14)
Return on Net Position	7.00%	7.55%	2.00%	3.78	31%	1.17
Composite Financial Index						2.73

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

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, 2017 the County College of Morris has a ratio of 59.4%. This means the College can cover the recommended 5 months of expenses that a 40% ratio would ensure. The five year average Primary Reserve Ratio is 41.85%.

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 net loss of \$580,918 before capital contributions and additions to endowments. As a result, the College had a negative net income ratio of -.86% for fiscal year 2017. This is a decrease in the deficit from fiscal year 2016, which was -3.52% and above the five year average of -.67%. The average of -.67% indicates that overall the College has utilized

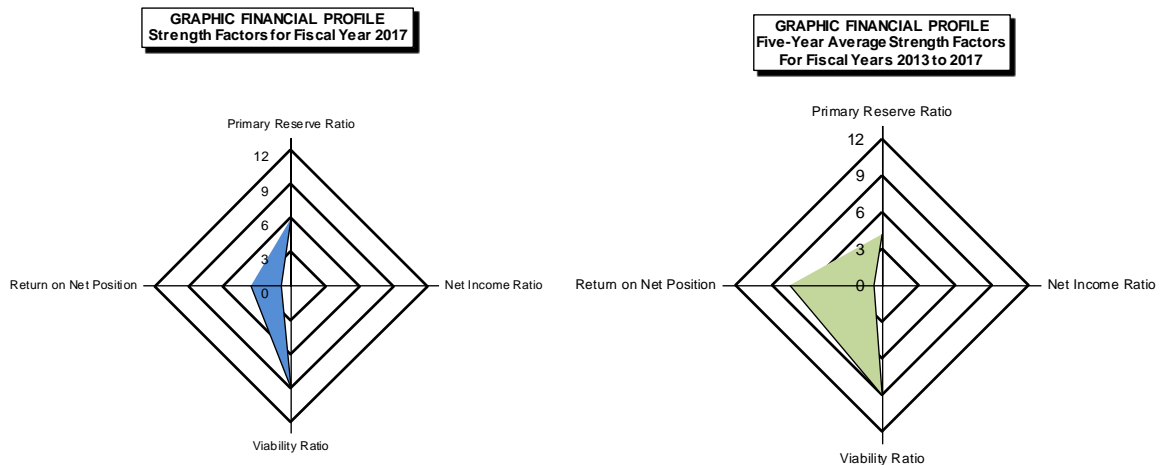
reserves to operate. However, as the College’s facilities expand and county and state funding remains flat reserves may need to be utilized to offset operational expenses.

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 1.6%. The five year average return on net position ratio is 7.55% compared to the average rate of inflation which is 1.32%. 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 2017 long-term debt of only \$171,633. 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 2017 of 2.78, an increase of .95 from 2016, is the result of an increase in net income. The five year average of 2.73 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 increase in Net Income Ratio is a direct result of increases in tuition and fees. 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

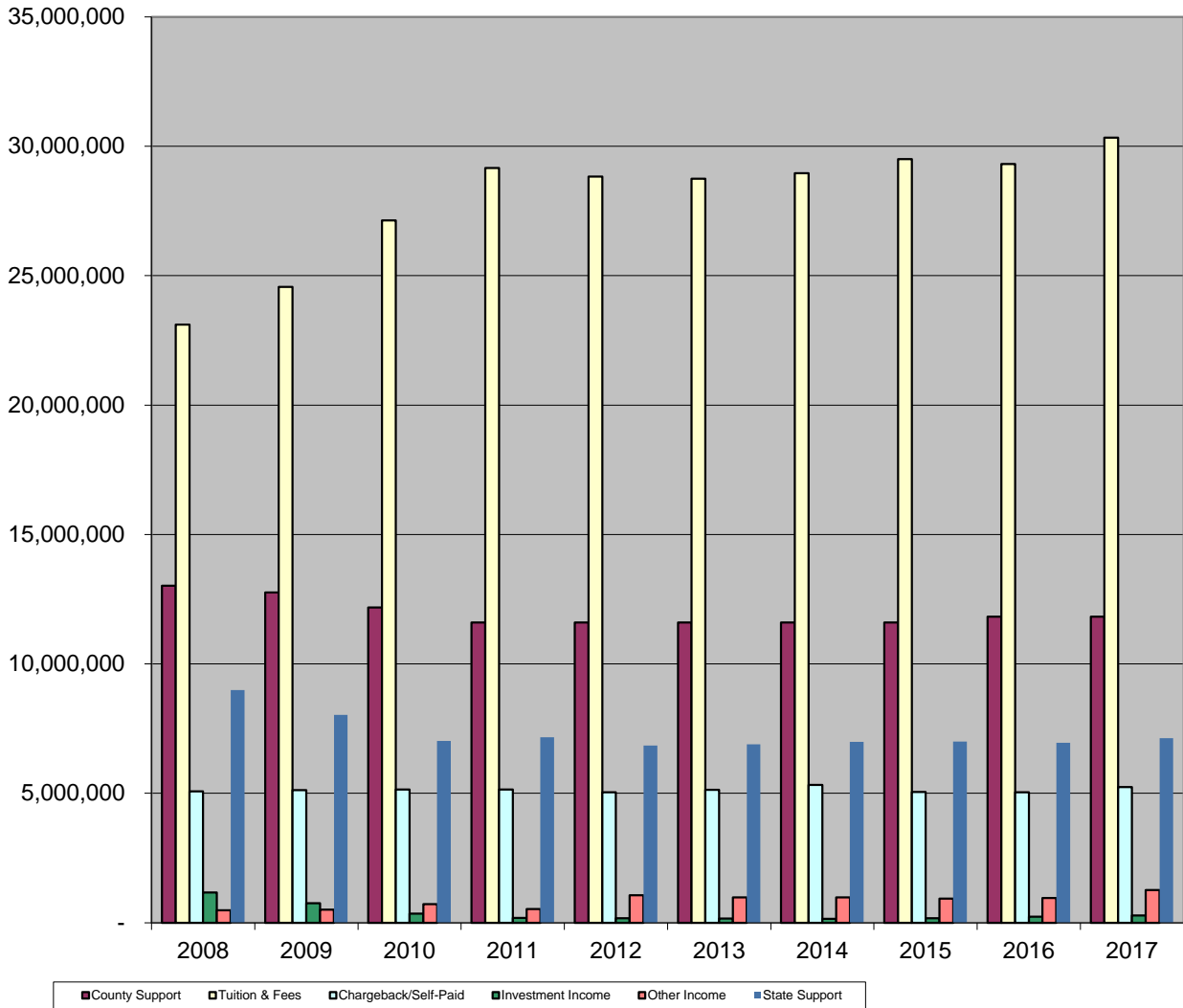
SOURCE	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Federal Support				\$ 413,418						
State Support	\$ 8,988,553	\$ 8,035,807	7,028,771	7,169,137	\$ 6,844,765	\$ 6,899,143	\$ 6,988,477	\$ 7,000,440	\$ 6,956,819	\$ 7,127,617
County Support	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000	11,830,000	11,830,000
Tuition & Fees	23,115,529	24,569,453	27,132,148	29,156,809	28,825,751	28,747,647	28,966,245	29,506,917	29,314,041	30,336,087
Chargeback/Self-Paid	5,070,834	5,121,222	5,142,148	5,149,561	5,041,015	5,131,547	5,319,328	5,049,247	5,034,963	5,245,829
Investment Income	1,173,255	757,439	348,660	181,737	172,894	157,332	155,848	169,391	229,653	274,976
Other Income	484,271	509,627	716,391	530,701	1,059,047	980,195	976,186	928,125	954,456	1,257,999
TOTAL	\$ 51,850,497	\$ 51,750,904	\$ 52,544,016	\$ 53,787,945	\$ 53,543,472	\$ 53,515,864	\$ 54,006,084	\$ 54,254,120	\$ 54,319,932	\$ 56,072,508

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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Federal Support					0.00%					
State Support	17.34%	15.52%	13.38%	13.31%	12.78%	12.89%	12.93%	12.90%	12.80%	12.71%
County Support	25.11%	24.65%	23.17%	21.57%	21.66%	21.68%	21.48%	21.38%	21.78%	21.10%
Tuition & Fees	44.58%	47.49%	51.64%	54.22%	53.85%	53.72%	53.64%	54.39%	53.97%	54.10%
Chargeback/Self-Paid	9.78%	9.90%	9.79%	9.57%	9.41%	9.59%	9.85%	9.31%	9.27%	9.36%
Investment Income	2.26%	1.46%	0.66%	0.34%	0.32%	0.29%	0.29%	0.31%	0.42%	0.49%
Other Income	0.93%	0.98%	1.36%	0.99%	1.98%	1.83%	1.81%	1.71%	1.76%	2.24%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

UNAUDITED
 COUNTY COLLEGE OF MORRIS

COMPARATIVE OPERATING REVENUES BY SOURCE



UNAUDITED
COUNTY COLLEGE OF MORRIS
EXPENSES BY FUNCTION
OPERATING FUND

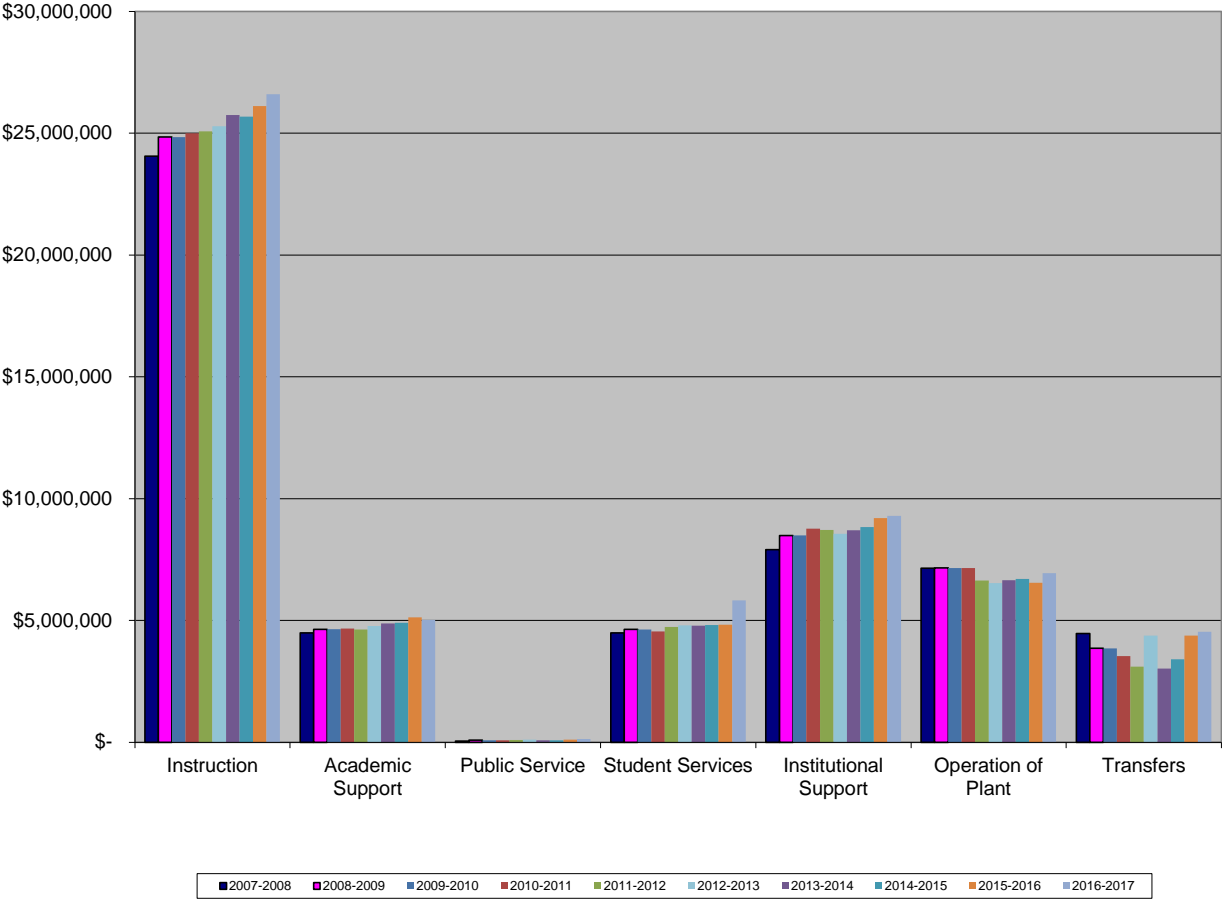
ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Instruction	\$ 23,373,622	\$ 24,057,363	\$ 24,842,911	\$ 24,995,758	\$ 25,075,508	\$ 25,287,604	\$ 25,754,609	\$ 25,683,320	\$ 26,123,079	\$ 26,598,409
Academic Support	4,897,029	4,488,370	4,637,326	4,666,762	4,627,081	4,766,062	4,871,234	4,904,785	5,124,983	5,019,380
Public Service	73,699	53,790	85,127	83,622	87,198	107,063	86,373	86,095	113,023	126,845
Student Services	4,328,011	4,489,772	4,632,260	4,548,496	4,728,626	4,795,080	4,786,501	4,811,090	4,821,106	5,828,648
Institutional Support	7,519,798	7,902,250	8,488,656	8,768,884	8,715,588	8,551,880	8,707,048	8,831,528	9,195,386	9,294,766
Operation of Plant	7,032,899	7,140,815	7,151,522	7,155,130	6,636,127	6,530,336	6,658,145	6,703,044	6,551,632	6,943,245
Transfers	3,066,171	4,464,100	3,857,056	3,536,265	3,096,912	4,381,024	3,020,435	3,410,379	4,382,670	4,537,293
TOTAL	\$ 50,291,229	\$ 52,596,460	\$ 53,694,858	\$ 53,754,917	\$ 52,967,040	\$ 54,419,049	\$ 53,884,345	\$ 54,430,241	\$ 56,311,879	\$ 58,348,585

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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Instruction	46.49%	45.74%	46.26%	46.51%	47.32%	46.49%	47.79%	47.18%	46.39%	45.58%
Academic Support	9.74%	8.53%	8.64%	8.68%	8.74%	8.76%	9.04%	9.01%	9.10%	8.60%
Public Service	0.15%	0.10%	0.16%	0.16%	0.16%	0.20%	0.16%	0.16%	0.20%	0.22%
Student Services	8.61%	8.54%	8.63%	8.46%	8.93%	8.81%	8.88%	8.84%	8.56%	9.99%
Institutional Support	14.95%	15.02%	15.81%	16.30%	16.47%	15.69%	16.16%	16.23%	16.33%	15.93%
Operation of Plant	13.98%	13.58%	13.32%	13.31%	12.53%	12.00%	12.36%	12.31%	11.63%	11.90%
Transfers	6.10%	8.49%	7.18%	6.58%	5.85%	8.05%	5.61%	6.27%	7.78%	7.78%
TOTAL	100.02%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.99%	100.00%

UNAUDITED
 COUNTY COLLEGE OF MORRIS

COMPARATIVE EXPENSES BY FUNCTION



UNAUDITED
COUNTY COLLEGE OF MORRIS
EXPENSES BY OBJECT CODE
OPERATING FUND

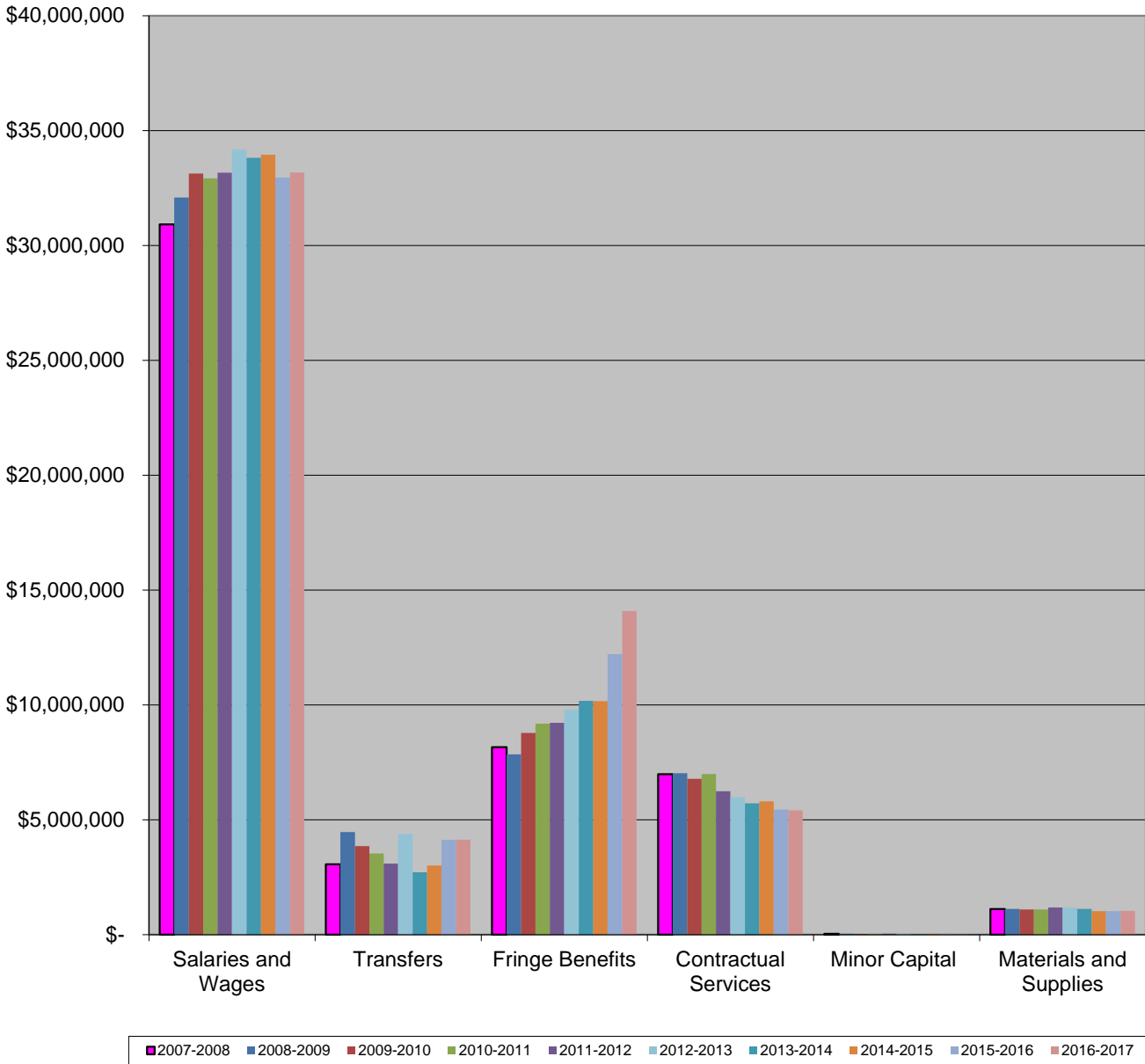
	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Salaries and Wages	\$ 30,918,033	\$ 32,085,657	\$ 33,131,756	\$32,919,610	\$ 33,161,279	\$ 34,168,821	\$ 33,812,114	\$ 33,952,023	\$ 32,956,386	\$ 33,176,422
Transfers	3,066,171	4,464,100	3,857,056	3,536,265	3,096,913	4,381,024	2,720,435	3,007,054	4,126,092	4,137,293
Fringe Benefits	8,164,824	7,848,541	8,781,560	9,185,415	9,225,848	9,781,874	10,173,497	10,163,002	12,207,818	14,088,317
Contractual Services	6,989,317	7,031,773	6,781,683	6,988,127	6,252,057	5,991,535	5,722,441	5,805,736	5,446,272	5,411,396
Minor Capital	37,345	41,351	38,937	31,665	43,594	40,523	33,938	27,985	47,781	23,541
Materials and Supplies	1,115,539	1,125,038	1,103,866	1,093,834	1,187,384	1,167,174	1,121,923	1,030,048	1,027,581	1,042,824
TOTAL	\$ 50,291,229	\$ 52,596,460	\$ 53,694,858	\$53,754,916	\$ 52,967,076	\$ 55,530,950	\$ 53,584,348	\$ 53,985,848	\$ 55,811,930	\$ 57,879,794

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

ITEM	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL	2016-2017 ACTUAL
Salaries and Wages	61.48%	61.00%	61.70%	61.24%	62.61%	61.53%	63.10%	62.89%	59.05%	57.32%
Transfers	6.10%	8.49%	7.18%	6.58%	5.85%	7.89%	5.08%	5.57%	7.39%	7.15%
Fringe Benefits	16.24%	14.92%	16.35%	17.09%	17.42%	17.62%	18.99%	18.83%	21.87%	24.34%
Contractual Services	13.90%	13.37%	12.63%	13.00%	11.80%	10.79%	10.68%	10.75%	9.76%	9.35%
Minor Capital	0.07%	0.08%	0.07%	0.06%	0.08%	0.07%	0.06%	0.05%	0.09%	0.04%
Materials and Supplies	2.22%	2.14%	2.06%	2.03%	2.24%	2.10%	2.09%	1.91%	1.84%	1.80%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

UNAUDITED
COUNTY COLLEGE OF MORRIS

COMPARATIVE EXPENSES BY OBJECT CODE



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Compliance Section



COUNTY COLLEGE OF MORRIS
IOLTA GRANT
(CALENDAR YEAR GRANT ENDING DECEMBER 31, 2016)

BALANCE SHEET
JUNE 30, 2017

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

SCHEDULE OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2017

	(Unaudited) Original Budget	Actual Expended Prior Fiscal Year	Actual Expended Current Fiscal Year	Total	Variance Favorable (Unfavorable)
Revenues:					
County College of Morris Grant	\$ 3,300	\$ 3,300	\$ -	\$ 3,300	\$ -
Expenditures:					
Other Staff	3,300	1,650	1,650	3,300	-
FICA	-	-	-	-	-
Postage	-	-	-	-	-
Printing/Reproduction	-	-	-	-	-
Total expenditures	3,300	1,650	1,650	3,300	-
Excess (deficiency) of revenues over expenditures		\$ 1,650	(1,650)	\$ -	\$ -
Fund Balance June 30, 2016			1,650		
Fund Balance June 30, 2017			\$ -		

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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, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 21, 2017.

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.

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.

November 21, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP

**Report on Compliance For Each Major Federal and State Program:
Report on Internal Control Over Compliance**

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' (the "College's") compliance with the types of compliance requirements described in the *OMB 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, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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, 2017.

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 the Uniform Guidance and NJOMB 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 of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 21, 2017
Mount Arlington, New Jersey


NISIVOCIA LLP

COUNTY COLLEGE OF MORRIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authorizations	Amount Received 16-17	Amount Rec'd to Date	Grant Expenditures 16-17	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2017	Amount Paid to Sub-recipient
<u>U.S. Department of Education:</u>											
Student Financial Assistance Program Cluster:											
<u>Direct Aid:</u>											
PELL	PELL	84.063	E-P063P162994	9/1/16-8/31/17	\$ 6,821,422	\$ 6,816,087	\$ 6,816,087	\$ 6,821,422	\$ 6,821,422	\$ 5,335	\$ -
PELL	PELL	84.063	E-P063P152994	9/1/15-8/31/16	7,387,392	206,202	7,387,392	205,336	7,387,392	-	-
SEOG	SEOG	84.007	E-P007A162547	9/1/16-8/31/17	189,000	185,517	185,517	189,000	189,000	3,483	-
CWS	CWS	84.033	E-P033A162547	7/1/16-6/30/17	185,000	152,596	152,596	170,109	170,109	17,513	-
CWS	CWS	84.033	E-P033A152547	7/1/15-6/30/16	175,207	12,835	175,207	9,439	175,207	-	-
DIRECT LOANS	DIRECT LOANS	84.268	P-268K172994	9/1/16-8/31/17	6,184,033	5,963,696	5,963,696	5,964,399	5,964,399	703	-
DIRECT LOANS	DIRECT LOANS	84.268	P-268K162994	9/1/15-8/31/16	6,184,033	148,090	6,184,033	148,090	6,184,033	-	-
Subtotal Student Financial Assistance Program Cluster					27,126,087	13,485,023	26,864,528	13,507,795	26,891,952	27,034	-
<u>Pass Through Funds:</u>											
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PF5715517	7/1/16-6/30/17	315,248	80,721	80,721	308,800	308,800	228,079	-
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PF5715516	7/1/15-6/30/16	318,316	50,414	309,253	-	309,253	-	-
					633,564	131,135	389,974	308,800	618,053	228,079	-
NJ Council of Community Colleges	College Access Challenge Grant College Readiness Now III Proj	84.378	Subgrant 378A	6/1/16-7/31/17	36,333	5,059	5,059	36,333	36,333	31,274	-
NJ Council of Community Colleges	College Access Challenge Grant College Readiness Now II Proj	84.378	Subgrant 378A	6/1/15-8/15/16	25,758	14,857	24,248	12,376	24,248	-	-
					695,855	151,051	419,281	357,509	678,634	259,353	-
Total U.S. Department of Education					27,821,742	13,636,074	27,283,809	13,865,304	27,570,196	286,387	-
<u>National Science Foundation:</u>											
National Science Foundation	CyberCorps: Scholarship for Service Program at Stevens	47.076	DGE-1433795-2102423-01	8/1/16-7/31/17	48,648	14,218	14,218	14,218	14,218	-	-
National Science Foundation	Noyce Teacher Scholarship Program	47.076	DUE-1339566-CCM	9/1/13-8/31/16	35,143	9,958	29,001	-	29,001	-	-
National Science Foundation	Advanced Tech Education Program	47.076	DUE-1400494	7/1/14-6/30/16	199,999	39,442	190,936	-	190,936	-	-
					283,790	63,618	234,155	14,218	234,155	-	-
U.S. Department of Labor	TAACCCT Grant - Year 3	17.282	TC-26458-15-60-A-34	10/1/15-9/30/17	583,319	147,873	147,873	241,182	241,182	93,309	-
U.S. Department of Labor	TAACCCT Grant - Year 2	17.282	TC-26458-15-60-A-34	10/1/15-9/30/16	421,264	159,032	262,065	76,742	262,065	-	-
					1,004,583	306,905	409,938	319,924	503,247	93,309	-
U.S. Department of Labor	NJIT STEM Grant - Year 3	17.268	NP995801	1/1/15-3/31/16	55,122	4,932	36,145	-	36,145	-	-
U.S. Department of Justice: Violence Against Women Office	Transitional Housing Assistance Grant - OWV	16.029	Discretionary	10/1/15-9/30/18	3,000	330	330	540	540	210	-
National Endowment for the Humanities:	AAC&U Citizenship Under Siege Grant	45.164	NEH Subaward	1/1/16-12/31/16	17,500	-	17,500	9,719	17,500	-	-
Total Federal Awards					\$ 29,185,737	\$ 14,011,859	\$ 27,981,877	\$ 14,209,705	\$ 28,361,783	\$ 379,906	\$ -

N/A - Not Applicable

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

COUNTY COLLEGE OF MORRIS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED JUNE 30, 2017

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authorizations	Amount Received 16-17	Amount Rec'd to Date	Grant Expenditures 16-17	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2017
Dept. of Student Assistance:									
Direct Aid:									
TAG		2124	7/1/16-6/30/17	\$ 1,269,359	\$ 1,274,294	\$ 1,274,294	\$ 1,269,359	\$ 1,269,359	\$ (4,935)
TAG		2124	7/1/15-6/30/16	1,407,446	(23,322)	1,407,446	(109)	1,407,446	-
EOF Article III		2124	6/1/16-6/30/17	65,235	65,235	65,235	65,235	65,235	-
EOF Article IV		2124	6/1/16-6/30/17	120,538	120,538	120,538	120,538	120,538	-
EOF Article III Summer 2017		2124	6/1/17-6/30/18	15,889	10,000	10,000	7,686	7,686	(2,314)
EOF Article III Summer 2016		2124	6/1/16-6/30/17	14,314	14,314	14,314	10,058	14,314	-
NJ Best		2124	7/1/16-6/30/17	18,750	18,750	18,750	18,750	18,750	-
NJ State Program 2017		2124	7/1/16-6/30/17	189,232	181,354	181,354	189,232	189,232	7,878
NJ State Program 2016		2124	7/1/15-6/30/16	134,616	898	134,616	134,616	134,616	-
NJ Class Loans		N/A	7/1/16-6/30/17	53,011	53,011	53,011	53,011	53,011	-
				3,288,380	1,715,032	3,275,558	1,868,376	3,280,187	629
Dept. of Children and Families:									
Direct Aid:									
Division on Women		17CLPW	7/1/16-6/30/17	138,475	138,475	138,475	90,294	90,294	(48,181)
				138,475	138,475	138,475	90,294	90,294	(48,181)
Department of the Treasury:									
Direct Aid:									
State Support Operational Costs		N/A	7/1/16-6/30/17	7,127,617	7,127,617	7,127,617	7,127,617	7,127,617	-
				7,127,617	7,127,617	7,127,617	7,127,617	7,127,617	-
Alternate Benefit Reimbursements		N/A	7/1/16-6/30/17	948,379	948,379	948,379	1,337,304	1,337,304	388,925
Alternate Benefit Reimbursements		N/A	7/1/15-6/30/16	1,318,143	382,775	1,318,143	-	1,318,143	-
				2,655,447	1,331,154	2,266,522	1,337,304	2,655,447	388,925
Pass Through Funds:									
Arts Council of Morris Area		N/A	11/17-12/31/17	2,500	2,125	2,125	2,500	2,500	375
Arts Council of Morris Area		N/A	11/16-12/31/16	1,800	900	1,800	-	1,800	-
				4,300	3,025	3,925	2,500	4,300	375
Total State Awards									
				\$ 13,214,228	\$ 10,315,303	\$ 12,816,087	\$ 10,426,091	\$ 13,157,845	\$ 341,748

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, 2017**

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, 2017. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State 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.

NOTE 3 INDIRECT COST RATE

The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

COUNTY COLLEGE OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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*.
- 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 Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- 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 Identification Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Expenditures</u>
Federal:				
Student Financial Aid Cluster				
PELL	84.063	9/1/16-8/31/17	\$ 6,821,422	\$ 6,821,422
PELL	84.063	9/1/15-8/31/16	7,387,392	205,336
SEOG	84.007	9/1/16-8/31/17	189,000	189,000
CWS	84.033	7/1/16-6/30/17	185,000	170,109
CWS	84.033	7/1/15-6/30/16	175,207	9,439
Direct Loans	84.268	9/1/16-8/31/17	6,184,033	5,964,399
Direct Loans	84.268	9/1/15-8/31/16	6,184,033	148,090
State:				
Direct Aid:				
State Support Operational				
Costs	N/A	7/1/16-6/30/17	7,127,617	7,127,617

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The College was determined to be a "low-risk auditee" for both federal and state programs.

COUNTY COLLEGE OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

COUNTY COLLEGE OF MORRIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.