



# COUNTY COLLEGE OF MORRIS

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

## FINANCIAL REPORT

Fiscal Years Ended  
June 30, 2020 and 2019

COUNTY  
COLLEGE  
OF MORRIS



**County College of Morris**  
**Annual Financial Report**  
**Fiscal Year Ended June 30, 2020**  
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200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

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## 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, 2020 and 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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 audits 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 College, as of June 30, 2020 and 2019, 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, the pension and post-retirement benefit 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 other supplementary schedules and the 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 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 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 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 February 22, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

February 22, 2021  
Mount Arlington, New Jersey

*Nisiroccia LLP*

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

### **Unaudited**

This section of the County College of Morris' audited financial statements 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, 2020 and 2019. Since this discussion and analysis focuses on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes.

### **Using This Annual Report**

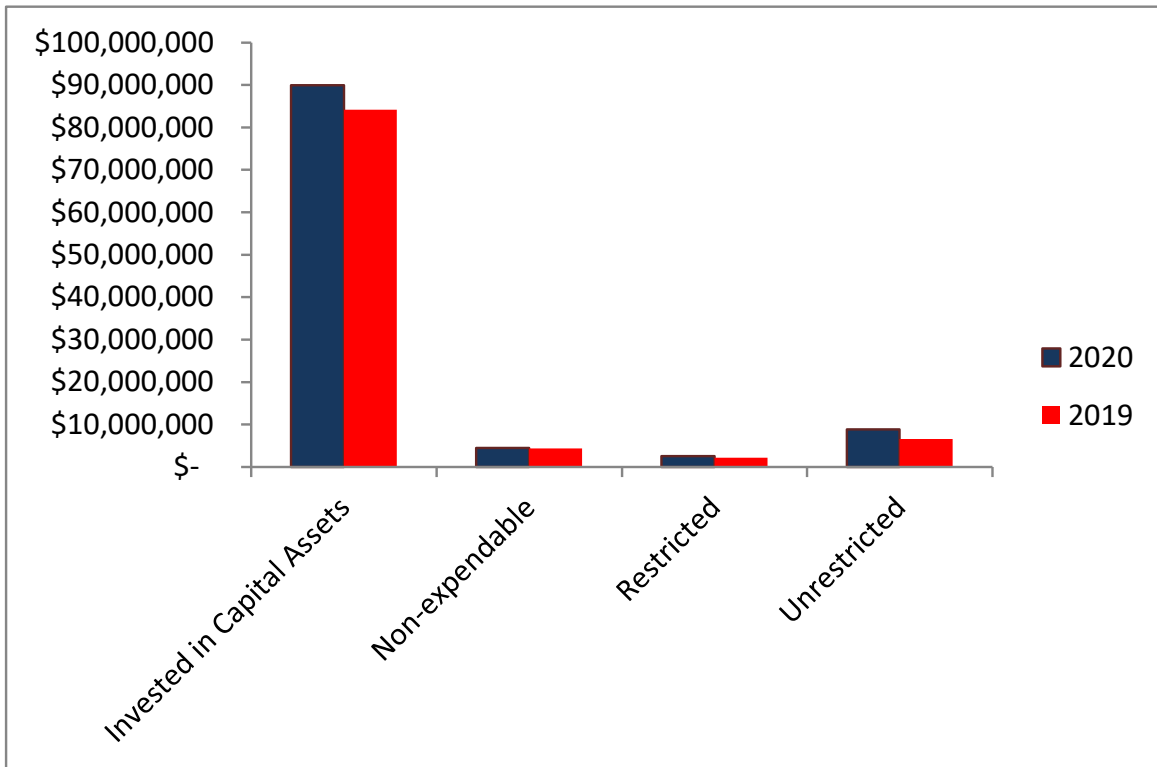
The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements are prepared using the accrual basis of accounting which recognizes revenues when earned and expenses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

## Financial Highlights

The following is a graphical illustration of net position as of June 30, 2020 and 2019:

### NET POSITION



#### Fiscal Year 2020 Compared to 2019

Net position increased by \$8.46 million. Unrestricted net position increased by \$2.27 million as a result of operations. Investments in capital assets increased by \$5.76 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$57 thousand. It should be noted that included in unrestricted net position is \$10.7 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 \$5.7 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.



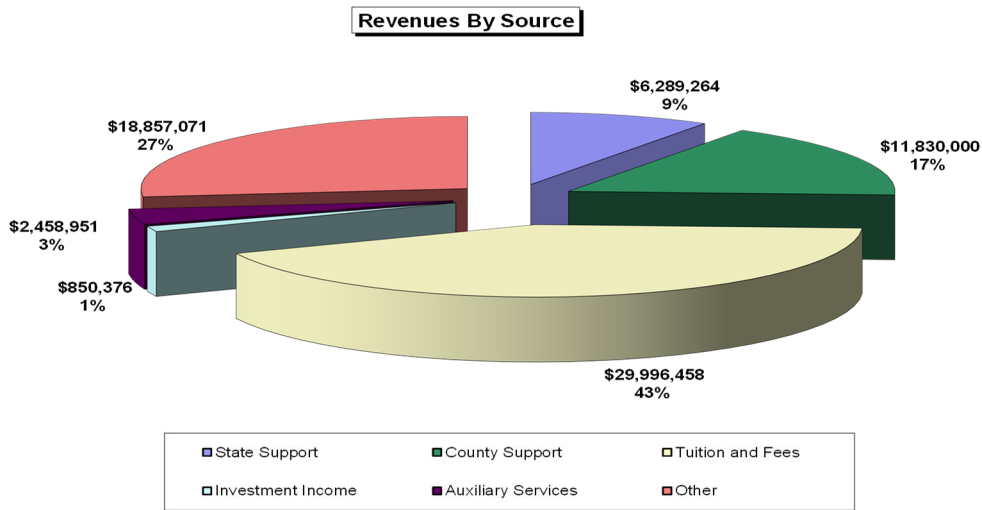
## Fiscal Year 2019 Compared to 2018

Net position increased by \$1.35 million. Unrestricted net position increased by \$2.09 million as a result of operations. Investments in capital assets decreased by \$939 thousand (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$41 thousand. It should be noted that included in unrestricted net position is \$12.3 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 \$5.7 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.

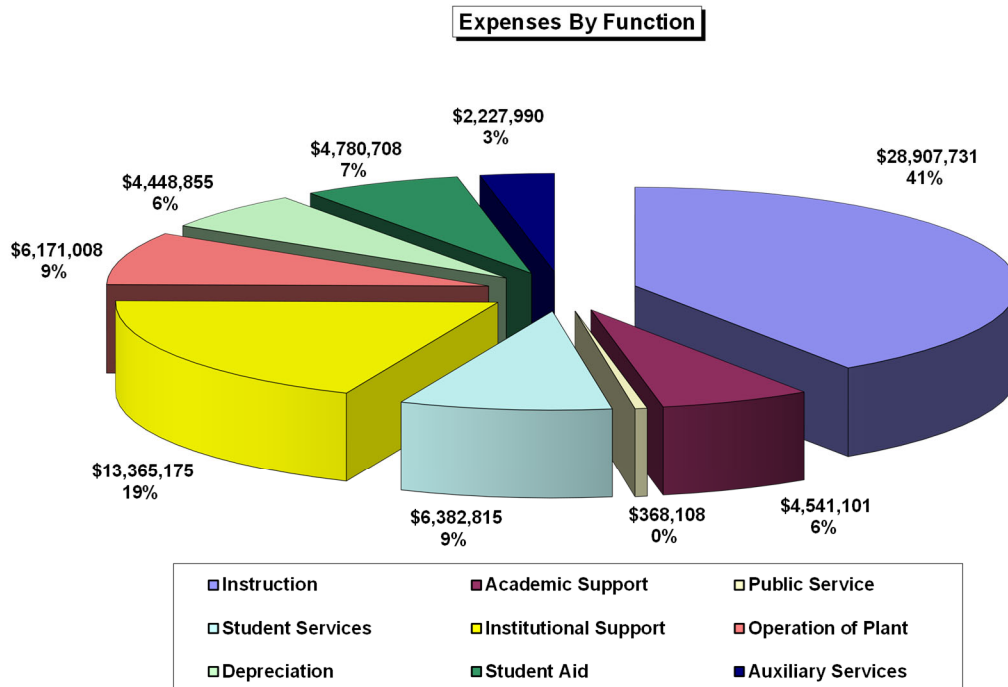
	2020	2019	2020-2019 Variance	Percent	2018	2019-2018 Variance	Percent
Total Non-capital Assets	\$ 54,573	\$ 51,548	\$ 3,025	6%	\$ 49,700	\$ 1,848	4%
Total Capital Assets, Net	90,057	84,333	5,724	7%	85,303	(970)	-1%
<b>TOTAL ASSETS</b>	<b>144,630</b>	<b>135,881</b>	<b>8,749</b>	<b>6%</b>	<b>135,003</b>	<b>878</b>	<b>1%</b>
Deferred Outflow s of Resources	3,581	5,621	(2,040)	-36%	7,851	(2,230)	-28%
Total Current Liabilities	10,072	8,731	1,341	15%	9,731	(1,000)	-10%
Total Non-current Liabilities	22,352	25,511	(3,159)	-12%	29,267	(3,756)	-13%
<b>TOTAL LIABILITIES</b>	<b>32,424</b>	<b>34,242</b>	<b>(1,818)</b>	<b>-5%</b>	<b>38,998</b>	<b>(4,756)</b>	<b>-12%</b>
Deferred Inflow s of Resources	10,030	9,965	65	1%	7,907	2,058	26%
Net Investment in Capital Assets	89,949	84,193	5,756	7%	85,131	(938)	-1%
Restricted Net Position	6,973	6,540	433	7%	6,344	196	3%
Unrestricted Net Position	8,835	6,562	2,273	-35%	4,474	2,088	-47%
<b>TOTAL NET POSITION</b>	<b>\$ 105,757</b>	<b>\$ 97,295</b>	<b>\$ 8,462</b>	<b>9%</b>	<b>\$ 95,949</b>	<b>\$ 1,346</b>	<b>1%</b>

## Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2020:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2020:



Below is a summary of operating results presented in thousands for the years ended June 30, 2020, 2019 and 2018:

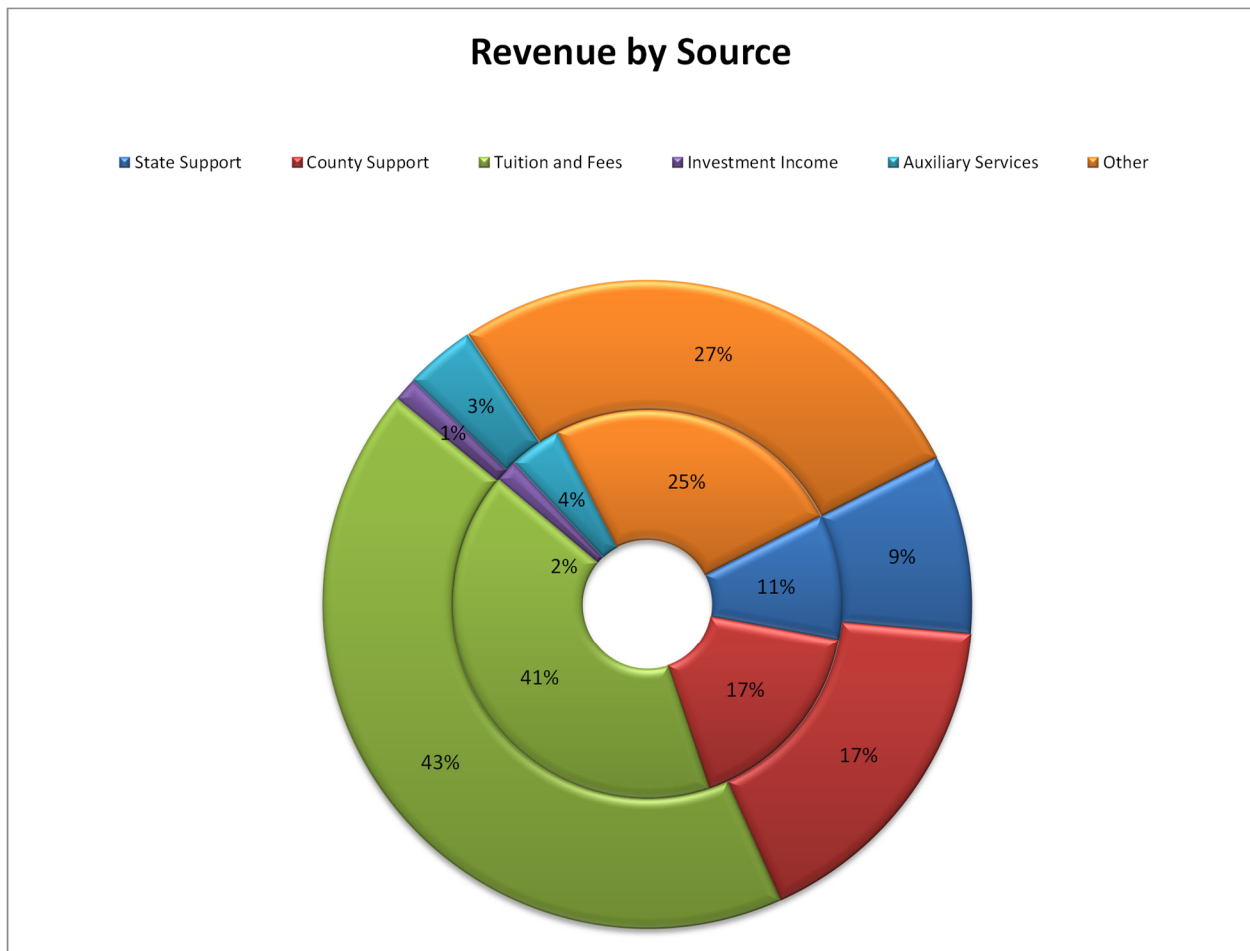
	2020	2019	2020-2019 Variance	Percent	2018	2019-2018 Variance	Percent
<b>OPERATING REVENUES</b>							
Student tuition and fees	\$ 29,996	\$ 28,994	\$ 1,002	3%	\$ 30,400	\$ (1,406)	-5%
Federal grants and contracts	3,094	895	2,199	246%	1,019	(124)	-12%
State and local grants and contracts	7,982	8,223	(241)	-3%	8,862	(639)	-7%
Auxiliary services	2,459	3,048	(589)	-19%	3,129	(81)	-3%
Gifts	303	291	12	4%	687	(396)	-58%
Other	650	996	(346)	-35%	892	104	12%
Total operating revenues	<u>44,484</u>	<u>42,447</u>	<u>2,037</u>	5%	<u>44,989</u>	<u>(2,542)</u>	-6%
<b>NON-OPERATING REVENUES</b>							
Federal grants and contracts	6,822	7,227	(405)	-6%	7,171	56	1%
State appropriation	6,289	7,335	(1,046)	-14%	7,257	78	1%
County appropriation	11,830	11,830	-	0%	11,830	-	0%
Investment income	850	1,293	(443)	-34%	818	475	58%
Other	7	16	(9)	-56%	22	(6)	-27%
Total non-operating revenues	<u>25,798</u>	<u>27,701</u>	<u>(1,903)</u>	-7%	<u>27,098</u>	<u>603</u>	2%
<b>TOTAL REVENUES</b>	<u>70,282</u>	<u>70,148</u>	<u>134</u>	0%	<u>72,087</u>	<u>(1,939)</u>	-3%
<b>OPERATING EXPENSES</b>							
Instruction	28,908	28,336	572	2%	28,636	(300)	-1%
Academic support	4,541	4,910	(369)	-8%	5,377	(467)	-9%
Public service	368	525	(157)	-30%	566	(41)	-7%
Student affairs	6,383	6,552	(169)	-3%	6,238	314	5%
Institutional support	13,365	12,215	1,150	9%	12,321	(106)	-1%
Operation and maintenance of plant	6,171	7,614	(1,443)	-19%	7,952	(338)	-4%
Depreciation	4,449	4,465	(16)	0%	4,403	62	1%
Student aid	4,781	3,745	1,036	28%	3,922	(177)	-5%
Auxiliary services	2,228	2,739	(511)	-19%	2,808	(69)	-2%
Total operating expenses	<u>71,194</u>	<u>71,101</u>	<u>93</u>	0%	<u>72,223</u>	<u>(1,122)</u>	-2%
<b>TOTAL EXPENSES</b>	<u>71,194</u>	<u>71,101</u>	<u>93</u>	0%	<u>72,223</u>	<u>(1,122)</u>	-2%
Excess (deficiency) before capital contributions and additions to permanent endowments	<u>(912)</u>	<u>(953)</u>	<u>41</u>	-4%	<u>(136)</u>	<u>817</u>	-601%
<b>OTHER REVENUES</b>							
Capital contributions	9,343	2,293	7,050	307%	1,392	901	65%
Additions to permanent endowments	31	6	25	417%	1,004	(998)	-99%
Total other revenues	<u>9,374</u>	<u>2,299</u>	<u>7,075</u>	308%	<u>2,396</u>	<u>(97)</u>	-4%
<b>INCREASE IN NET POSITION</b>	<u>8,462</u>	<u>1,346</u>	<u>\$ 7,116</u>	529%	<u>2,261</u>	<u>\$ 720</u>	32%
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>97,295</u>	<u>95,949</u>			<u>93,688</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 105,757</u>	<u>\$ 97,295</u>			<u>\$ 95,949</u>		

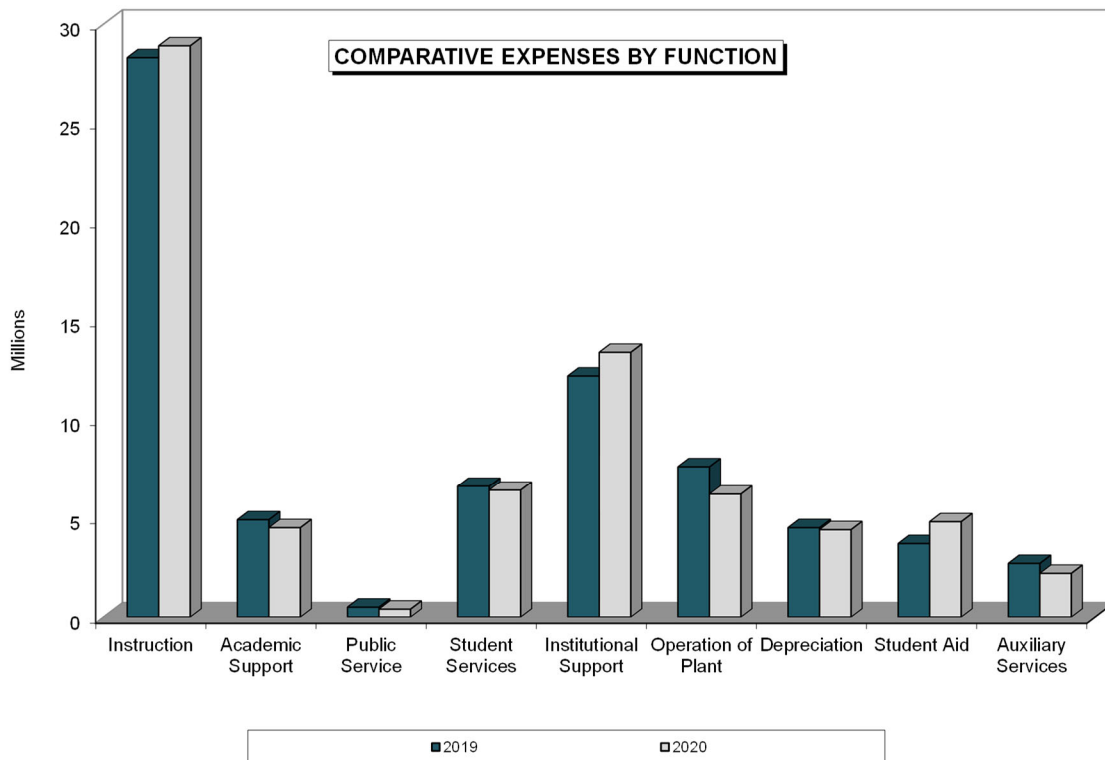
## Fiscal Year 2020 Compared to 2019

Operating revenues increased by 5% in 2020. Tuition and fees increased by 3% due to an increase in tuition of 5%. Revenues from state and local grants and contracts decreased by \$214 thousand or 3%, while revenues from federal grants and contracts increased by \$2.2 million or 246% (the majority from Corona Virus Relief funding). Gifts increased by \$12 thousand or 4%. Miscellaneous revenue decreased by \$346 thousand or 35% due to the cancellation of facility rentals and ticket sales due to the virus.

Non-operating revenues decreased by \$1.9 million. The County of Morris appropriation to the College remained flat. The College's appropriation from the State of New Jersey decreased by \$1.05 million. Federal Pell grants decreased by 6% or \$405 thousand due to a decline in enrollment. Investment income decreased by \$443 thousand or 34% as a result of declining interest rates.

Operating expenses increased by \$93 thousand. Student aid increased by \$1 million over the previous year as a result of Corona Virus Relief funding. Operations and maintenance of plant decreased by \$1.44 million. The campus was closed beginning 3/13/2020 due to the pandemic. All other expenses remained relatively constant.





### Fiscal Year 2019 Compared to 2018

Operating revenues decreased by 6% in 2019. Tuition and fees decreased by 5% due to a decline in credit hour enrollment. Revenues from state and local grants and contracts decreased by \$639 thousand or 7%, while revenues from federal grants and contracts decreased by \$124 thousand or 12%. Gifts decreased by \$396 thousand or 58%. Miscellaneous revenue increased by \$104 thousand or 12%.

Non-operating revenues increased by \$603 thousand. The County of Morris appropriation to the College remained flat. The College's appropriation from the State of New Jersey increased by \$78 thousand and federal Pell grants increased by 1% or \$56 thousand. Investment income increased by \$475 thousand or 58% as a result of improved interest rates and market performance.

Operating expenses decreased by \$1.1 million from the previous year as a result of employee turnover and vacancy savings. Salary increases averaged 2.75% and health benefit costs increased 6.6%. Depreciation increased by \$62 thousand. Student aid decreased by 5% consistent with the decline in credit hour enrollment. All other expenses remained relatively constant.

## Capital Assets and Long-Term Debt

The College completed the installation of exterior license plate reader cameras and continued the construction of the Advanced Manufacturing and Engineering Center (for more information see footnote 5 on capital assets on page 25).

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 \$118,909 (for more information see footnote 11 on page 39).

## **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 be a modest increase in support for fiscal years 2021 and 2022. The State of New Jersey's budget also contains level funding for the community colleges for fiscal year 2021. It took some effort to have the fiscal year 2020 cuts restored.

Higher education is a labor intensive industry. Negotiated salary increases were approximately 2.75% in 2020 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 a 6.6% increase in health benefit costs effective January 2020. Efforts are underway by the State of New Jersey to try to reduce the costs of health benefits for all state employees.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 5% beginning summer 2020. An additional increase of 2.3% was approved beginning the summer of 2021. Enrollment is projected to decline for the next few years. The Morris County high school senior population is projected to decline by 7% from 2020 to 2027. This statistic among others prompted the College to develop strategic enrollment and marketing plans 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. 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 \$3.4 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2020 and will receive an additional \$5.2 million in fiscal year 2021. 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.

COUNTY COLLEGE OF MORRIS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2020 and 2019

	2020		2019	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 23,977,752	\$ -	\$ 27,014,899	\$ 274,321
Student accounts receivable (less allowance of \$1,494,658 and \$1,334,738 in 2020 and 2019 respectively)	301,408	-	48,120	-
Other receivables, net	7,199,296	-	3,171,068	5,715
Inventory	667,410	-	768,451	-
Other assets	702,339	-	623,997	-
<b>Total Current Assets</b>	<b>32,848,205</b>	<b>-</b>	<b>31,626,535</b>	<b>280,036</b>
<b>Non-current Assets</b>				
Cash and cash equivalents	516,327	-	217,123	-
Investments	21,208,888	-	19,704,100	-
<b>Capital assets (net)</b>				
Sites (land) and construction in progress	12,805,772	-	3,485,484	-
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	77,251,145	-	80,847,686	-
<b>Total Non-current Assets</b>	<b>111,782,132</b>	<b>-</b>	<b>104,254,393</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>144,630,337</b>	<b>-</b>	<b>135,880,928</b>	<b>280,036</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pensions	3,581,202	-	5,620,735	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable - vendors	1,950,164	-	621,803	2,780
Accrued expenses	5,693,121	-	5,287,999	257
Unearned revenue	2,162,135	-	2,540,259	-
Compensated Absences Payable	232,383	-	248,547	-
Capital Lease Payable	34,233	-	32,620	-
<b>Total Current Liabilities</b>	<b>10,072,035</b>	<b>-</b>	<b>8,731,228</b>	<b>3,037</b>
<b>Non-current Liabilities</b>				
Compensated Absences Payable	1,431,952	-	1,420,450	-
Capital Lease Payable	73,706	-	107,938	-
Net Pension Liability	20,846,863	-	23,982,139	-
Deposits	-	-	-	9,939
<b>Total Non-current Liabilities</b>	<b>22,352,521</b>	<b>-</b>	<b>25,510,527</b>	<b>9,939</b>
<b>TOTAL LIABILITIES</b>	<b>32,424,556</b>	<b>-</b>	<b>34,241,755</b>	<b>12,976</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	10,029,544	-	9,965,045	-
<b>NET POSITION</b>				
Net Investment in capital assets	89,948,979	-	84,192,612	-
Restricted net position:				
Expendable for:				
Reserve for external restrictions	2,527,351	-	2,151,051	16,000
Non-expendable net position	4,446,327	-	4,388,887	-
Unrestricted net position	8,834,782	-	6,562,313	251,061
<b>TOTAL NET POSITION</b>	<b>\$ 105,757,439</b>	<b>\$ -</b>	<b>\$ 97,294,863</b>	<b>\$ 267,061</b>

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR FISCAL YEARS ENDING JUNE 30, 2020 and 2019

	2020		2019	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of scholarship allowances of \$6,093,085 and \$5,784,939)	\$ 29,996,458	\$ 1,560	\$ 28,994,364	\$ 9,603
Federal grants and contracts	3,094,362	-	894,902	-
State and local grants and contracts	7,981,480	-	8,223,036	-
Auxiliary services	2,458,951	-	3,047,563	-
Gifts	302,836	-	291,150	-
Other	650,015	4,777	996,342	210,278
Total Operating Revenues	<u>44,484,101</u>	<u>6,337</u>	<u>42,447,357</u>	<u>219,881</u>
<b>OPERATING EXPENSES</b>				
Instruction	28,907,731	-	28,335,681	-
Academic support	4,541,101	-	4,910,224	-
Public service	368,108	276,021	524,638	278,255
Student affairs	6,382,815	-	6,552,086	-
Institutional support	13,365,175	-	12,214,970	-
Operation and maintenance of plant	6,171,008	-	7,614,346	-
Depreciation	4,448,855	-	4,464,913	-
Student aid	4,780,708	-	3,745,198	-
Auxiliary services	2,227,990	-	2,738,567	-
Total Operating Expenses	<u>71,193,491</u>	<u>276,021</u>	<u>71,100,623</u>	<u>278,255</u>
Operating Income (Loss)	<u>(26,709,390)</u>	<u>(269,684)</u>	<u>(28,653,266)</u>	<u>(58,374)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Federal Grants	6,821,878	-	7,226,949	-
State appropriation	6,289,264	-	7,334,808	-
County appropriation	11,830,000	-	11,830,000	-
Investment income	850,376	2,623	1,292,554	4,927
Other	6,500	-	16,312	-
Net Non-operating Revenues	<u>25,798,018</u>	<u>2,623</u>	<u>27,700,623</u>	<u>4,927</u>
Income (Loss) Before Other Revenues (Expenses)	<u>(911,372)</u>	<u>(267,061)</u>	<u>(952,643)</u>	<u>(53,447)</u>
<b>OTHER REVENUES</b>				
Capital contributions	9,342,716	-	2,292,841	-
Additions to permanent endowments	31,232	-	6,050	-
Total Other Revenues	<u>9,373,948</u>	<u>-</u>	<u>2,298,891</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	8,462,576	(267,061)	1,346,248	(53,447)
NET POSITION - BEGINNING OF YEAR	97,294,863	267,061	95,948,615	320,508
NET POSITION - END OF YEAR	<u>\$ 105,757,439</u>	<u>\$ 0</u>	<u>\$ 97,294,863</u>	<u>\$ 267,061</u>

See accompanying Notes to Financial Statements



COUNTY COLLEGE OF MORRIS  
STATEMENT OF CASH FLOWS  
FOR FISCAL YEARS ENDING JUNE 30, 2020 and 2019

	2020 <u>College</u>	2019 <u>College</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 25,722,346	\$ 27,067,865
Gifts	389,989	410,574
Grants and contracts	6,008,733	3,362,043
Payments to suppliers	(34,763,412)	(35,150,048)
Payments to employees	(23,906,321)	(23,174,858)
Auxiliary enterprise charges	1,703,897	1,932,718
Other	560,034	679,680
Net Cash (Used) by Operating Activities	<u>(24,284,734)</u>	<u>(24,872,026)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Federal support	6,821,878	7,226,949
State support	6,289,264	7,334,808
County support	11,261,743	11,846,431
Agency Transactions	8,908	(3,275)
Endowment Receipts	31,232	6,050
Net Cash Provided by Non-Capital Financing Activities	<u>24,413,025</u>	<u>26,410,963</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations	6,715,915	2,005,583
Proceeds from sale of capital assets	-	-
Purchase of capital assets	(8,807,126)	(3,445,928)
Payment of Principal on long-term debt	(40,648)	(40,656)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>(2,131,859)</u>	<u>(1,481,001)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	(1,568,000)	(150,000)
Investment income	866,025	998,499
Purchase of investments	(32,400)	(56,150)
Net Cash Provided (Used) by Investing Activities	<u>(734,375)</u>	<u>792,349</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,737,943)</b>	<b>850,285</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>27,232,022</u></b>	<b><u>26,381,737</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 24,494,079</u></b>	<b><u>\$ 27,232,022</u></b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (26,709,390)	\$ (28,653,266)
<b>ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Depreciation	4,448,855	4,464,913
Changes in assets and liabilities:		
Student accounts receivable	(253,288)	160,983
Other receivable and Deferred Outflows	1,073,397	1,931,416
Inventory	101,041	(170,584)
Other assets	(78,342)	59,233
Accounts payable	274,671	1,969,218
Accrued expenses and Deferred Inflows	(2,763,552)	(4,985,219)
Unearned revenue	(378,126)	351,280
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (24,284,734)</u></b>	<b><u>\$ (24,872,026)</u></b>
<b>Supplemental Information</b>		
Changes in accounts receivable capital and related financing activities	2,633,302	265,038
Changes in fair value of investments	(96,213)	308,558

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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.

In the spring of 2019 Picatinny Arsenal requested that the Picatinny Technology Innovation Center vacate the base. On September 19, 2019 the Board of Directors passed a resolution authorizing dissolution. The center was officially dissolved on October 11, 2019.

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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

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

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

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.

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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

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.

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 PIRC are both exempt from taxation pursuant to Internal Revenue Code Section 501(c) (3). The Foundation and PIRC 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 2017 through 2019 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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 2: Cash, Cash Equivalents, and Investments

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

Investments are presented in the financial statements 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 investments for the year ended June 30, 2020 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, 2020 AND 2019

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:

	2020 College	2020 PITC	2019 College	2019 PITC
Cash on Hand	\$ 6,150	\$ -	\$ 14,200	\$ 200
Checking Accounts	6,521,581	-	2,857,388	11,308
Cash Management	1,028,245	-	3,299,506	-
Money Market Accounts	16,938,103	-	21,060,928	262,813
	<u>\$ 24,494,079</u>	<u>\$ -</u>	<u>\$ 27,232,022</u>	<u>\$ 274,321</u>

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2020 and June 30, 2019 was \$24,494,079 and \$27,232,022. The bank balance was \$24,636,004 and \$27,532,571. Of the bank balance, \$1,028,245 in 2020 and \$3,299,506 in 2019, 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, 2020 AND 2019

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:

	2020	2019
Certificates of deposit	\$ 14,368,000	\$ 12,800,000
Common Fund multi-strategy equity fund	4,385,299	4,427,191
Common Fund multi-strategy bond fund	2,245,826	2,180,524
Lakeland Bancorp, Inc. stock	209,763	296,385
	\$ 21,208,888	\$ 19,704,100

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

	2020	2019
Fair value, end of year	\$ 6,840,888	\$ 6,904,101
Less: Cost of investments purchased	33,000	6,050
Less: Fair value, beginning of year	6,904,101	6,589,493
Increase(Decrease) in fair value of Investments	\$ (96,213)	\$ 308,558

Note 3: Other Receivables

As of June 30 other receivables consisted of the following:

	2020		2019	
	College	PTIC	College	PTIC
County of Morris	\$ 4,281,503	\$ -	\$ 1,079,674	\$ -
Federal Awards Receivable	1,409,360	-	422,338	-
New Jersey Division of Pensions & Benefits	428,213	-	412,596	-
State Awards Receivable	4,702	-	3,735	-
Other	1,075,518	-	1,252,725	5,715
	\$ 7,199,296	\$ -	\$ 3,171,068	\$ 5,715



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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, 2020 AND 2019

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal year ended June 30, 2020 and 2019:

COUNTY COLLEGE OF MORRIS	June 30, 2019			June 30, 2020
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,984,401	\$ -	\$ -	\$ 1,984,401
Construction in progress	1,501,083	9,353,327	33,039	10,821,371
Total Capital Assets Not Being Depreciated	<u>3,485,484</u>	<u>9,353,327</u>	<u>33,039</u>	<u>12,805,772</u>
<b>Capital Assets Being Depreciated:</b>				
Land improvements	3,563,558	12,058	-	3,575,616
Infrastructure	11,552,828		10,184	11,542,645
Buildings and improvements	92,604,287	47,580	-	92,651,867
Equipment and furniture & fixtures	23,108,541	733,787	136,551	23,705,777
Software	1,577,511	59,446	-	1,636,956
Total Capital Assets Being Depreciated	<u>132,406,725</u>	<u>852,870</u>	<u>146,734</u>	<u>133,112,861</u>
<b>Total Capital Assets</b>	<u>135,892,209</u>	<u>10,206,197</u>	<u>179,773</u>	<u>145,918,633</u>
<b>Accumulated Depreciation:</b>				
Land improvements	1,569,377	177,456	-	1,746,833
Infrastructure	3,913,626	379,384	9,627	4,283,383
Buildings and improvements	28,667,105	1,883,671	-	30,550,776
Equipment and furniture & fixtures	15,899,988	1,953,114	136,551	17,716,552
Software	1,508,943	55,230	-	1,564,173
Total Accumulated Depreciation	<u>51,559,039</u>	<u>4,448,855</u>	<u>146,178</u>	<u>55,861,716</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$ 84,333,170</u>	<u>\$ 5,757,342</u>	<u>\$ 33,595</u>	<u>\$ 90,056,917</u>

PITC	June 30, 2019			June 30, 2020
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
<b>Capital Assets Being Depreciated:</b>				
Equipment and furniture & fixtures	\$ 17,789	\$ -	\$ 17,789.00	\$ -
Total Capital Assets Being Depreciated	<u>17,789</u>	<u>-</u>	<u>17,789.00</u>	<u>-</u>
<b>Total Capital Assets</b>	<u>17,789</u>	<u>-</u>	<u>17,789</u>	<u>-</u>
<b>Accumulated Depreciation:</b>				
Equipment and furniture & fixtures	17,789	-	17,789	-
Total Accumulated Depreciation	<u>17,789</u>	<u>-</u>	<u>17,789</u>	<u>-</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 5: Capital Assets (Cont'd)

	June 30, 2018			June 30, 2019
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
<b>COUNTY COLLEGE OF MORRIS</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,984,401	\$ -	\$ -	\$ 1,984,401
Construction in progress	318,611	2,521,749	1,339,278	1,501,083
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,303,012</u>	<u>2,521,749</u>	<u>1,339,278</u>	<u>3,485,484</u>
<b>Capital Assets Being Depreciated:</b>				
Land improvements	3,518,334	45,224	-	3,563,558
Infrastructure	11,555,970	-	3,141	11,552,828
Buildings and improvements	91,972,393	631,894	-	92,604,287
Equipment and furniture & fixtures	21,886,114	1,588,856	366,429	23,108,541
Software	1,527,769	49,742	-	1,577,511
<b>Total Capital Assets Being Depreciated</b>	<u>130,460,580</u>	<u>2,315,715</u>	<u>369,570</u>	<u>132,406,725</u>
<b>Total Capital Assets</b>	<u>132,763,592</u>	<u>4,837,465</u>	<u>1,708,848</u>	<u>135,892,209</u>
<b>Accumulated Depreciation:</b>				
Land improvements	1,394,006	175,371	-	1,569,377
Infrastructure	3,536,343	379,823	2,539	3,913,626
Buildings and improvements	26,795,640	1,871,465	-	28,667,105
Equipment and furniture & fixtures	14,287,306	1,976,801	364,119	15,899,988
Software	1,447,490	61,453	-	1,508,943
<b>Total Accumulated Depreciation</b>	<u>47,460,784</u>	<u>4,464,913</u>	<u>366,658</u>	<u>51,559,039</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$85,302,808</u>	<u>\$ 372,552</u>	<u>\$ 1,342,190</u>	<u>\$84,333,170</u>
	June 30, 2018			June 30, 2019
PITC	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
<b>Capital Assets Being Depreciated:</b>				
Equipment and furniture & fixtures	\$ 17,789	\$ -	\$ -	\$ 17,789
<b>Total Capital Assets Being Depreciated</b>	<u>17,789</u>	<u>-</u>	<u>-</u>	<u>17,789</u>
<b>Total Capital Assets</b>	<u>17,789</u>	<u>-</u>	<u>-</u>	<u>17,789</u>
<b>Accumulated Depreciation:</b>				
Equipment and furniture & fixtures	17,789	-	-	17,789
<b>Total Accumulated Depreciation</b>	<u>17,789</u>	<u>-</u>	<u>-</u>	<u>17,789</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 5: Capital Assets (Cont'd)

Construction in progress

The College has active construction projects as of June 30, 2020. The following tables present the balance of construction in progress activities for the fiscal year ended:

	2020		2019	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Engineering/Manufacturing Center	\$ 10,821,371	\$ 769,846	\$ 1,479,586	\$ 10,083,070
License Plate Reader	-	-	21,497.00	-
	<u>\$ 10,821,371</u>	<u>769,846</u>	<u>\$ 1,501,083</u>	<u>\$ 10,083,070</u>

Note 6: Accrued Expenses

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

	2020		2019	
	College	PITC	College	PITC
Payroll, Taxes and Agencies	\$ 3,926,855		\$ 3,763,985	
Vacations and Compensated Absences	1,562,753		1,412,628	
Other	203,513		111,386	\$ 257
	<u>\$ 5,693,121</u>	<u>\$ -</u>	<u>\$ 5,287,999</u>	<u>\$ 257</u>

Note 7: Pension Plans

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

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, 1955. 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.

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 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 benefits, life insurance, and long-term disability coverage, 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 7.50% in fiscal year 2020.

The phase-in of the additional incremental member contribution rate took 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, 2020 was 13.1% 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 \$1,129,591 for the fiscal year ended June 30, 2020.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

**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*  
*Voya Financial Services*  
*Teacher's Insurance and Annuity Association/College Retirement Equities Fund*  
*(TIAA/CREF)*  
*Mass Mutual Retirement Services*  
*VALIC*  
*Metlife*

During the fiscal year end June 30, 2020 employee contributions to the plan were \$1,074,131 and the State of New Jersey made on-behalf payments for the College contributions of \$1,446,531.

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

For the fiscal year ended June 30, 2020 employee contributions totaled \$35,025 and the College recognized pension expense of \$19,104. 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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

At June 30, 2020 the College reported a liability of \$20,846,863 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2019, the College's proportion was .1156971020% which was a decrease of .005483064% from its proportion measured as of June 30, 2019.

At June 30, 2020 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Amortization Period In Years	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of Assumptions	2019	5.21	\$ 2,081,636	\$ 7,235,880
Difference Between Expected And Actual Experience	2019	5.21	374,174	92,092
Changes in Proportion	2019	5.21		2,372,496
Net Difference Between Projected and Actual Earnings on Pension Plan Investment	2019	5.00	-	329,076
College Contribution Subsequent to Measurement Date	2019	1.00	1,125,392	
			<u>\$ 3,581,202</u>	<u>\$ 10,029,544</u>

\$1,125,392 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

Fiscal Year Ending June 30,		
2020	\$	(601,962)
2021		(1,952,755)
2022		(1,743,696)
2023		(818,755)
2024		(84,070)
	<u>\$</u>	<u>(5,201,238)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation rate:

Price	2.75%
Wage	2.75%

Salary Increases:

Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from base year 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation Strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**Discount Rate**

The discount rate used to measure the total pension liabilities of the plan was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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 based on 100% of the actuarially determined contributions for local employers.

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 2057. Therefore, the long-term expected rate of return on the plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 7: Pension Plans (Cont'd)

The following table represents the crossover period for the plan:

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

Long-term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate	From July 1, 2057 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 6.28%, 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:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
College's Proportionate Share of the Net Pension Liability	\$ 26,516,166	\$ 20,991,888	\$ 16,336,901

**Pension Plan Fiduciary Net Position**

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

Note 8: Retirement Program

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

Plan contributions are based on annual salary. Employees contribute 5% of salary and the State of New Jersey contributes 8% of salary, for a total contribution of 13%. The employer (8%) and employee (5%) contributions are sent to a delayed vesting contract immediately upon hire. The participants have personal contracts with the above companies and personally own the annuities. Total contributions from the State of New Jersey for the year-ended June 30, 2020 were \$1,446,531 and total expenses under the plan were \$333,745. State of New Jersey contributions are recognized as revenue and expenses in the appropriate periods.

COUNTY COLLEGE OF MORRIS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The College is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the College.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

COUNTY COLLEGE OF MORRIS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
		TPAF/ABP	PERS
Salary Increases:			
Through 2026		1.55 - 3.05%	2.00 - 6.00%
		based on Years of service	based on Years of service
Thereafter		1.55 - 3.05%	3.00 - 7.00%
		based on Years of service	based on Years of service

Mortality Rates

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS) and “Safety” (PERS) classification headcount-weighted mortality table fully generational mortality improvement projections from the central year using MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using Scale MP-2019.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively which is a decrease of .37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal rate.

Changes in the College's Total OPEB Liability

Balance at June 30, 2018	\$	69,222,174
Changes for Year:		
Service Cost		2,424,143
Interest Cost		2,734,048
Differences Between Expected and Actual Experience		(5,648,090)
Changes of Assumptions		1,009,781
Gross Benefit Payments		(2,078,948)
Contributions from Members		61,625
Net Changes		(1,497,441)
Balance at June 30, 2019	\$	67,724,733

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the College to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2019, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the College	\$ 80,009,673	\$ 67,724,733	\$ 57,966,250

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the College to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the College	\$ 55,802,161	\$ 67,724,733	\$ 83,507,770

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the College recognized OPEB expense of \$2,672,138 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the College's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferral Year	Original Amortization Period In Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 7,884,528
	2018	9.51		6,781,761
	2019	9.29	\$ 901,085	
			<u>901,085</u>	<u>14,666,289</u>
Difference Between Expected and Actual Experience	2018	9.51		6,410,875
	2019	9.29		10,605,831
				<u>17,016,706</u>
Changes in Proportion	N/A	N/A		<u>2,631,544</u>
			<u>\$ 901,085</u>	<u>\$ 34,314,539</u>



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 9: Postemployment benefits other than pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (4,132,918)
2021	(4,132,918)
2022	(4,132,918)
2023	(4,132,918)
2024	(4,132,918)
Thereafter	(10,117,320)
	\$ (30,781,910)

Note 10: Unearned Revenue

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

Note 11: 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, 2020:

	<b>June 30, 2019</b>			<b>June 30, 2020</b>
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 1,668,997	\$ 187,737	\$ 192,400	\$ 1,664,334
Deposits	9,939	-	9,939	-
Net Pension Liability	23,982,139		3,135,276	20,846,863
Capital Lease Payable	140,558	-	32,619	107,939
	\$ 25,801,633	\$ 187,737	\$ 3,370,234	\$ 22,619,136
	<b>June 30, 2018</b>			<b>June 30, 2019</b>
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 1,779,631	\$ 122,683	\$ 233,317	\$ 1,668,997
Deposits	11,811	-	1,872	9,939
Net Pension Liability	28,907,067		4,924,928	23,982,139
Capital Lease Payable	171,633	-	31,075	140,558
	\$ 30,870,142	\$ 122,683	\$ 5,191,192	\$ 25,801,633

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 11: Long-term Liabilities (Cont'd)

It is estimated that of the \$1,664,334 sick leave liability, \$1,431,951 is long term and \$232,383 is short term which may become due within one year based upon employee retirements. The capital lease payable at June 30 2020 was \$107,939 of that \$73,706 is long-term and \$34,233 is short-term.

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 \$1,092,332.

Fiscal Year Ending	Amount
June 30, 2021	\$ 39,630
June 30, 2022	39,631
June 30, 2023	39,648
Total Future Minimum lease payment	118,909
Less amount representing interest	10,970
Present value of net minimum lease payments	\$ 107,939

Note 12: Interfund Receivables and Payables

The following details interfund balances at June 30, 2020 and 2019.

Fund	2020		2019	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	\$ 1,719,838	\$ 32,344	\$ 672,708	\$ 28,140
Current Restricted Fund	648	295,759	-	452,293
Foundation Fund	-	4,781	-	8,267
Plant Fund	-	1,387,602	-	184,008
	\$ 1,720,486	\$ 1,720,486	\$ 672,708	\$ 672,708

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 12: Interfund Receivables and Payables (Cont'd)

June 30, 2020 and 2019 interfund balances reported are the result of reciprocal interfund activity. The majority of both the 2020 and 2019 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.

Note 13: Interfund Transfers

The following interfund transfers were made during the years ended June 30, 2020 and 2019:

	2020	2019
Mandatory Transfers:		
General to Restricted for Required Matching Funds	\$ 44,119	\$ 74,975
Foundation to Restricted for Program Expenditures	157,187	133,354
Foundation to Plant for Capital Projects	-	-
Non-mandatory Transfers:		
General to Plant for Self-funded Capital Projects	186,268	3,060,765
Foundation to Restricted for Program Expenditures	43,345	60,154
Bookstore to Plant for Self-Funded Capital Projects	-	-
Student Activities to Foundation for Scholarships	2,689	5,627

Note 14: 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, 2020 and 2019 is comprised of the following categories:

	2020		2019	
	College	PITC	College	PITC
Scholarships	\$ 1,311,872	\$ -	\$ 1,189,283	\$ -
Unemployment Benefit Reserve	271,548	-	187,408	-
Public Relations	50,112	-	128,161	16,000
Academics	886,695	-	638,197	-
Athletics	7,124	-	8,002	-
	\$ 2,527,351	\$ -	\$ 2,151,051	\$ 16,000

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 15: 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.

	2020	2019
Unrestricted Endowment	\$ 332,224	\$ 317,369
Endowment Income Restricted for Scholarships	4,114,103	4,071,518
	\$ 4,446,327	\$ 4,388,887

Note 16: 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 17: Unrestricted Net Position

The total Unrestricted Net Position at June 30, 2020 and 2019 was \$8,834,782 and \$6,562,313 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.

	2020	2019
Net Position	\$ 29,681,645	\$ 30,544,452
GASB 68 - Pension Liability	(20,846,863)	(23,982,139)
Net Position	\$ 8,834,782	\$ 6,562,313

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 17: Unrestricted Net Position

Prior to the implementation of GASB 68, the following amounts had been designated for future capital projects. The following have been appropriated by the Board of Trustees as of June 30, 2020.

Fund	2020	2019
Administrative Computing	\$ 39,035	\$ 39,035
Technology Reserve	2,075,742	2,782,242
Academic Furnishings	1,231,926	1,338,100
Furnishings and Equipment	519,850	1,022,126
Building Renovations	4,482,156	4,635,657
Video Surveillance	915,857	998,053
Planetarium Renovations	24,387	24,387
Engineering/Manufacturing	1,442,503	1,519,810
	\$ 10,731,456	\$ 12,359,410

Note 18: Related Party Transactions

During the years ended June 30, 2020 and 2019, the College recognized \$21,172,716 and \$14,122,841 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 \$178,250 in 2020 and \$210,026 in 2019.

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, 2020 AND 2019

Note 19: Risk Management (Cont'd)

Selected, summarized financial information for the Pool as of December 31, 2019 is as follows:

	<u>Morris County Insurance Fund</u>
Total Assets	\$10,558,634
Net Position	6,924,983
Total Operating Revenue	3,467,405
Total Operating Expenses	3,855,007
Non-Operating Revenue	176,475
Change in Net Position	(211,127)
Distributions to Participating Members	-0-

Financial statements for the Pool are available at the Morris County Treasurer's Office.

County of Morris  
Administration and Records Building  
4<sup>th</sup> FL, CN 900  
Morristown, New Jersey 07963

New Jersey Unemployment Compensation Insurance: The College self funds its New Jersey unemployment compensation insurance claims. The balance at June 30, 2020 was \$271,548.

Note 20: Contingent Liabilities

At June 30, 2020 the College had commitments of approximately \$891 thousand for the Engineering/Manufacturing Center. The project is funded via County approved Chapter 12 bonds. The majority of this commitment is expected to occur in 2020. The \$891 thousand 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.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

Note 21: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the College's normal financial operations. Though the impact on the College's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the Operating Fund. Also, there have been additional operating expenses in the Operating Funds not planned for or expected at the time of the adoption of the College's budget related to COVID-19.

Additionally, the College's cash flow in the Operating Funds may be affected by the timing of the collection of the College's revenue as well as certain State aid payments.

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 2020, 2019, 2018, 2017, 2016 And 2015

	2020	2019	2018	2017	2016	2015
College's portion of the net pension liability (asset)	0.12%	0.12%	0.12%	0.13%	0.13%	0.14%
College's proportionate share of the net pension liability (asset)	\$ 20,846,863	\$ 23,982,140	\$ 28,907,067	\$ 38,391,141	\$ 30,107,819	\$ 25,570,494
College's covered-employee payroll	\$ 8,543,248	\$ 8,492,211	\$ 8,508,185	\$ 8,720,913	\$ 8,721,814	\$ 9,183,519
College's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	244.02%	282.40%	339.76%	440.22%	345.20%	278.44%
Plan fiduciary net positions as a percentage of the total pension liability	56.27%	53.60%	48.10%	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 2020, 2019, 2018, 2017, 2016 And 2015

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,125,392	\$ 1,211,533	\$ 1,150,393	\$ 1,151,568	\$ 1,153,094	\$ 1,125,901
Contributions in relation to the contractually required contribution	<u>(1,125,392)</u>	<u>(1,211,533)</u>	<u>(1,150,393)</u>	<u>(1,151,568)</u>	<u>(1,153,094)</u>	<u>(1,125,901)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 8,543,248	\$ 8,492,211	\$ 8,508,185	\$ 8,720,913	\$ 8,721,814	\$ 9,183,519
Contributions as a percentage of covered-employee payroll	13.17%	14.27%	13.52%	13.20%	13.22%	12.26%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST THREE FISCAL YEARS

	June 30, 2017	Fiscal Years Ending June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost	\$ 3,613,595	\$ 3,040,061	\$ 2,424,143
Interest Cost	2,388,846	2,795,154	2,734,048
Changes in Assumptions	(9,432,674)	(7,943,591)	1,009,781
Difference Between Expected and Actual Experience	-	(2,804,966)	(5,648,090)
Member Contributions	64,754	63,973	61,625
Gross Benefit Payments	<u>(1,758,527)</u>	<u>(1,850,976)</u>	<u>(2,078,948)</u>
Net Change in Total OPEB Liability	(5,124,006)	(6,700,345)	(1,497,441)
Total OPEB Liability - Beginning	<u>81,046,525</u>	<u>75,922,519</u>	<u>69,222,174</u>
Total OPEB Liability - Ending	<u>\$ 75,922,519</u>	<u>\$ 69,222,174</u>	<u>\$ 67,724,733</u>
College's Covered Employee Payroll *	\$ 26,665,442	\$ 26,298,857	\$ 26,359,839
Total OPEB Liability as a Percentage of Covered Employee Payroll	285%	263%	257%

\* - Covered payroll for the Measurement Periods ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

County College of Morris  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

Public Employees' Retirement System

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows: Price-2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirement and beneficiaries of former members. In addition, the tables for service requirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Retiree mortality table with 127.7% adjustment for males and 117.2% adjustment for females, and with future improvements from base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

## State Health Benefit Local Education Retired Employees OPEB Plan

### Benefit Changes

There were none.

### Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of-.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based upon the following:

Pre-retirement mortality rates were based on Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 22, 2021.

**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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

February 22, 2021  
Mount Arlington, New Jersey

*Nisiroccia 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, 2020. 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, 2020.

**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.

February 22, 2021  
Mount Arlington, New Jersey

*Nisiroccia LLP*



COUNTY COLLEGE OF MORRIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2020

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authorizations	Amount Received 19-20	Amount Rec'd to Date	Grant Expenditures 19-20	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2020	Amount Paid to Sub-recipient
<u>U.S. Department of Education:</u>											
<u>Student Financial Assistance Program Cluster:</u>											
<u>Direct Aid:</u>											
PELL		84.063	E-P063P192994	9/1/19-8/31/20	\$ 7,256,752	\$ 6,769,327	\$ 6,769,327	\$ 6,788,193	\$ 6,788,193	\$ 18,866	\$ -
PELL		84.063	E-P063P182994	9/1/18-8/31/19	7,030,804	358,357	7,030,804	33,685	7,030,804	-	-
SEOG		84.007	E-P007A192547	9/1/19-8/31/20	205,287	205,287	205,287	205,287	205,287	-	-
CWS		84.033	E-P033A192547	7/1/19-6/30/20	182,851	182,851	182,851	182,851	182,851	-	-
CWS		84.033	E-P033A182547	7/1/18-6/30/19	172,851	15,497	172,851	5,121	172,851	-	-
DIRECT LOANS		84.268	P-268K202994	9/1/19-8/31/20	5,382,608	5,148,805	5,148,805	5,148,805	5,148,805	-	-
DIRECT LOANS		84.268	P-268K192994	9/1/18-8/31/19	5,378,154	33,559	5,378,154	32,100	5,378,154	-	-
					25,609,307	12,713,683	24,888,079	12,396,042	24,906,945	18,866	-
Subtotal Student Financial Assistance Program Cluster											
<u>Education Stabilization Fund Program Cluster:</u>											
US Department of Education	HEERF - Student Aid Portion	84.425E	P425E2004478	4/21/20-4/21/21	1,867,019	671,623	671,623	671,623	671,623	-	-
US Department of Education	HEERF - Institution Portion	84.425F	P425F201065	5/5/20-5/4/21	1,867,019	201,806	201,806	347,619	347,619	145,813	-
US Department of Education	CCM COVID-19 Strengthening Institutions Funding	84.425M	P425M200124	5/28/20-5/28/21	185,857	-	-	-	-	-	-
					3,919,895	873,429	873,429	1,019,242	1,019,242	145,813	-
US Department of Education	CCAMPIS Program	84.335A	P335A190367	10/1/19-9/30/20	71,438	10,082	10,082	18,673	18,673	8,591	-
U.S. Department of Education											
<u>Pass Through Funds:</u>											
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSF5715520	7/1/19-6/30/20	434,717	335,818	335,818	434,527	434,527	98,709	-
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSF5715519	7/1/18-6/30/19	401,309	28,094	401,309	1,309	401,309	-	-
					836,026	363,912	737,127	435,836	835,836	98,709	-
Total U.S. Department of Education											
					30,436,666	13,961,106	26,508,717	13,869,793	26,780,696	271,979	-
<u>US Department of the Treasury</u>											
US Department of the Treasury	Covid 19 - Corona Virus Relief Fund I - CRF I	21.019	N/A	3/1/20-12/31/20	1,005,724	-	-	749,882	749,882	749,882	-
US Department of the Treasury	Covid 19 - Corona Virus Relief Fund I - CRF II	21.019	N/A	3/1/20-12/31/20	1,300,477	-	-	236,760	236,760	236,760	-
					2,306,201	-	-	986,642	986,642	986,642	-

COUNTY COLLEGE OF MORRIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2020

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authorizations	Amount Received 19-20	Amount Rec'd to Date	Grant Expenditures 19-20	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2020	Amount Paid to Sub-recipient
<u>National Science Foundation:</u>											
National Science Foundation	Noyce Teacher Scholarship Program - Math	47.076	DUE-1660719-CCM	4/1/17-3/31/209	29,627	281	19,489	10,036	29,525	10,036	-
National Science Foundation	Northern New Jersey Bridges to Baccalaureate	47.076	HRD-1817365	9/1/18-8/31/21	246,975	28,852	41,550	44,175	71,968	30,418	-
National Science Foundation	Renewable Energy Systems Training (REEST)	47.076	1902442-997178	7/1/19-6/30/22	223,892	530	530	530	530	-	-
					<u>500,494</u>	<u>29,763</u>	<u>61,569</u>	<u>54,741</u>	<u>102,023</u>	<u>40,454</u>	<u>-</u>
<u>U.S. Department of Labor:</u>											
US Department of Labor	Scaling Apprenticeship Through Sector Based Strategies - Advanced Mfg Grant	17.268	HG-33031-19-60-A-34	7/15/19-7/14/23	3,999,823	93,074	93,074	183,974	183,974	90,900	36,154
US Department of Labor	Scaling Apprenticeship Through Sector Based Strategies - Health Works Grant	17.268	HG-33026-19-60-A-34	7/15/19-7/14/23	132,960	-	-	-	-	-	-
					<u>4,132,783</u>	<u>93,074</u>	<u>93,074</u>	<u>183,974</u>	<u>183,974</u>	<u>90,900</u>	<u>36,154</u>
<u>National Security Agency:</u>											
National Security Agency	GenCyber Grant	12.903	H98230-18-1-0279	5/1/18-4/30/19	59,832	8,073	50,954	-	50,954	-	-
					<u>\$ 37,435,976</u>	<u>\$ 14,092,616</u>	<u>\$ 26,714,314</u>	<u>\$ 15,095,150</u>	<u>\$ 28,104,289</u>	<u>\$ 1,389,975</u>	<u>\$ 36,154</u>
	Total Federal Awards										

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, 2020

Name of Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authorizations	Amount Received 19-20	Amount Rec'd to Date	Grant Expenditures 19-20	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2020
<u>Direct Aid:</u>									
TAG		2124	7/1/19-6/30/20	\$ 1,588,617	\$ 1,562,311	\$ 1,562,311	\$ 1,558,617	\$ 1,558,617	\$ (3,694)
TAG		2124	7/1/18-6/30/19	1,213,043	2,698	1,213,043	2,008	1,213,043	-
TAG		2124	7/1/17-6/30/18	1,347,024	(8,556)	1,347,024	(4,016)	1,347,024	-
TAG		2124	7/1/16-6/30/17	1,269,162	(5,132)	1,269,162	197	1,269,162	-
EOF Article III		2124	6/1/19-6/30/20	94,429	94,429	94,429	94,429	94,429	-
EOF Article IV		2124	6/1/19-6/30/20	132,454	132,454	132,454	128,071	128,071	(4,383)
EOF Article III Summer 2020		2124	6/1/20-6/30/21	29,800	17,312	17,312	5,530	5,530	(11,782)
EOF Article IV Summer 2020		2124	6/1/20-6/30/21	4,234	4,234	4,234	-	-	(4,234)
EOF Article III Summer 2019		2124	6/1/19-6/30/20	25,889	19,697	25,889	21,521	25,889	-
NJ Best		2124	7/1/19-6/30/20	12,500	12,500	12,500	12,500	12,500	-
NJ Givs		2124	7/1/19-6/30/20	55	55	55	55	55	-
NJ Stars Program 2020		2124	7/1/19-6/30/20	186,794	186,794	186,794	179,591	179,591	(7,203)
NJ Stars Program 2019		2124	7/1/18-6/30/19	144,016	144,139	144,139	-	144,016	(123)
Community College Opportunity Grant 2020		2124	7/1/19-6/30/20	896,469	896,469	896,469	892,160	892,160	(4,309)
Community College Opportunity Grant 2019		2124	7/1/18-6/30/19	216,993	216,993	216,993	(300)	215,867	(1,126)
NJ Class Loans		N/A	7/1/19-6/30/20	21,700	21,700	21,700	21,700	21,700	-
				<u>7,183,179</u>	<u>3,298,097</u>	<u>7,144,508</u>	<u>2,912,063</u>	<u>7,107,654</u>	<u>(36,854)</u>
<u>Dept. of Children and Families:</u>									
<u>Direct Aid:</u>									
Division on Women		20CLPW	7/1/19-6/30/20	150,000	150,000	150,000	141,397	141,397	(8,603)
Division on Women		19CLPW	7/1/18-6/30/19	150,000	(9,858)	140,142	-	140,142	-
				<u>300,000</u>	<u>140,142</u>	<u>290,142</u>	<u>141,397</u>	<u>281,539</u>	<u>(8,603)</u>
<u>New Jersey Council for the Humanities:</u>									
<u>Direct Aid:</u>									
Legacy Project - War, Peace & Healing		2019-13-Secco	7/1/19-6/30/21	12,685	11,417	11,417	6,373	6,373	(5,044)
<u>Office of the Secretary of Higher Education:</u>									
<u>Direct Aid:</u>									
Community College Opportunity Grant - Plannin		N/A	8/2/19-6/30/20	265,000	265,000	265,000	264,726	264,726	(274)
Community College Opportunity Grant - Plannin		N/A	9/15/18-8/1/19	250,000	-	250,000	42,983	250,000	-
College Readiness VI Project		NA	6/1/19-6/30/20	48,626	11,959	11,959	31,343	31,343	19,384
College Readiness V Project		NA	6/1/18-6/30/20	48,626	44,004	46,252	9,107	46,252	-
				<u>612,252</u>	<u>320,963</u>	<u>573,211</u>	<u>348,159</u>	<u>592,321</u>	<u>19,110</u>

Direct Aid:

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, 2020

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authorizations	Amount Received 19-20	Amount Rec'd to Date	Grant Expenditures 19-20	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2020
	State Support Operational Costs	N/A		6,289,264	6,289,264	6,289,264	6,289,264	6,289,264	-
	Alternate Benefit Reimbursements	N/A	7/1/19-6/30/20	1,446,531	1,018,318	1,018,318	1,446,531	1,446,531	428,213
	Alternate Benefit Reimbursements	N/A	7/1/18-6/30/19	1,351,289	412,596	1,351,289	-	1,351,289	-
				2,797,820	1,430,914	2,369,607	1,446,531	2,797,820	428,213
				2,300	460	2,300	-	2,300	-
				2,300	460	2,300	-	2,300	-
				\$ 17,197,500	\$ 11,491,257	\$ 16,680,449	\$ 11,143,787	\$ 17,077,271	\$ 396,822

Pass Through Funds:  
 Arts Council of Morris Area

Total State Awards

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, 2020**

**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, 2020. 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, 2020

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./State</u> <u>Grant Id Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Expenditures</u>
Federal:				
Student Financial Aid Cluster				
PELL	84.063	9/1/19-8/31/20	\$ 7,256,752	\$ 6,788,193
PELL	84.063	9/1/18-8/31/19	7,030,804	33,685
SEOG	84.007	9/1/19-8/31/20	205,287	205,287
CWS	84.033	7/1/19-6/30/20	182,851	182,851
CWS	84.033	7/1/18-6/30/19	172,851	5,121
Direct Loans	84.268	9/1/19-8/31/20	5,382,608	5,148,805
Direct Loans	84.268	9/1/18-8/31/19	5,378,154	32,100
Education Stabilization Fund:				
Student Funding	84.425E	4/21/20-4/21/21	1,867,019	671,623
Institutional Relief	84.425F	5/1/20-5/4/21	1,867,019	347,619
Corona Virus Relief Fund:				
CRF I	21.019	3/1/20-12/31/20	1,005,724	236,760
CRF II	21.019	3/1/20-12/31/20	1,300,477	749,882
State:				
Community College Opportunity Grant	2124	7/1/19-6/30/20	896,469	892,160
Alternative Benefit Reimbursements	N/A	7/1/19-6/30/20	1,446,531	1,446,531

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- 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.

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, 2020

Status of Prior Year Findings:

There were no prior year findings.