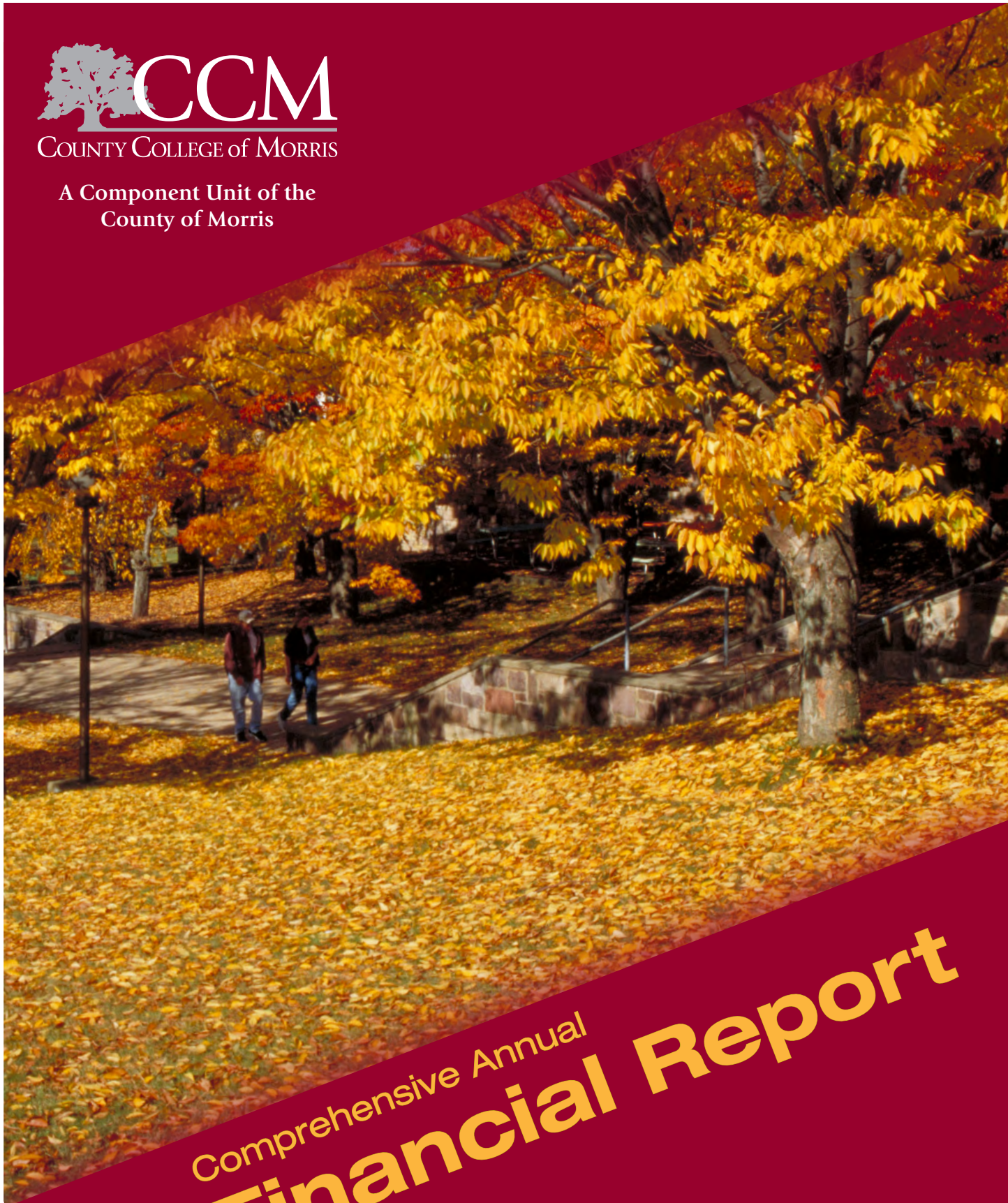




A Component Unit of the  
County of Morris



Comprehensive Annual  
**Financial Report**

Fiscal Years Ended  
June 30, 2016 and 2015





A Component Unit of the  
County of Morris

Comprehensive Annual  
**Financial Report**

Fiscal Years Ended  
June 30, 2016 and 2015

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



**County College of Morris**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2016**  
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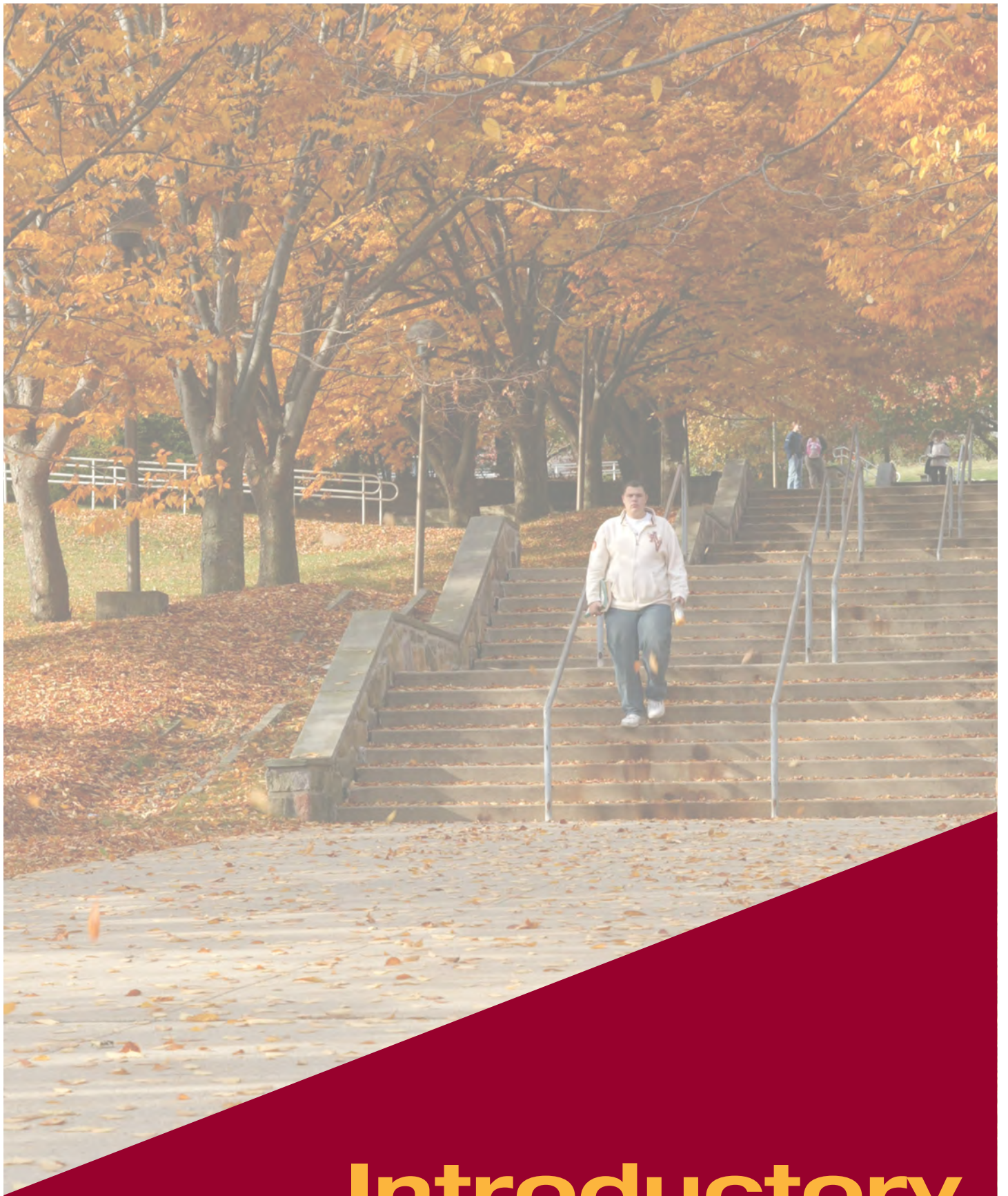
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# Introductory Section







November 18, 2016

## President's Letter

Members of the Board of Trustees:

I am pleased to submit to the Board and the college community the Comprehensive Annual Financial Report for Fiscal Year 2016. This document presents the record of the College's financial operations for the past fiscal year.



I am honored to be the third president of the County College of Morris. The College is a valuable resource to the community providing outstanding educational and partnership opportunities to all stakeholders. We are committed to our mission of providing a quality and affordable education as well as life long learning opportunities to anyone with the desire to learn and advance. On a daily basis our faculty and staff impact and transform lives thereby enhancing our communities and society as a whole.

We continued to fulfill our commitment to improve academic facilities to support student learning. During the fiscal year we completed the construction of our new Music Technology Center and renovation of the Media Center. These projects provide state of the art teaching facilities unique for a community college. Additionally, the completion of the Route 10 Access Road provides an important third egress in the case of an emergency and alleviates traffic concerns on secondary roads. The College started the implementation of the Music Technology Studio Equipment and Access Control System, Henderson Hall Window Replacement project, renovation of the Cohen Hall Café, computer labs, and construction of a storage building in Lot 3. All projects are to be completed by the end of May 2017. The ongoing enhancements to our facilities will better position us to grow our educational offerings and enrollment and remain relevant to the community at large.

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

Respectfully,

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

Anthony J. Iacono, Ph.D.  
President

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## **Transmittal Letter**

November 18, 2016

To President Iacono and Members of the Board of Trustees:

The Comprehensive Annual Financial Report of the County College of Morris and its component units for fiscal year ended June 30, 2016 is hereby submitted. Responsibility for the accuracy and completeness of the data, as well as the fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is displayed in a manner that presents fairly the financial position and results of operations of the various activities of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included.

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

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

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (pages 14-22) which focuses on current activities, resulting change, and currently known facts.

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

The County College of Morris was founded in 1965 and opened its doors in 1968. The College is situated on 222 acres in picturesque Morris County, home of 39 municipalities. County College of Morris is a comprehensive community college offering many degree and certificate programs. The College is accredited by the Commission of Higher Education of the Middle States Association of Colleges and Secondary Schools and has granted over 49,860 degrees. The College has one off-campus site located in Morristown that provides courses for traditional students, adults, career professionals and local businesses.

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

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

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

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

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

## **General**

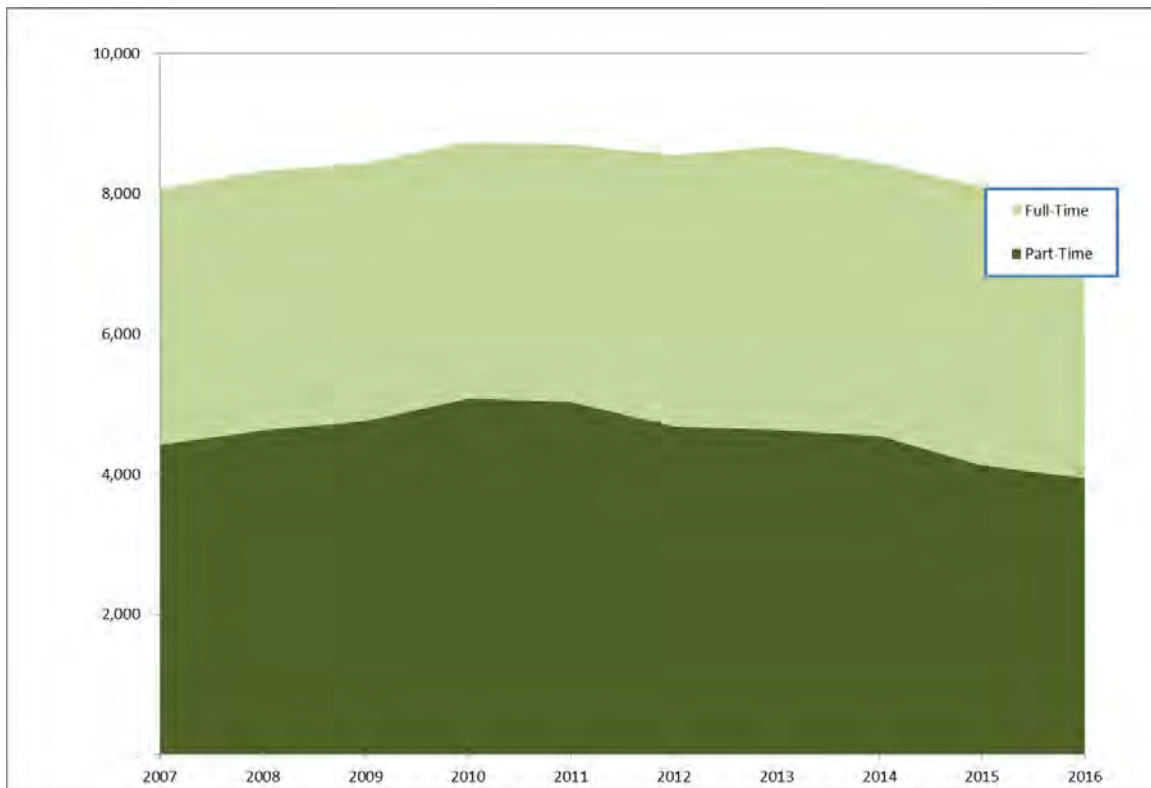
The College maintains its accounts and prepares its financial statements in accordance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and the National Association of College and

University Business Officers (NACUBO). The College, like other public colleges and universities following the college guide model, uses funds to organize their accounting records. The financial records are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when a legal obligation to pay exists. The notes to the financial statements expand upon the accounting principles applied.

## Enrollment

In the fall of 2015 78.5% of the College’s students were Morris County residents and the remaining 21.5% were from surrounding counties and other areas. Various foreign countries are represented, enriching campus diversity. The data also shows that eighteen percent of high school seniors from Morris County who go on to college choose to attend the County College of Morris. Over the past several semesters, the College has experienced a moderate decline in credit hour enrollment with corresponding fluctuations in headcount enrollment.

Fall enrollment over the last ten years is as follows:



## Budget Information

The autonomy of the budget function, which controls the College’s chart of accounts, provides for the proper segregation of duties between the Budget and Accounting offices. The Office of Advancement and Planning provides enrollment projections to the Director of Budget & Business Services. The budget is prepared on an annual basis with a

forecast for the succeeding three years. The results are analyzed for accuracy and reasonableness before varying scenarios are projected. The recommended budget parameters are presented to the Finance and Budget Committee of the Board of Trustees for review and approval. Once approved, the Annual Budget Request is developed and approved by the College Board of Trustees. The Morris County Board of School Estimates approves the County's appropriation.

## **Economic Outlook**

Morris County is located in north-central New Jersey, approximately 30 miles from New York City. The county's proximity to New York City, its diverse employment base, and its highly skilled and well educated labor pool are all contributing factors to the county being among the wealthiest in the state and nation. The population of Morris County is projected to increase by 4.5% or 26,891 by 2022. As of 2014, income levels exceed the state's average by 38% and housing values are 33% above average. The county is home to several Fortune 500 companies including Honeywell International, PBF Energy, Avis Budget Group, Quest Diagnostics, Realogy Holdings and Wyndham Worldwide. The jobless rate in the county as of June 2016 was 3.9%; 1.2% below the state's rate of 5.1%.

The College's financial outlook for the future continues to be cautious. The College's enrollment remained relatively flat last year after two years of decline and is expected to remain that way in the near future which is consistent with the number of anticipated high school graduates. The State of New Jersey's budget constraints will most likely mean flat or reduced funding to the sector. The distribution of aid is partially based upon fundable credit hour enrollment; therefore the College may realize a slight increase in funding due to the fact that enrollment decreases for the College have been less than the average for the sector. The County of Morris operating appropriation increased by 2% for FY2016 and will remain at the same level next year. Ideally one third of the revenue of the county colleges would be funded by the state, with the counties funding one third and tuition and fees covering the remaining one third. Students are currently paying for 64% of the cost of education, with the county picking up 21%, the state 13%, and the balance funded by miscellaneous and investment income. Tuition increases as well as additional cost containment initiatives will continue to be necessary in the future unless increased funding is obtained from the state and county or enrollment increases.

Health benefits costs have increased by approximately 8% over the past several years and will continue to be a challenge in the future. State mandated employee contributions of a minimum of 1½% of salary will help defray some of the costs. In addition, the College is participating in various consortiums to leverage buying power, thereby reducing costs. The College continues to invest in energy efficient heating, ventilation, and air conditioning systems to reduce operating costs. The College has always operated within its resources and will continue to do so with cost containment and revenue enhancement initiatives. We are proud of the College's sound financial position and look forward to providing future financial stewardship and leadership.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Excellence in Financial Reporting to County College of Morris for its comprehensive annual financial report for the fiscal years ended June 30, 2003 through June 30, 2015. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles, applicable legal requirements and more stringent disclosures.

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

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

Respectfully submitted,



Karen VanDerhoof, CPA  
Vice President for Business and Finance

County College of Morris  
Principal Officials  
Year Ended June 30, 2016

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BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expiration</u>
Dr. Joseph L. Ricca, Jr.	Chair	10/31/2019
Paul R. Licitra	Vice Chair	10/31/2016
Laurie Bogaard, Esq.	Treasurer	10/31/2017
Michael A. Van Allen	Secretary	10/31/2017
Jeffrey M. Advokat, Esq	Trustee	10/31/2016
Frank P. Giarratano	Trustee	10/31/2017
Barbara L. Hadzima	Trustee	10/31/2016
Roger A. Jinks	Trustee	Appt. by State Statute
Thomas A. Pepe	Trustee	10/31/2019
Lance Tkacs	Trustee	10/31/2016
Dr. Joseph S Weisberg	Trustee	10/31/2019

OFFICERS OF THE COLLEGE

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

OFFICIALS ISSUING REPORT

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

DIVISION ISSUING REPORT

Business and Finance

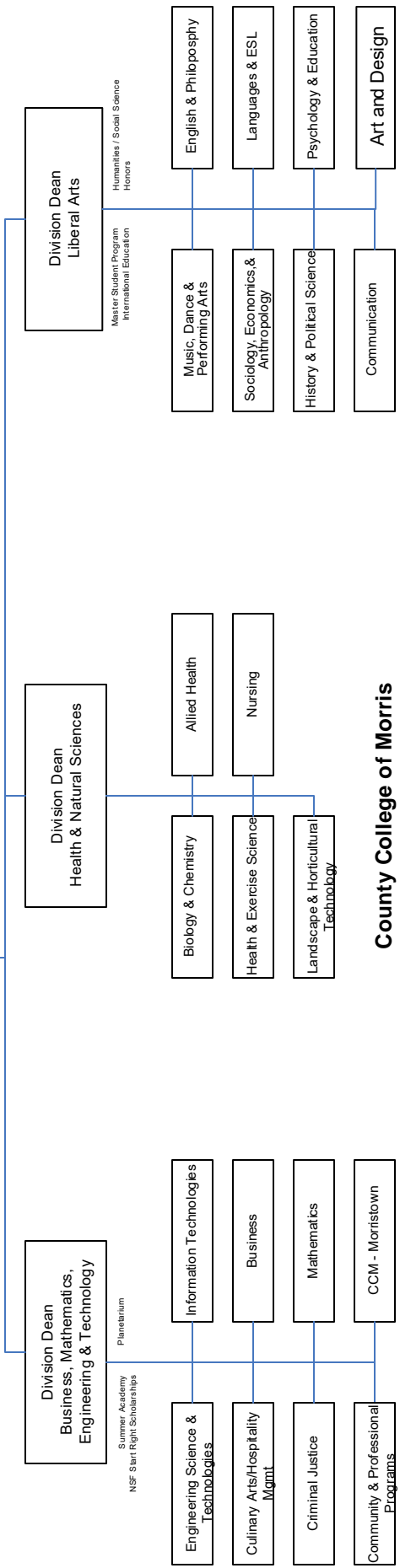
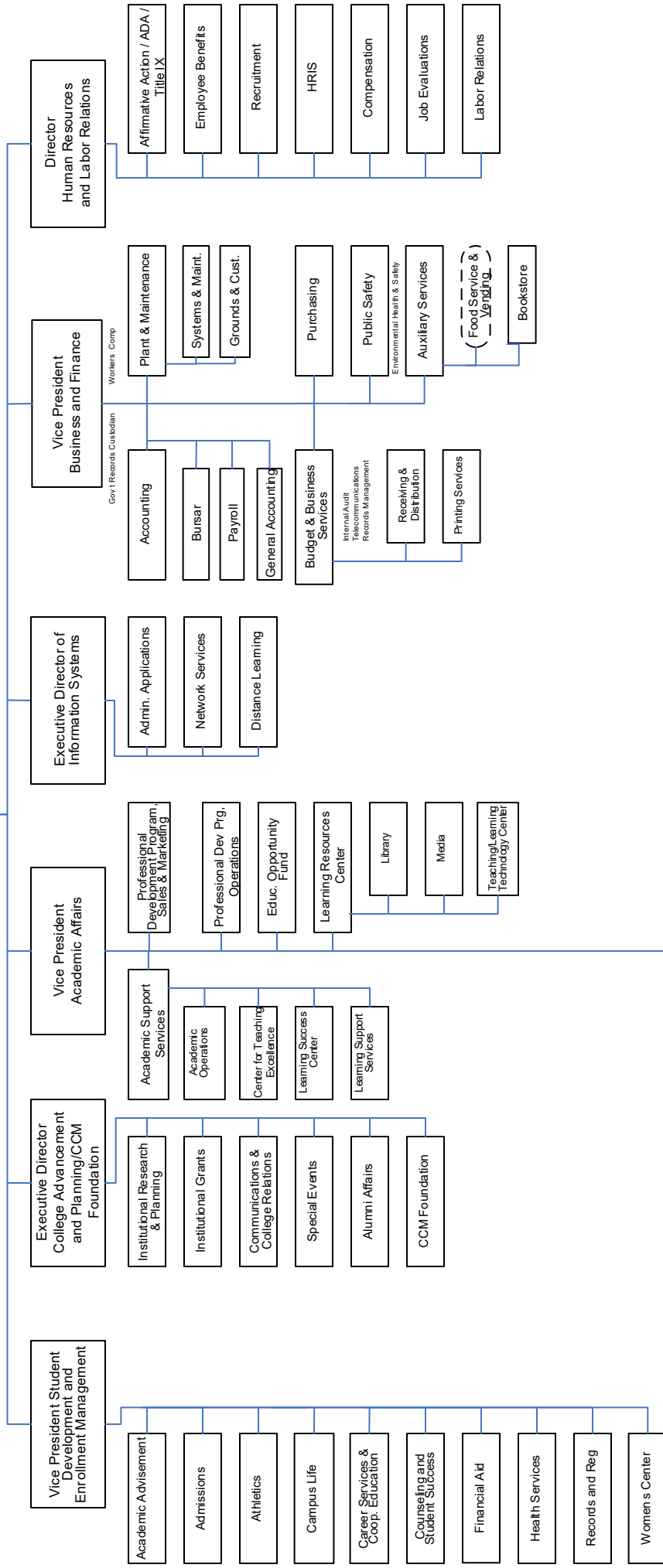
DEPARTMENT ISSUING REPORT

Accounting



**Board of Trustees of County College of Morris**

**President**



**County College of Morris  
Organization of Programs & Services  
as of April 2016**



Government Finance Officers Association

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

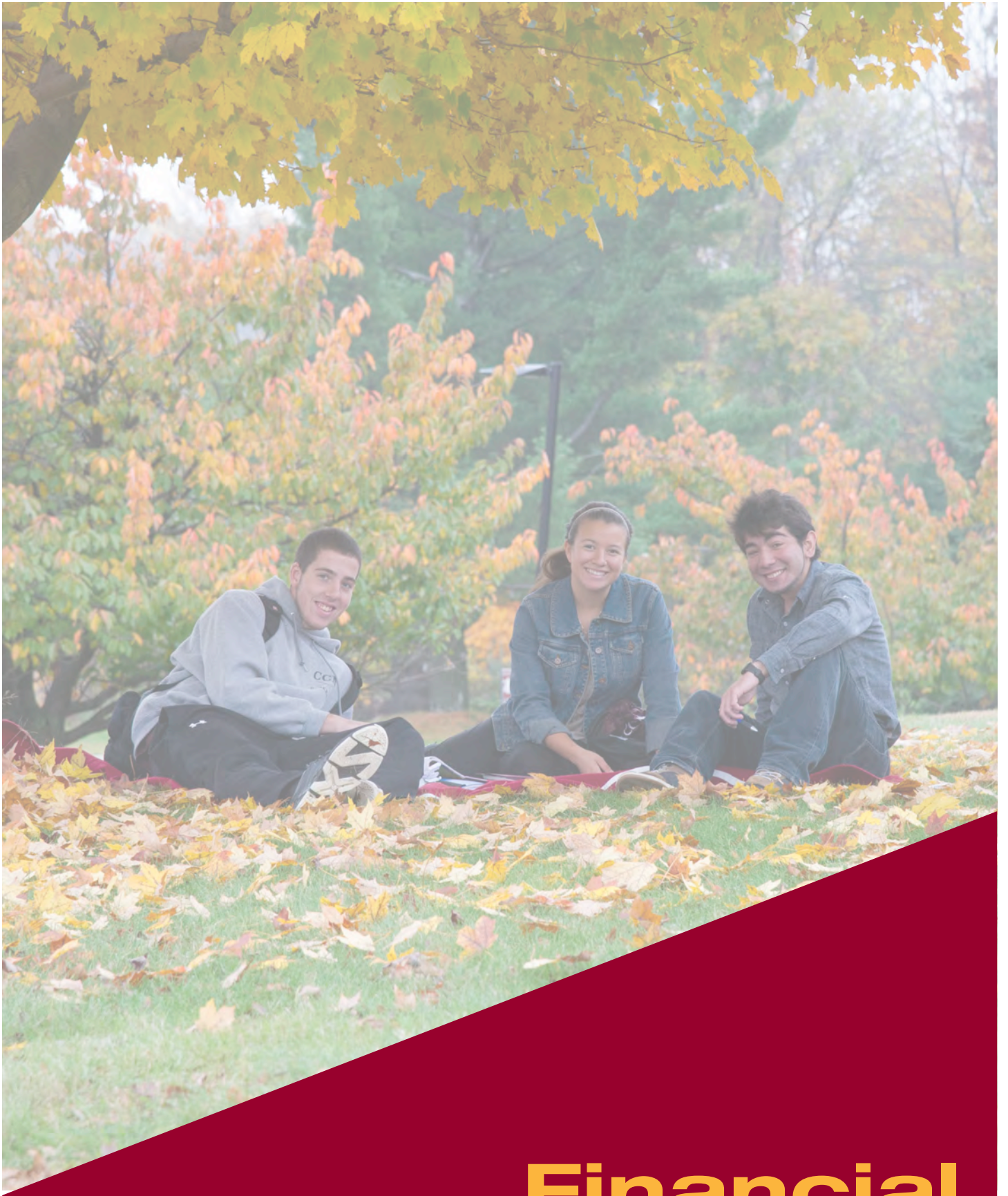
Presented to

**County College of Morris  
New Jersey**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



# Financial Section



## Independent Auditors' Report

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

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

We have audited the accompanying basic financial statements of the County College of Morris (the "College") a component unit of the County of Morris, as of and for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County College of Morris, as of June 30, 2016 and 2015, and the changes in financial position and, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedules of expenditures of federal and state financial awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

November 18, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

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

### **Unaudited**

This section of the County College of Morris' Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the College's financial activity, exclusive of the College's discretely presented component unit, for the fiscal years ended June 30, 2016 and 2015. Since this discussion and analysis focuses on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter, the College's basic financial statements and the footnotes.

### **Using This Annual Report**

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

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

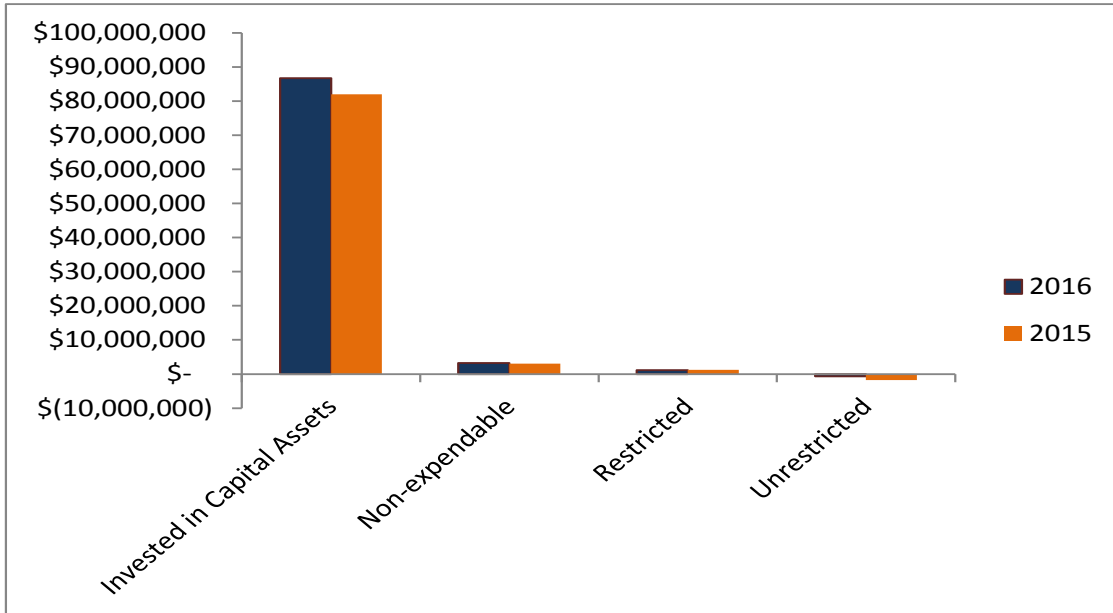
The CAFR is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes the president's letter, the transmittal letter, the College's principal officers, an organizational chart and the Certificate of Achievement for Excellence in Financial Reporting.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



## Financial Highlights

The following is a graphical illustration of net position as of June 30, 2016 and 2015:

### NET POSITION



#### Fiscal Year 2016 Compared to 2015

Net position increased by \$4.7 million. Unrestricted net position increased by \$1,076 thousand as a result of operations. The deficit unrestricted net position should not be deemed that the College is in financial hardship. It reflects a change in reporting practices due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*. The net increase in capital assets equated to \$4.7 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$207 thousand. It should be noted that included in unrestricted net position is \$8.5 million of board designated funds for capital projects identified in the College's facilities master and deferred maintenance plans. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$3.9 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution.

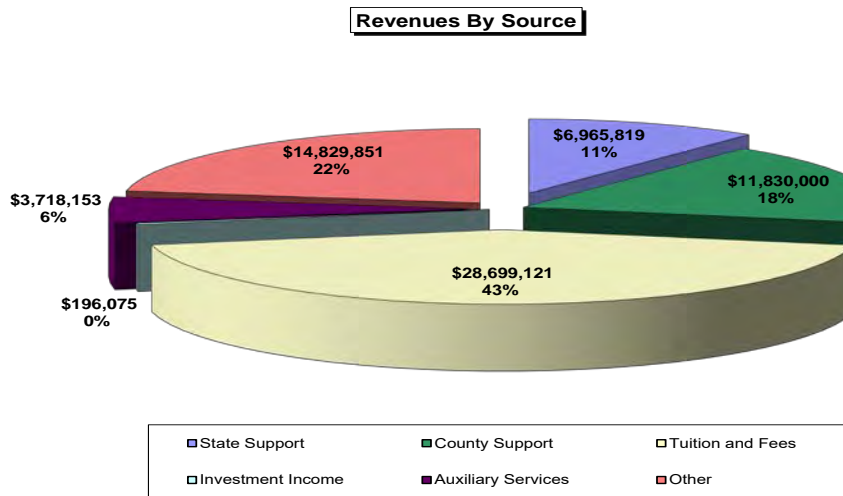
## Fiscal Year 2015 Compared to 2014

Net position increased by \$9.3 million. Unrestricted net position decreased by \$24.5 million as a result of recording a net pension liability of \$25.6 million due to the mandatory adoption of GASB 68, *Accounting and Financial Reporting for Pensions* which was offset slightly by results of operations. The deficit unrestricted net position should not be deemed that the College is in financial hardship. It reflects a change in reporting practices. The net increase in capital assets equated to \$8.8 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position decreased by \$1.5 million due to a change in board policy allowing for the expenditure of investment appreciation. It should be noted that included in unrestricted net position is \$9.5 million of board designated funds for capital projects identified in the College's facilities master plan. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$2.5 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution. The following depicts the change in net position for the fiscal years ending June 30, 2016, 2015 and 2014:

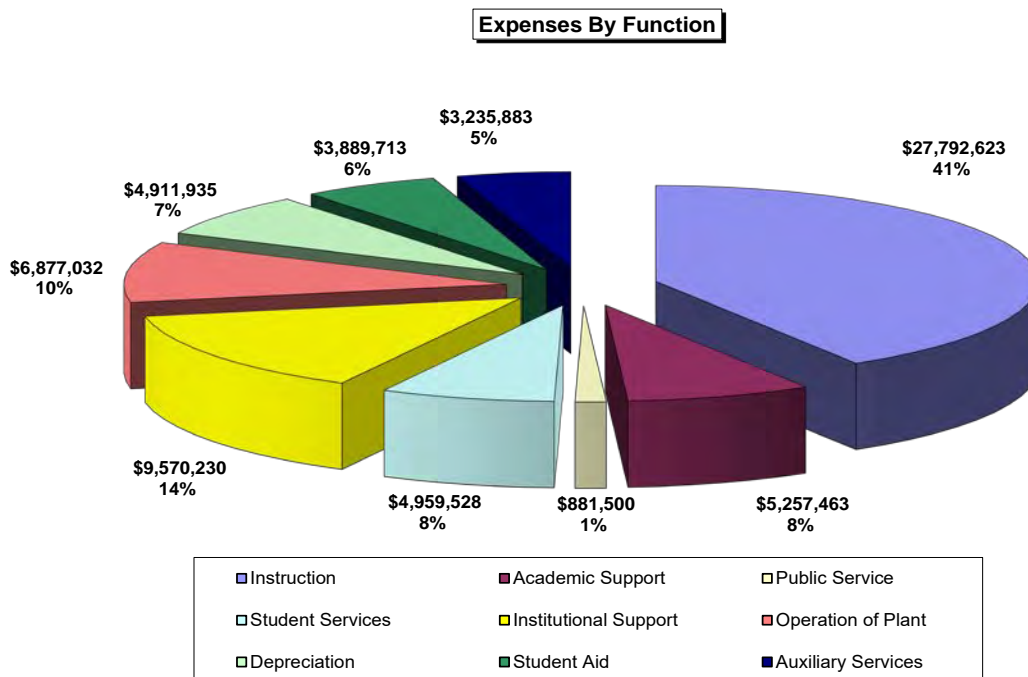
	2016	2015	2016-2015 Variance	Percent	2014	2015-2014 Variance	Percent
Total Non-capital Assets	\$ 41,706	\$ 41,220	\$ 486	1%	\$ 41,317	\$ (97)	0%
Total Capital Assets	86,913	82,267	4,646	6%	73,504	8,763	12%
<b>TOTAL ASSETS</b>	<b>128,620</b>	<b>123,487</b>	<b>5,133</b>	<b>4%</b>	<b>114,821</b>	<b>8,666</b>	<b>8%</b>
Deferred Outflow s of Resources	5,105	1,957	3,148	161%	-	1,957	N/A
Total Current Liabilities	9,515	9,795	(280)	-3%	10,392	(597)	-6%
Total Non-current Liabilities	32,337	27,689	4,648	17%	2,238	25,451	1137%
<b>TOTAL LIABILITIES</b>	<b>41,852</b>	<b>37,484</b>	<b>4,368</b>	<b>12%</b>	<b>12,630</b>	<b>24,854</b>	<b>197%</b>
Deferred Inflow s of Resources	1,488	2,276	(788)	-35%	-	2,276	N/A
Net Investment in Capital Assets	86,684	82,011	4,673	6%	73,227	8,784	12%
Restricted Net Position	4,402	4,297	105	2%	6,242	(1,945)	-31%
Unrestricted Net Position	(701)	(624)	(77)	12%	22,722	(23,346)	-103%
<b>TOTAL NET POSITION</b>	<b>\$ 90,385</b>	<b>\$ 85,684</b>	<b>\$ 4,701</b>	<b>5%</b>	<b>\$ 102,191</b>	<b>\$ (16,507)</b>	<b>-16%</b>

## Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2016:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2016:



Below is a summary of operating results presented in thousands for the years ended June 30, 2016, 2015 and 2014:

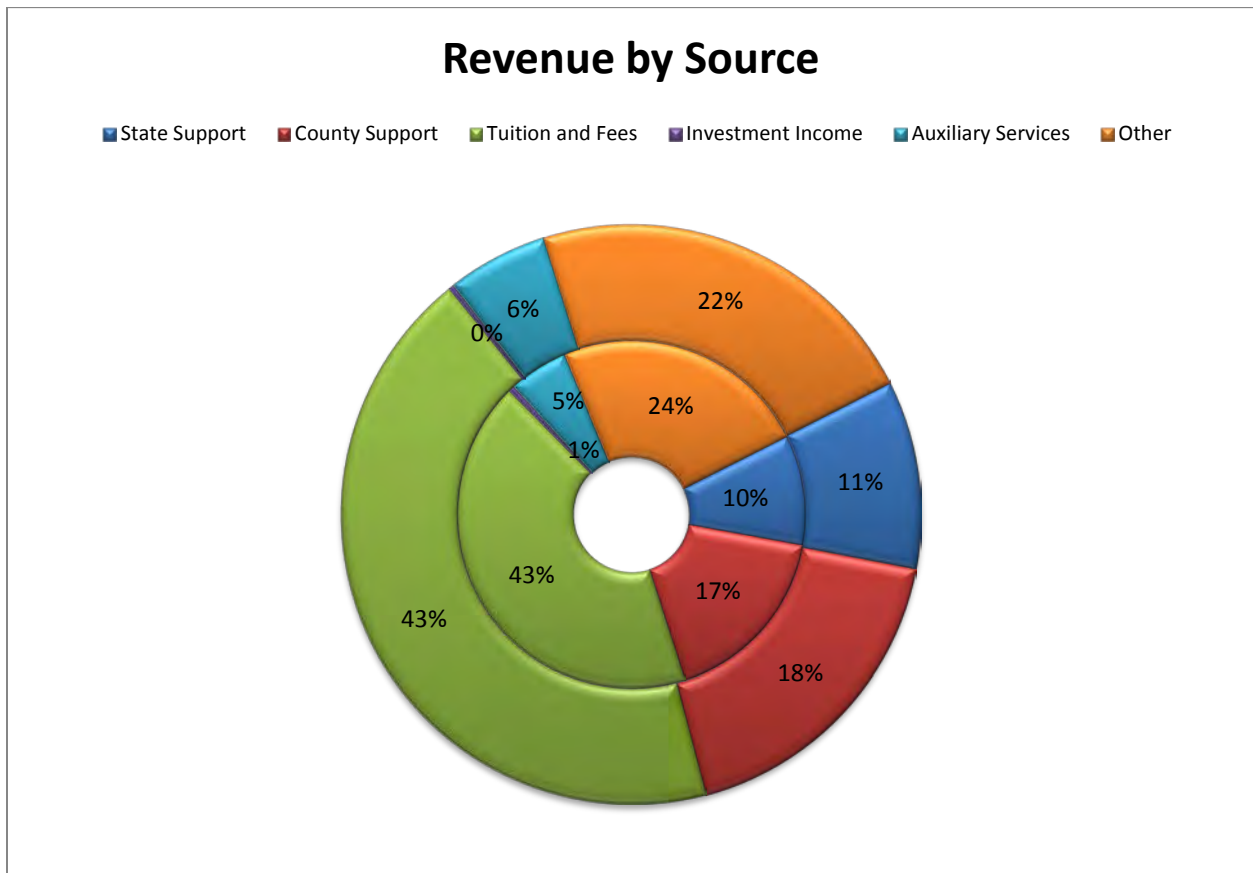
	2016	2015	2016-2015 Variance	Percent	2014	2015-2014 Variance	Percent
<b>OPERATING REVENUES</b>							
Student tuition and fees	\$ 28,699	\$ 28,724	\$ (25)	0%	\$ 28,534	\$ 190	1%
Federal grants and contracts	1,164	1,493	(329)	-22%	1,032	461	45%
State and local grants and contracts	4,301	5,673	(1,372)	-24%	4,337	1,336	31%
Auxiliary services	3,718	3,735	(17)	0%	3,901	(166)	-4%
Gifts	257	201	56	28%	149	52	35%
Other	746	793	(47)	-6%	818	(25)	-3%
Total operating revenues	<u>38,885</u>	<u>40,619</u>	<u>(1,734)</u>	-4%	<u>38,771</u>	<u>1,848</u>	5%
<b>NON-OPERATING REVENUES</b>							
Federal grants and contracts	7,192	7,914	(722)	-9%	7,846	68	1%
State appropriation	6,966	7,000	(34)	0%	6,989	11	0%
County appropriation	11,830	11,600	230	2%	11,600	-	0%
Investment income	196	379	(183)	-48%	837	(458)	-55%
Other	17	(7)	24	-343%	53	(60)	-113%
Total non-operating revenues	<u>26,201</u>	<u>26,886</u>	<u>(685)</u>	-3%	<u>27,325</u>	<u>(439)</u>	-2%
<b>TOTAL REVENUES</b>	<u>65,086</u>	<u>67,505</u>	<u>(2,419)</u>	-4%	<u>66,096</u>	<u>1,409</u>	2%
<b>OPERATING EXPENSES</b>							
Instruction	27,793	28,726	(933)	-3%	28,552	174	1%
Academic support	5,257	5,519	(262)	-5%	5,240	279	5%
Public service	881	964	(83)	-9%	679	285	42%
Student affairs	4,960	5,091	(131)	-3%	4,913	178	4%
Institutional support	9,570	9,533	37	0%	9,055	478	5%
Operation and maintenance of plant	6,877	7,034	(157)	-2%	6,806	228	3%
Depreciation	4,912	3,616	1,296	36%	2,870	746	26%
Student aid	3,890	4,427	(537)	-12%	4,479	(52)	-1%
Auxiliary services	3,236	3,281	(45)	-1%	3,469	(188)	-5%
Total operating expenses	<u>67,376</u>	<u>68,191</u>	<u>(815)</u>	-1%	<u>66,063</u>	<u>2,128</u>	3%
<b>TOTAL EXPENSES</b>	<u>67,376</u>	<u>68,191</u>	<u>(815)</u>	-1%	<u>66,063</u>	<u>2,128</u>	3%
Excess (deficiency) before capital contributions and additions to permanent endowments	<u>(2,290)</u>	<u>(686)</u>	<u>(1,604)</u>	234%	<u>33</u>	<u>(719)</u>	-2179%
<b>OTHER REVENUES</b>							
Capital contributions	6,770	10,011	(3,241)	-32%	12,639	(2,628)	-21%
Additions to permanent endowments	221	8	213	2663%	154	(146)	-95%
Total other revenues	<u>6,991</u>	<u>10,019</u>	<u>(3,028)</u>	-30%	<u>12,793</u>	<u>(2,774)</u>	-22%
<b>INCREASE IN NET POSITION</b>	4,701	9,333	<u>\$ (4,632)</u>	-50%	12,826	<u>\$ (3,493)</u>	-27%
<b>NET POSITION - BEGINNING OF YEAR</b>		-			89,366		
<b>NET POSITION - BEGINNING OF YEAR (Restated)</b>	<u>85,684</u>	<u>76,351</u>					
<b>NET POSITION - END OF YEAR</b>	<u>\$ 90,385</u>	<u>\$ 85,684</u>			<u>\$102,192</u>		

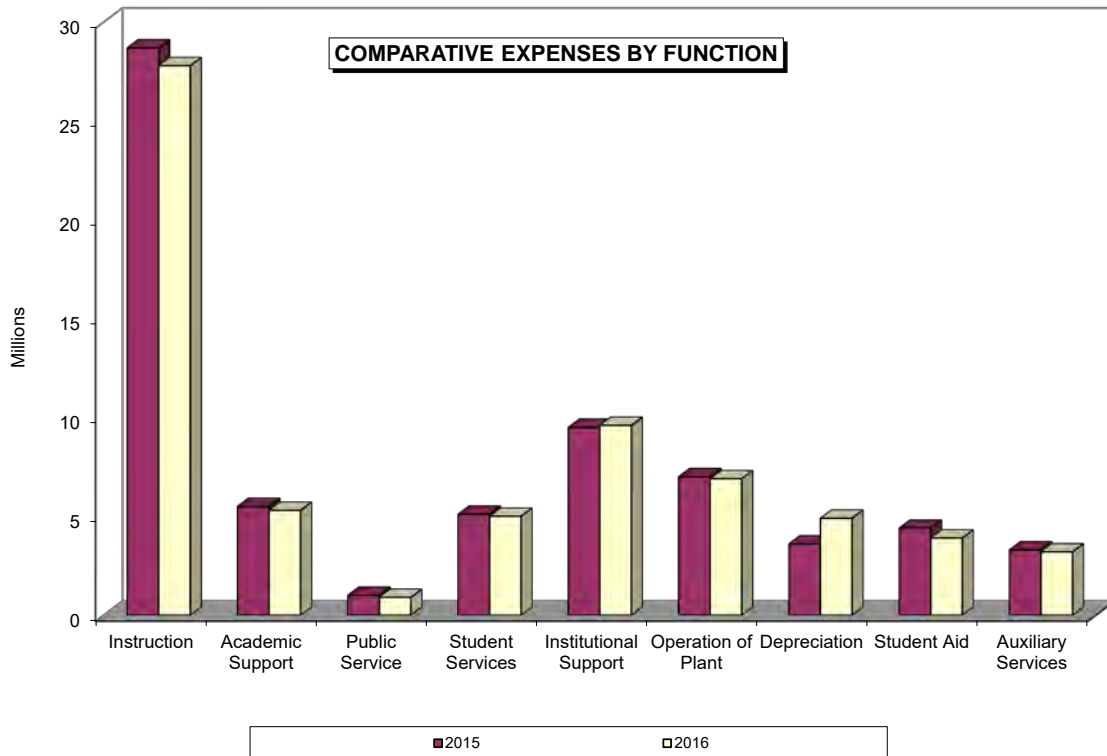
## Fiscal Year 2016 Compared to 2015

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

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

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





### Fiscal Year 2015 Compared to 2014

Operating revenues increased by 5% in 2015. Tuition and fees were increased by 2.6% with a \$1 per credit tuition increase and a \$2.50 college fee increase to help offset declining enrollment. Headcount enrollment decreased by 4.2%, however credit hour enrollment decreased by 5% since more students were part-time. Revenues from state and local grants and contracts increased by \$1.3 million or 31%, while revenues from federal grants and contracts increased by \$461 thousand or 45%.

Non-operating revenues decreased by 2%. The County of Morris appropriation to the College remained constant. The College's appropriation from the State of New Jersey increased by \$11 thousand and investment income decreased by \$458 thousand as a result of declining market values.

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

## Capital Assets and Long Term Debt

The College completed the renovation of the Media Center, and the construction of the Route 10 Access Road and Music Technology Building. The College started the implementation of the Music Technology Studio Equipment and Access Control System, Henderson Hall Window Replacement project, renovation of the Cohen Hall Café and construction of a storage building in Lot 3. All projects are to be completed by the end of May 2017 (for more information see footnote 5 on capital assets on page 33).

On January 1, 2014 the College entered into a ten year capital lease with the New Jersey Educational Facilities Authority. Remaining future minimum lease payments total \$277,528 (for more information see footnote 10 on page 45).

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

The economic position of County College of Morris is closely tied to that of the State of New Jersey and County of Morris. The county support to the College increased by 2% in fiscal year 2016 and all indications are that there will not be any reduction in support for fiscal years 2017 and 2018. The State of New Jersey's budget also contains level funding for the community colleges for fiscal year 2017.

Higher education is a labor intensive industry. Negotiated salary increases were under 2.5% for 2016 for full time employees with settled contracts. Staffing turnover continues to reduce the wage base. Legislation has enabled benefits cost sharing in an effort to curtail the impact of the rising costs of health care. The College experienced an 8% increase in health benefit costs effective January 2016.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 2.7% beginning summer 2016. An additional increase is also anticipated for 2017. Enrollment is projected to remain relatively flat for the next few years. The Morris County high school senior population is projected to decline by 13% from 2015 to 2026. This statistic among others prompted the College to engage a marketing consultant and develop a strategic enrollment plan in an effort to increase enrollment. Non-traditional student markets will be targeted based on the statistic that 40% of Morris County adults do not have advanced degrees. New programs of study will also be explored. These efforts are not expected to have an immediate impact, therefore cost containment efforts will continue. Modest tuition and fees increases will also be necessary to afford the College the operating resources required to maintain the current quality and level of programs offered.

The College received \$3 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2016 and will receive an additional \$3 million in fiscal year 2017. The Chapter 12 program is a revolving bond fund which requires each county to bond the cost of approved construction projects for their respective community college with the state funding 50% of the

debt service and the county funding the remaining 50%. These funds in addition to higher education general obligation bonds floated by the State of New Jersey have enabled the College to improve and expand its buildings and procure instructional equipment. The Equipment Leasing Fund bonds will be reissued upon repayment which will provide a funding stream for replacement and additional instructional equipment.

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



COUNTY COLLEGE OF MORRIS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016 and 2015

	2016		2015 *	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 18,906,875	\$ 386,798	\$ 18,383,399	\$ 401,344
Investments	-	-	-	-
Student accounts receivable (less allowance of \$1,453,831 and \$1,411,451 in 2016 and 2015 respectively)	161,660	-	179,576	-
Other receivables, net	2,970,942	9,136	5,322,943	9,626
Inventory	766,112	-	591,077	-
Other assets	434,482	-	456,278	-
Total Current Assets	<u>23,240,071</u>	<u>395,934</u>	<u>24,933,273</u>	<u>410,970</u>
Non-current Assets				
Cash and cash equivalents	289,804	-	103,907	-
Investments	18,021,991	-	15,668,719	-
Deposit with Trustee	154,232	-	514,323	-
Capital assets (net)				
Sites (land) and construction in progress	2,408,320	-	7,493,041	-
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	84,505,153	877	74,774,150	1,718
Total Non-current Assets	<u>105,379,500</u>	<u>877</u>	<u>98,554,140</u>	<u>1,718</u>
TOTAL ASSETS	<u>128,619,571</u>	<u>396,811</u>	<u>123,487,413</u>	<u>412,688</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	<u>5,104,700</u>		<u>1,957,168</u>	
LIABILITIES				
Current Liabilities				
Accounts payable - vendors	1,370,442	129	2,174,883	892
Accrued expenses	5,288,544	2,564	5,164,045	2,551
Unearned revenue	2,657,748	233	2,210,458	233
Compensated Absences Payable	169,982	-	218,998	-
Capital Lease Payable	28,186	-	26,842	-
Total Current Liabilities	<u>9,514,902</u>	<u>2,926</u>	<u>9,795,226</u>	<u>3,676</u>
Non-current Liabilities				
Compensated Absences Payable	2,027,686	-	1,888,872	-
Capital Lease Payable	201,230	-	229,415	-
Net Pension Liability	30,107,819		25,570,494	
Deposits		9,301		8,516
Total Non-current Liabilities	<u>32,336,735</u>	<u>9,301</u>	<u>27,688,781</u>	<u>8,516</u>
TOTAL LIABILITIES	<u>41,851,637</u>	<u>12,227</u>	<u>37,484,007</u>	<u>12,192</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	<u>1,487,518</u>		<u>2,276,088</u>	
NET POSITION				
Net Investment in capital assets	86,684,057	877	82,010,934	1,718
Restricted net position:				
Expendable for:				
Reserve for external restrictions	1,130,068	16,000	1,232,694	16,000
Non-expendable net position	3,271,694	-	3,065,107	-
Unrestricted net position	(700,702)	367,708	(624,249)	382,777
TOTAL NET POSITION	<u>\$ 90,385,117</u>	<u>\$ 384,585</u>	<u>\$ 85,684,486</u>	<u>\$ 400,495</u>

See accompanying Notes to Financial Statements

\* - Restated

COUNTY COLLEGE OF MORRIS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDING JUNE 30, 2016 and 2015

	2016		2015 *	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
<b>OPERATING REVENUES</b>				
Student tuition and fees (net of scholarship allowances of \$5,474,270 and \$5,774,987)	\$ 28,699,121	\$ 8,509	\$ 28,723,880	\$ 10,320
Federal grants and contracts	1,163,427	-	1,493,434	-
State and local grants and contracts	4,301,440	-	5,673,000	-
Auxiliary services	3,718,153	-	3,734,678	-
Gifts	256,810	-	200,683	-
Other	745,917	256,067	793,588	264,434
Total Operating Revenues	<u>38,884,868</u>	<u>264,576</u>	<u>40,619,263</u>	<u>274,754</u>
<b>OPERATING EXPENSES</b>				
Instruction	27,792,623	-	28,725,970	-
Academic support	5,257,463	-	5,518,924	-
Public service	881,500	282,079	964,492	292,134
Student affairs	4,959,528	-	5,091,497	-
Institutional support	9,570,230	-	9,532,624	-
Operation and maintenance of plant	6,877,032	-	7,034,013	-
Depreciation	4,911,935	841	3,616,011	3,435
Student aid	3,889,713	-	4,427,110	-
Auxiliary services	3,235,883	-	3,281,216	-
Total Operating Expenses	<u>67,375,907</u>	<u>282,920</u>	<u>68,191,857</u>	<u>295,569</u>
Operating Income (Loss)	<u>(28,491,039)</u>	<u>(18,344)</u>	<u>(27,572,594)</u>	<u>(20,815)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Federal Grants	7,192,393	-	7,914,512	-
State appropriation	6,965,819	-	7,000,440	-
County appropriation	11,830,000	-	11,600,000	-
Investment income	196,075	2,434	378,912	1,533
Other	16,813	-	(7,395)	-
Net Non-operating Revenues	<u>26,201,100</u>	<u>2,434</u>	<u>26,886,469</u>	<u>1,533</u>
Income (Loss) Before Other Revenues (Expenses)	<u>(2,289,939)</u>	<u>(15,910)</u>	<u>(686,125)</u>	<u>(19,282)</u>
<b>OTHER REVENUES</b>				
Capital contributions	6,769,832	-	10,010,786	-
Additions to permanent endowments	220,738	-	8,230	-
Total Other Revenues	<u>6,990,570</u>	<u>-</u>	<u>10,019,016</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	4,700,631	(15,910)	9,332,891	(19,282)
NET POSITION - BEGINNING OF YEAR	-	400,495	-	419,777
NET POSITION - BEGINNING OF YEAR (Restated)	85,684,486	-	76,351,595	-
NET POSITION - END OF YEAR	<u>\$ 90,385,117</u>	<u>\$ 384,585</u>	<u>\$ 85,684,486</u>	<u>\$ 400,495</u>

See accompanying Notes to Financial Statements

\* - Restated

COUNTY COLLEGE OF MORRIS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDING JUNE 30, 2016 and 2015

	<u>2016</u> <u>College</u>	<u>2015</u> <u>College</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 26,775,695	\$ 24,925,182
Gifts	256,810	200,683
Grants and contracts	4,583,012	4,404,063
Payments to suppliers	(35,201,547)	(34,119,527)
Payments to employees	(22,109,591)	(23,043,529)
Auxiliary enterprise charges	2,449,821	2,420,336
Other	672,188	682,237
Net Cash (Used) by Operating Activities	<u>(22,573,612)</u>	<u>(24,530,555)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Federal support	7,192,393	7,914,512
State support	6,965,819	7,000,440
County support	10,925,919	12,168,257
Agency Transactions	3,771	22,173
Endowment Receipts	220,739	8,230
Net Cash Provided by Non-Capital Financing Activities	<u>25,308,641</u>	<u>27,113,612</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations	9,790,810	9,636,196
Proceeds from sale of capital assets	-	-
Purchase of capital assets	(9,558,216)	(12,408,077)
Payment of Principal on long-term debt	(40,655)	(39,626)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>191,939</u>	<u>(2,811,507)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	11,125,406	7,064,835
Investment income	277,655	236,874
Purchase of investments	(13,620,657)	(7,073,546)
Net Cash Provided (Used) by Investing Activities	<u>(2,217,596)</u>	<u>228,163</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>709,372</b>	<b>(287)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>18,487,307</b>	<b>18,487,594</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 19,196,679</u></b>	<b><u>\$ 18,487,307</u></b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (28,491,039)	\$ (27,572,594)
<b>ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Depreciation	4,911,935	3,616,011
Changes in assets and liabilities:		
Student accounts receivable	17,916	(56,688)
Other receivable	(3,980,295)	(401,105)
Inventory	(175,035)	20,538
Other assets	31,995	59,305
Accounts payable	(639,872)	(148,502)
Accrued expenses	5,303,493	27,210
Unearned revenue	447,290	(74,729)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (22,573,612)</u></b>	<b><u>\$ (24,530,555)</u></b>

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

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

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

Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity", establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. At least one of the following criteria must be met for inclusion: (1) the component unit's governing body is substantively the same governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and component unit or management of the primary government has operational responsibility for the component unit; (2) the component unit provides service entirely, or almost entirely, to the primary government or 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. Management of the College has operational responsibility for the Foundation and College Trustees also serve concurrently as members of the Foundation Board. All financial resources and services of the Foundation are performed for the direct benefit of the College or its constituents and the College has the ability to access these significant resources. As a result, the Foundation is considered a component unit of the College and is blended into the financial statements accordingly.

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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

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

Measurement Focus

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

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

Fund Accounting

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

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

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Pensions

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

Net Position

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

Management Estimates

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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

Compensated Absences

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

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

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

Inventory

Inventories offered for sale are valued at average cost.

Income Taxes

The College, as an instrumentality of the State of New Jersey and therefore a governmental entity, is a tax-exempt organization and not subject to either federal or state income taxes. The Foundation and 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 2013 through 2015 are open for review by Federal and State authorities.

Allowance for Uncollectible Accounts

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

Reclassifications

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 2: Cash, Cash Equivalents, and Investments

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

Investments are presented in the financial statements in the aggregate at fair value based on quoted market prices. The College's and PITS'S investments for the year ended June 30, 2016 consisted of certificates of deposits with maturity dates of greater than ninety days, common stock, and investments with the Common Fund, a non-profit organization which provides investment management services exclusively for Private and Public Colleges and Universities, as well as Independent Schools.

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

Interest Rate Risk

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

Credit Risk

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

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

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

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

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



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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

Cash and Cash Equivalents

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

	2016 <u>College</u>	2016 <u>PTIC</u>	2015 <u>College</u>	2015 <u>PTIC</u>
Cash on Hand	\$ 16,781	\$ 200	\$ 14,624	\$ 200
Checking Accounts	4,435,168	44,205	4,063,029	61,181
Cash Management Accounts	-	-	11,541	4
Money Market Accounts	14,744,730	342,393	14,398,112	339,959
	<u>\$ 19,196,679</u>	<u>\$ 386,798</u>	<u>\$ 18,487,306</u>	<u>\$ 401,344</u>

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2016 and June 30, 2015 was \$19,196,679 and \$18,487,306. The bank balance was \$19,235,679 and \$19,359,234. Of the bank balance, \$0 in 2016 and \$11,541 in 2015, 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, 2016 AND 2015

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

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

Investments as of June 30 consisted of the following:

	2016	2015
Certificates of deposit	\$ 13,385,000	\$ 11,135,000
Common Fund multi-strategy equity fund	3,135,449	3,190,824
Common Fund multi-strategy bond fund	1,292,696	1,124,690
Lakeland Bancorp, Inc. stock	208,846	218,205
	\$ 18,021,991	\$ 15,668,719

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

	2016	2015
Fair value, end of year	\$ 4,636,992	\$ 4,533,719
Less: Cost of investments purchased	235,657	73,546
Less: Fair value, beginning of year	4,533,719	4,343,924
Increase(Decrease) in fair value of Investments	\$ (132,384)	\$ 116,249

Note 3: Other Receivables

As of June 30 other receivables consisted of the following:

	2016		2015	
	College	PTIC	College	PTIC
County of Morris	\$ 1,042,002	\$ -	\$ 835,585	\$ -
Federal Awards Receivable	185,448	-	554,860	-
New Jersey Division of Pensions & Benefits	382,774	-	381,070	-
State Awards Receivable	96,061	-	2,288,935	-
Other	1,264,657	9,136	1,262,493	9,626
	\$ 2,970,942	\$ 9,136	\$ 5,322,943	\$ 9,626

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 4: Other Assets

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

Note 5: Capital Assets

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

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	45
Computer Equipment	3
Construction Tractors	10
Culinary Equipment	10
Drainage Systems	50
Exterior Electrical Distribution System	45
Exterior Lightning	20
Furniture and Fixtures	10
Greenhouses	15
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, 2016 AND 2015

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal year ended June 30, 2016 and 2015:

COUNTY COLLEGE OF MORRIS	June 30, 2015			June 30, 2016
	Balance	Additions	Disposals	Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,984,401	\$ -	\$ -	\$ 1,984,401
Construction in progress	5,508,640	8,582,369	13,667,091	423,919
Total Capital Assets Not Being Depreciated	<u>7,493,041</u>	<u>8,582,369</u>	<u>13,667,091</u>	<u>2,408,320</u>
<b>Capital Assets Being Depreciated:</b>				
Land improvements	2,769,282	-	-	2,769,282
Infrastructure	9,080,743	2,318,344	-	11,399,087
Buildings and improvements	77,158,867	11,286,773	-	88,445,640
Equipment and furniture & fixtures	19,733,387	992,737	519,891	20,206,233
Software	1,379,720	45,084	-	1,424,804
Total Capital Assets Being Depreciated	<u>110,121,999</u>	<u>14,642,938</u>	<u>519,891</u>	<u>124,245,046</u>
<b>Total Capital Assets</b>	<u>117,615,040</u>	<u>23,225,307</u>	<u>14,186,982</u>	<u>126,653,366</u>
<b>Accumulated Depreciation:</b>				
Land improvements	947,224	137,541	-	1,084,765
Infrastructure	2,393,398	363,576	-	2,756,974
Buildings and improvements	20,264,947	2,670,426	-	22,935,372
Equipment and furniture & fixtures	10,524,734	1,645,633	519,891	11,650,476
Software	1,217,546	94,759	-	1,312,306
Total Accumulated Depreciation	<u>35,347,849</u>	<u>4,911,935</u>	<u>519,891</u>	<u>39,739,893</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$ 82,267,191</u>	<u>\$ 18,313,372</u>	<u>\$ 13,667,091</u>	<u>\$ 86,913,473</u>
PITC				
<b>Capital Assets Being Depreciated:</b>				
Equipment and furniture & fixtures	\$ 17,789	\$ -	\$ -	\$ 17,789
Total Capital Assets Being Depreciated	<u>17,789</u>	<u>-</u>	<u>-</u>	<u>17,789</u>
<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	16,071	841	-	16,912
Total Accumulated Depreciation	<u>16,071</u>	<u>841</u>	<u>-</u>	<u>16,912</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$ 1,718</u>	<u>\$ (841)</u>	<u>\$ -</u>	<u>\$ 877</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 5: Capital Assets (Cont'd)

	June 30, 2014			June 30, 2015
	<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	1,861,289	10,106,184	6,458,833	5,508,640
<b>Total Capital Assets Not Being Depreciated</b>	<b><u>3,845,690</u></b>	<b><u>10,106,184</u></b>	<b><u>6,458,833</u></b>	<b><u>7,493,041</u></b>
<b>Capital Assets Being Depreciated:</b>				
Land improvements	2,746,070	23,211	-	2,769,282
Infrastructure	8,683,723	397,019	-	9,080,743
Buildings and improvements	74,787,171	4,954,696	2,583,000	77,158,867
Equipment and furniture & fixtures	17,129,012	3,294,104	689,728	19,733,387
Software	1,288,024	91,696	-	1,379,720
<b>Total Capital Assets Being Depreciated</b>	<b><u>104,634,001</u></b>	<b><u>8,760,726</u></b>	<b><u>3,272,728</u></b>	<b><u>110,121,999</u></b>
<b>Total Capital Assets</b>	<b><u>108,479,691</u></b>	<b><u>18,866,910</u></b>	<b><u>9,731,561</u></b>	<b><u>117,615,040</u></b>
<b>Accumulated Depreciation:</b>				
Land improvements	810,747	136,477	-	947,224
Infrastructure	2,074,605	318,793	-	2,393,398
Buildings and improvements	21,154,695	1,674,116	2,563,865	20,264,947
Equipment and furniture & fixtures	9,797,686	1,408,098	681,049	10,524,734
Software	1,137,554	79,993	-	1,217,546
<b>Total Accumulated Depreciation</b>	<b><u>34,975,286</u></b>	<b><u>3,617,477</u></b>	<b><u>3,244,914</u></b>	<b><u>35,347,849</u></b>
<b>Capital Assets Net Accumulated Depreciation</b>	<b><u>\$73,504,405</u></b>	<b><u>\$15,249,433</u></b>	<b><u>\$ 6,486,647</u></b>	<b><u>\$82,267,191</u></b>
	June 30, 2014			June 30, 2015
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>	<b><u>17,789</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>17,789</u></b>
<b>Total Capital Assets</b>	<b><u>17,789</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>17,789</u></b>
<b>Accumulated Depreciation:</b>				
Equipment and furniture & fixtures	12,637	3,435	-	16,071
<b>Total Accumulated Depreciation</b>	<b><u>12,637</u></b>	<b><u>3,435</u></b>	<b><u>-</u></b>	<b><u>16,071</u></b>
<b>Capital Assets Net Accumulated Depreciation</b>	<b><u>\$ 5,152</u></b>	<b><u>\$ (3,435)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,718</u></b>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 5: Capital Assets (Cont'd)

Construction in progress

The College has active construction projects as of June 30, 2016. The following tables present the balance of construction in progress activities for the fiscal year ended:

	2016		2015	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Music Technology Addition	\$ -	\$ 174,049	\$ 4,584,108	\$ 7,465,121
Access Road to Route 10	-	157,068	642,391	1,245,947
Sewer Connection	-	-	21,832	600
Switch Gear Replacement	-	-	18,900	499,936
HVAC/675	-	-	27,433	356,095
Fire Alarm	-	-	7,703	17,973
LRC Media Center	-	32,745	206,273	1,209,147
Music Technology Studio Equipment	232,895	100,455		
Access Control System	70,261	7,020		
Henderson Hall Window	9,738	5,145	-	-
Lot #3/Storage Building	37,030	15,500	-	-
Cohen Café	73,995	532,198	-	-
	<u>\$ 423,919</u>	<u>1,024,180</u>	<u>\$ 5,508,640</u>	<u>\$ 10,794,819</u>

Note 6: Accrued Expenses

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

	2016		2015	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Payroll, Taxes and Agencies	\$ 3,580,217		\$ 3,522,768	
Vacations and Compensated Absences	1,522,594		1,479,877	
Other	185,733	\$ 2,564	161,400	\$ 2,551
	<u>\$ 5,288,544</u>	<u>\$ 2,564</u>	<u>\$ 5,164,045</u>	<u>\$ 2,551</u>

Note 7: Pension Plans

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

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

General Information About the Pension Plans

Plan Descriptions

**Public Employees' Retirement System** – The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1995. Substantially all full-time employees of the College, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund, are covered under PERS.

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

**Defined Contribution Retirement Program** – The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. Seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, or who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn a minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn a salary of at least \$5,000 annually.

Benefits Provided

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

The following represents the membership tiers for PERS:

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

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

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

**Defined Contribution Retirement Program** – Eligible members are provided with defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 101(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan.

A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

**Public Employees' Retirement System** – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in fiscal year 2016.



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

The College's contractually required contribution rate for the fiscal year ended June 30, 2016 was 13.2% 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 \$1,153,094 for the fiscal year ended June 30, 2016.

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

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

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

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

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

During the fiscal year end June 30, 2016 employee contributions to the plan were \$1,008,310 and the State of New Jersey made on-behalf payments for the College contributions of \$1,314,164.

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

For the fiscal year ended June 30, 2016 employee contributions totaled \$26,824, and the College recognized pension expense of \$14,631. There were no forfeitures during the fiscal year.

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

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

At June 30, 2016 the College reported a liability of \$30,107,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the College's proportion was .1341225246% which was a decrease of .0024520385% from its proportion measured as of June 30, 2015.

At June 30, 2016 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period In Years	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Changes of Assumptions	2014	6.44	\$ 644,483	\$ -
	2015	5.72	2,588,856	
Differences Between Expected and Actual Experience	2015	5.72	718,267	
	2014	6.44		613,949
Changes in Proportion	2015	5.72		389,493
	2014	5.00		1,122,378
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2014	5.00		(638,302)
	2015	5.00		
District Contribution Subsequent to the Measurement Date	2015	1.00	1,153,094	
			<u>\$ 5,104,700</u>	<u>\$ 1,487,518</u>

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

\$1,487,518 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year <u>Ending June 30,</u>	
2016	\$ 631,265
2017	631,265
2018	631,265
2019	1,005,391
2020	568,344
	<u>\$ 3,467,530</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled to June 30, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%

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

As a result of the 2012 and 2011 actuarial experience studies, the expectation of life after disability was adjusted in the June 30, 2014 actuarial valuation to more closely reflect actual experience. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	0.40%
REIT	4.25%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liabilities of the plan was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.8% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 7: Pension Plans (Cont'd)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on the plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following table represents the crossover period for the plan:

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

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

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

The following presents the College's proportionate share of the net pension liability calculated using a discount rate of 4.90%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
College's Proportionate Share of the Net Pension Liability	\$ 37,420,355	\$ 30,107,819	\$ 22,977,058

**Pension Plan Fiduciary Net Position**

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

Note 8: Retirement Program

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 8: Retirement Program (Cont'd)

Plan contributions are based on annual salary. Employees contribute 5% of salary and the State of New Jersey contributes 8% of salary, for a total contribution of 13%. The employer (8%) and employee (5%) contributions are sent to a delayed vesting contract immediately upon hire. The participants have personal contracts with the above companies and personally own the annuities. Total contributions from the State of New Jersey for the year ended June 30, 2016 were \$1,316,438 and total expenses under the plan were \$291,079. State of New Jersey contributions are recognized as revenue and expenses in the appropriate periods.

Note 9: Unearned Revenue

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

Note 10: Long-term Liabilities

The College's long term liabilities consist of the net pension liability and unused sick leave that is paid upon retirement. PITS'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, 2016:

	June 30, 2015			June 30, 2016
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 2,107,870	\$ 217,344	\$ 127,546	\$ 2,197,668
Deposits	8,516	1,892	1,107	9,301
Net Pension Liability	25,570,494	4,537,325	-	30,107,819
Capital Lease Payable	229,415	-	28,185	201,230
	<u>\$ 27,916,295</u>	<u>\$ 4,756,561</u>	<u>\$ 156,838</u>	<u>\$ 32,516,018</u>

	June 30, 2014			June 30, 2015
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 2,183,084	\$ 198,002	\$ 273,216	\$ 2,107,870
Deposits	8,951	1,195	1,630	8,516
Net Pension Liability	26,992,615	-	1,422,121	25,570,494
Capital Lease Payable	256,257	-	26,843	229,414
	<u>\$ 29,440,907</u>	<u>\$ 199,197</u>	<u>\$ 1,723,810</u>	<u>\$ 27,916,294</u>

It is estimated that of the \$2,197,668 sick leave liability, \$2,027,686 is long term and \$169,982 is short term which may become due within one year based upon employee retirements.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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

Capital Lease

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

Fiscal Year Ending	Amount
June 30, 2017	\$ 39,657
June 30, 2018	\$ 39,658
June 30, 2019	\$ 39,656
June 30, 2020	\$ 39,648
June 30, 2021	\$ 39,630
June 30, 2022	\$ 39,631
June 30, 2023	\$ 39,648
Total Future Minimum lease payment	\$ 277,528
Less amount representing interest	\$ 48,112
Present value of net minimum lease payments	\$ 229,416

Note 11: Interfund Receivables and Payables

The following details interfund balances at June 30, 2016 and 2015.

Fund	2016		2015	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	\$ 460,589	\$ 45,549	\$ 1,567,809	\$ 32,477
Current Restricted Fund	2,883	198,097	5,766	398,275
Foundation Fund	5,698	5,004	859	2,498
Plant Fund	-	220,520	-	1,141,184
	\$ 469,170	\$ 469,170	\$ 1,574,434	\$ 1,574,434

June 30, 2016 and 2015 interfund balances reported are the result of reciprocal interfund activity. The majority of both the 2016 and 2015 interfund receivable balance in the Current Unrestricted Fund is June invoices processed on behalf of the Current Restricted Fund, Plant Fund, Foundation and Student Activities plus accrued payroll costs for June.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 12: Interfund Transfers

The following interfund transfers were made during the years ended June 30, 2016 and 2015:

	2016	2015
Mandatory Transfers:		
Operating to Restricted for Required Matching Funds	\$ 85,303	\$ 83,727
Foundation to Restricted for Program Expenditures	34,609	74,911
Foundation to Plant for Capital Projects	20,400	370,531
Non-mandatory Transfers:		
Operating to Plant for Self-funded Capital Projects	4,040,789	2,923,328
Foundation to Restricted for Program Expenditures	30,840	13,789
Bookstore to Plant for Self-Funded Capital Projects	256,578	403,325

Note 13: Restricted Expendable Net Position

Restricted net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed. The restricted expendable net position at June 30, 2016 and 2015 is comprised of the following categories:

	2016		2015	
	College	PITC	College	PITC
Scholarships	\$ 703,437	\$ -	\$ 728,061	\$ -
Unemployment Benefit Reserve	221,143	-	309,326	-
Public Relations	135,211	16,000	94,989	16,000
Academics	64,041	-	94,613	-
Athletics	6,236	-	5,705	-
	\$ 1,130,068	\$ 16,000	\$ 1,232,694	\$ 16,000

Note 14: Restricted Non-Expendable Net Position

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

	2016	2015
Unrestricted Endowment	\$ 276,360	\$ 272,892
Endowment Income Restricted for Scholarships	2,995,334	2,792,215
	\$ 3,271,694	\$ 3,065,107



COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 15: Economic Dependency

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

Note 16: Unrestricted Net Position

The total Unrestricted Net Position at June 30, 2016 and 2015 was (\$700,702) and (\$624,249) this was the result of the implementation of GASB 68. This does not reflect that the College is in financial hardship and is a permitted practice under Generally Accepted Accounting Principles.

	<u>2016</u>	<u>2015</u>
Pre-GASB 68 - Net Position	\$ 29,407,117	\$ 24,946,245
GASB 68 - Pension Liability	<u>(30,107,819)</u>	<u>(25,570,494)</u>
Post-GASB 68 - Net Position	<u>\$ (700,702)</u>	<u>\$ (624,249)</u>

Prior to the implementation of GASB 68, the following amounts had been designated for various future capital projects. The following have been appropriated by the Board of Trustees as of June 30, 2016.

Fund	<u>2016</u>	<u>2015</u>
Administrative Computing	\$ 39,035	\$ 39,035
Technology Reserve	1,616,750	1,624,273
Academic Furnishings	1,548,859	2,220,624
Furnishings and Equipment	1,184,690	573,520
Building Renovations	2,541,065	3,879,710
Video Surveillance	1,191,138	526,717
Planetarium Renovations	24,387	24,387
Route 10 Access	346,879	361,633
LRC Media Center	<u>6,671</u>	<u>298,206</u>
	<u>\$ 8,499,472</u>	<u>\$ 9,548,105</u>

Note 17: Post-Employment Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 17: Post-Employment Benefits (Cont'd)

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$24.6 million toward Chapter 126 benefits for eligible retired community college members in Fiscal Year 2016. It is estimated that \$1,297,211 was made on behalf of the County College of Morris in fiscal year 2016. State of New Jersey contributions are recognized as revenues and expenses in the appropriate periods.

Note 18: Related Party Transactions

During the years ended June 30, 2016 and 2015, the College recognized \$16,255,953 and \$16,180,041 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 \$193,022 in 2016 and \$189,809 in 2015.

Note 19: Risk Management

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

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

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

Selected, summarized financial information for the Pool as of December 31, 2015 is as follows:

	<u>Morris County Insurance Fund</u>
Total Assets	\$10,979,822
Net Position	6,620,381
Total Operating Revenue	3,009,353
Total Operating Expenses	1,161,333
Non-Operating Revenue	48,792
Change in Net Position	1,896,812
Distributions to Participating Members	-0-

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

COUNTY COLLEGE OF MORRIS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

Note 19: Risk Management (Cont'd)

Susan Allard, Secretary to the Morris County Insurance Fund Commission  
Morris County Freeholders' Office Administration and Records Building  
Court Street, P.O. Box 900  
Morristown, New Jersey 07963-0900

New Jersey Unemployment Compensation Insurance: The College self funds its New Jersey unemployment compensation insurance claims. The balance at June 30, 2016 was \$221,143.

Note 20: Contingent Liabilities

At June 30, 2016 the College had commitments of approximately \$33 thousand for the Music Technology addition plus \$100 thousand for the studio equipment, \$33 thousand for the renovation of the LRC Media Center, \$157 thousand for the creation of the access road to Route 10 and Building 675 sewer connection, \$7 thousand for the access control system for the Music Technology Building, \$5 thousand for the replacement of windows in Henderson Hall, \$16 thousand for Lot 3 paving and storage building, and \$532 thousand for the Cohen Café renovations. These projects are funded via County approved Chapter 12 bonds and State Higher Education Bonds. The majority of these commitments are expected to occur in 2016. The \$1 million has been approved by the board.

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

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

Note 21: Prior Period Adjustment

As a result of implementing GASB 68, it was necessary to adjust unrestricted net position for the College's PERS pension expense.

	<u>Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>As Restated</u>
	Balance 6/30/15		Balance 6/30/15
Statement Of Net Position:			
Deferred Outflows Related to Pensions	\$ 804,074	\$ 1,153,094	\$ 1,957,168
Net Position:			
Unrestricted Net Position	(1,777,343)	1,153,094	(624,249)
Total Net Position	\$ 84,531,392	\$ 1,153,094	\$ 85,684,486
	Balance 6/30/14		Balance 6/30/14
Unrestricted Net Position	\$ 75,198,501	\$ 1,153,094	\$ 76,351,595

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, 2016 And 2015  
Unaudited

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

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

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

County College of Morris  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2016  
Unaudited

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

*Changes in assumptions.* The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015 in accordance with Paragraph 44 of GASB Statement No. 67. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04 as of June 30, 2015.



# Statistical Section





## STATISTICAL SECTION OVERVIEW

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

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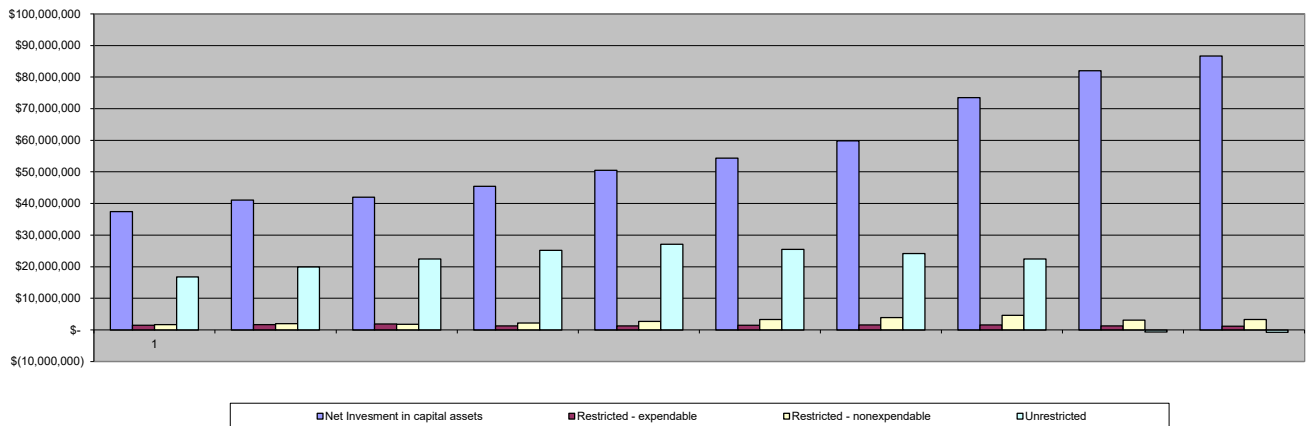
	<u>Pages</u>
Financial Trend Information These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.	54 - 59
Revenue Capacity This schedule contains information to help the reader assess the factors affecting the College's ability to generate its tuition revenue.	60
Debt Capacity This schedule presents information to help the reader assess the affordability of the College's current level of outstanding debt and the College's ability to participate in additional capital leases in the future.	61
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place and to help make comparisons over time and with other governments.	62 - 65
Supplemental Management Statistics These schedules contain information about the College's operations and resources to help the reader understand how the College's financial information relates to the services the College provides and the activities it performs.	66 - 73

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

UNAUDITED COUNTY COLLEGE OF MORRIS NET POSITION BY COMPONENT										
ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Net Investment in capital assets	\$ 37,394,509	\$ 41,109,690	\$ 42,025,411	\$ 45,479,344	\$ 50,455,841	\$ 54,348,416	\$ 59,776,549	\$ 73,504,405	\$ 82,010,934	\$ 86,684,057
Restricted - expendable	1,478,370	1,674,974	1,839,307	1,244,369	1,331,271	1,437,909	1,565,613	1,629,441	1,232,694	1,130,068
Restricted - nonexpendable	1,723,107	1,999,077	1,780,449	2,206,604	2,690,972	3,275,266	3,866,569	4,612,455	3,065,107	3,271,694
Unrestricted	16,793,139	19,867,703	22,496,294	25,234,089	27,129,470	25,463,514	24,157,871	22,444,815	(624,249)	(700,702)
TOTAL	\$ 57,389,125	\$ 64,651,444	\$ 68,141,461	\$ 74,164,406	\$ 81,607,554	\$ 84,525,105	\$ 89,366,602	\$ 102,191,116	\$ 85,684,486	\$ 90,385,117

UNAUDITED COUNTY COLLEGE OF MORRIS NET POSITION BY COMPONENT AS A PERCENTAGE OF TOTAL										
ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Net Investment in capital assets	65.16%	63.59%	61.67%	61.32%	61.83%	64.30%	66.89%	71.94%	95.71%	95.91%
Restricted - expendable	2.58%	2.59%	2.70%	1.68%	1.63%	1.70%	1.75%	1.59%	1.44%	1.25%
Restricted - nonexpendable	3.00%	3.09%	2.61%	2.98%	3.30%	3.87%	4.33%	4.51%	3.58%	3.62%
Unrestricted	29.26%	30.73%	33.01%	34.02%	33.24%	30.13%	27.03%	21.96%	-0.73%	-0.78%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**COMPARATIVE NET POSITION BY COMPONENT**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
COMPARATIVE CHANGES IN NET POSITION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>OPERATING REVENUES</b>										
Student tuition and fees	\$ 24,191,572	\$ 26,142,448	\$ 27,353,697	\$ 28,362,806	\$ 29,538,633	\$ 29,139,718	\$ 28,571,503	\$ 28,534,478	\$ 28,723,880	\$ 28,699,121
Federal grants and contracts	2,703,736	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434	1,163,427
State and local grants and contracts	2,145,327	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	5,673,000	4,301,440
Auxiliary services	4,581,752	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678	3,718,153
Gifts	508,986	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683	256,810
Other	533,730	446,110	603,718	576,705	542,841	1,056,501	871,087	817,746	793,588	745,917
Total Operating Revenues	<u>34,665,103</u>	<u>37,565,460</u>	<u>40,121,191</u>	<u>44,511,592</u>	<u>46,488,277</u>	<u>39,639,267</u>	<u>38,881,478</u>	<u>38,770,907</u>	<u>40,619,263</u>	<u>38,884,868</u>
<b>OPERATING EXPENSES</b>										
Instruction	23,702,678	24,286,870	24,723,076	26,676,746	26,813,545	27,754,303	27,242,885	28,551,764	28,725,970	27,792,623
Academic support	4,894,720	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,518,924	5,257,463
Public service	457,669	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,492	881,500
Student affairs	4,257,566	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	5,091,497	4,959,528
Institutional support	7,615,342	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,532,624	9,570,230
Operation and maintenance of plant	6,426,002	7,781,851	7,212,949	7,466,885	7,653,190	6,736,810	6,747,997	6,805,930	7,034,013	6,877,032
Depreciation	2,114,710	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011	4,911,935
Student aid	2,210,096	2,493,620	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110	3,889,713
Auxiliary services	3,972,134	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,281,216	3,235,883
Total Operating Expenses	<u>55,650,917</u>	<u>58,907,337</u>	<u>59,826,211</u>	<u>64,247,802</u>	<u>65,006,122</u>	<u>65,321,983</u>	<u>64,718,236</u>	<u>66,063,920</u>	<u>68,191,857</u>	<u>67,375,907</u>
Operating Income (Loss)	<u>(20,985,814)</u>	<u>(21,341,877)</u>	<u>(19,705,020)</u>	<u>(19,736,210)</u>	<u>(18,517,845)</u>	<u>(25,682,716)</u>	<u>(25,836,758)</u>	<u>(27,293,013)</u>	<u>(27,572,594)</u>	<u>(28,491,039)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>										
Federal Grants				413,418	-	7,409,732	7,627,319	7,845,653	7,914,512	7,192,393
State appropriation	8,458,882	8,988,553	8,035,807	7,028,771	7,169,137	6,844,765	6,899,143	6,988,477	7,000,440	6,965,819
County appropriation	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000	11,830,000
Investment income	1,681,922	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912	196,075
Interest on capital assets and related debt	(6,348)	(3,223)	-	-	-	-	-	-	-	-
Other	(19,870)	4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)	16,813
Net Non-operating Revenues	<u>22,931,104</u>	<u>23,202,339</u>	<u>21,340,023</u>	<u>20,375,734</u>	<u>19,418,267</u>	<u>26,195,038</u>	<u>27,150,513</u>	<u>27,324,363</u>	<u>28,886,469</u>	<u>26,201,100</u>
Income (Loss) Before Other Revenues (Expenses)	<u>1,945,290</u>	<u>1,860,462</u>	<u>1,635,003</u>	<u>639,524</u>	<u>900,422</u>	<u>512,322</u>	<u>1,313,755</u>	<u>31,350</u>	<u>(686,125)</u>	<u>(2,289,939)</u>
<b>OTHER REVENUES</b>										
Capital contributions	504,344	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786	6,769,832
Additions to permanent endowments	153,754	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230	220,738
Total Other Revenues	<u>658,098</u>	<u>5,401,857</u>	<u>1,855,014</u>	<u>5,383,421</u>	<u>6,542,726</u>	<u>2,405,229</u>	<u>3,527,742</u>	<u>12,793,164</u>	<u>10,019,016</u>	<u>6,990,570</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>2,603,388</u>	<u>7,262,319</u>	<u>3,490,017</u>	<u>6,022,945</u>	<u>7,443,148</u>	<u>2,917,551</u>	<u>4,841,497</u>	<u>12,824,514</u>	<u>9,332,891</u>	<u>4,700,631</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>54,785,737</u>	<u>57,389,125</u>	<u>64,651,444</u>	<u>68,141,461</u>	<u>74,164,406</u>	<u>81,607,554</u>	<u>84,525,105</u>	<u>89,366,602</u>	<u>75,198,501</u>	<u>* 85,684,486</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 57,389,125</u>	<u>\$ 64,651,444</u>	<u>\$ 68,141,461</u>	<u>\$ 74,164,406</u>	<u>\$ 81,607,554</u>	<u>\$ 84,525,105</u>	<u>\$ 89,366,602</u>	<u>\$102,191,116</u>	<u>\$ 84,531,392</u>	<u>\$ 90,385,117</u>

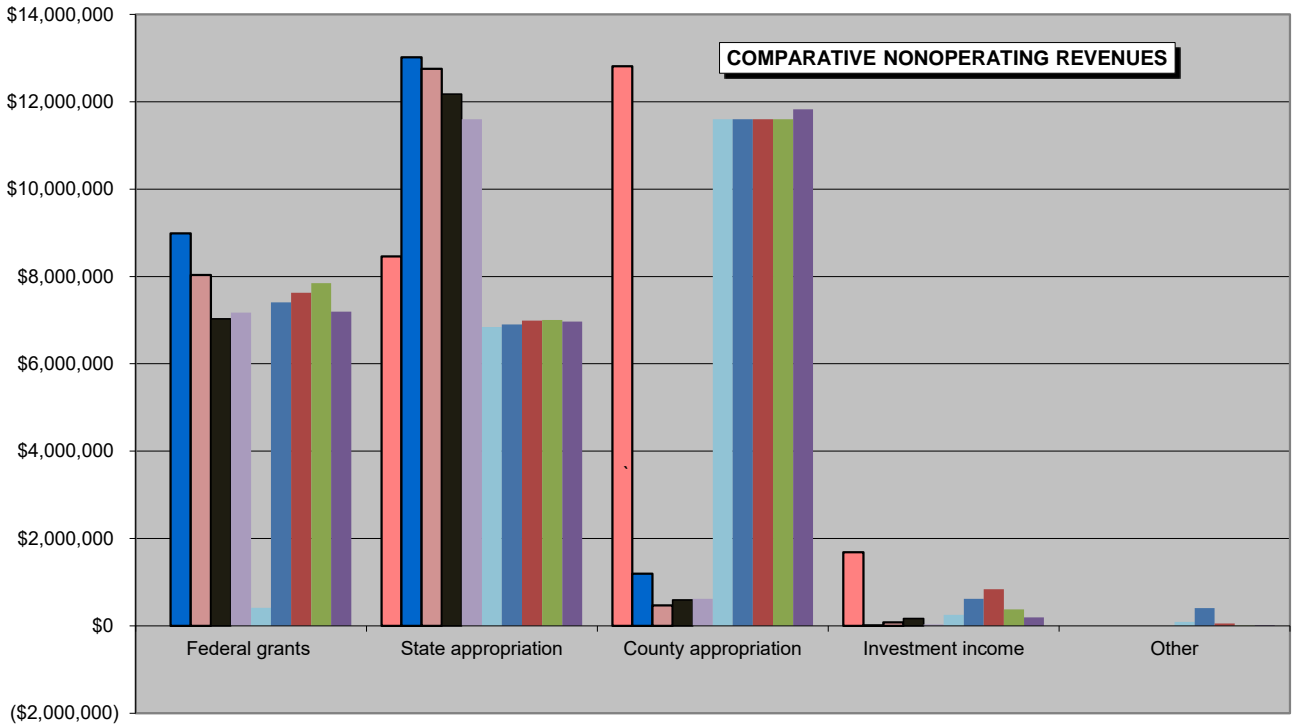
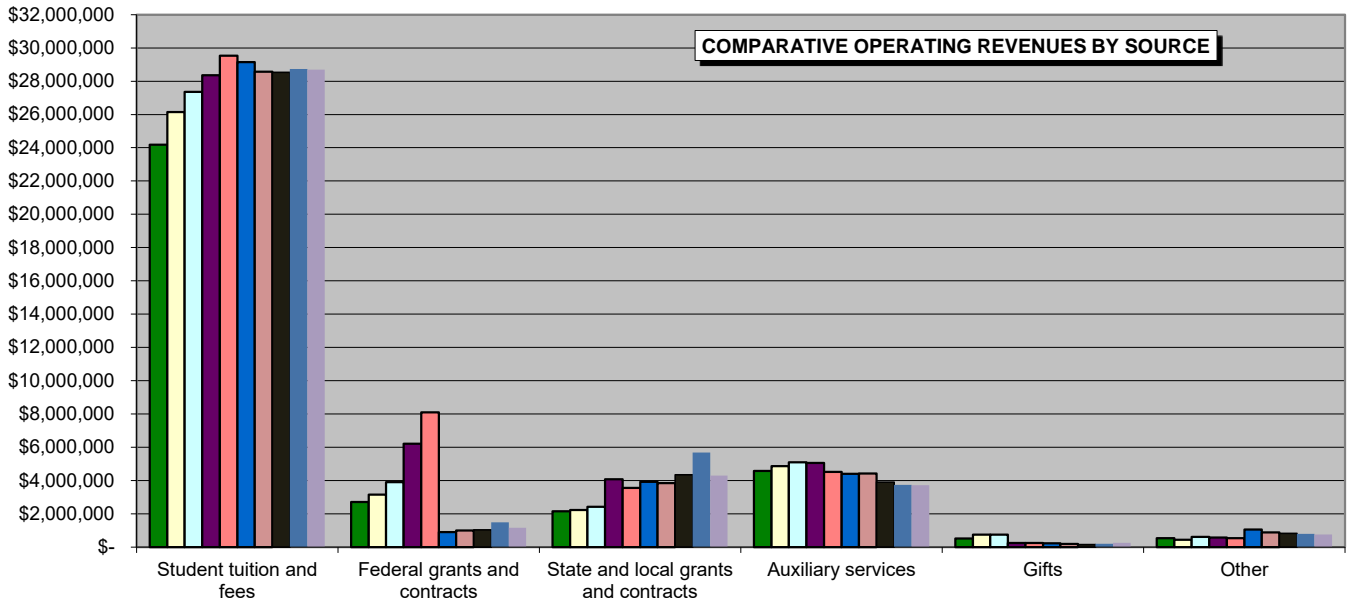
\* Net position restated for prior period adjustment

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF REVENUE BY SOURCE

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Student tuition and fees	\$24,191,572	\$26,142,448	\$27,353,697	\$28,362,806	\$29,538,633	\$29,139,718	\$28,571,503	\$28,534,478	\$28,723,880	\$28,699,121
Federal grants and contracts	2,703,736	3,152,854	3,907,190	6,208,259	8,095,540	892,864	990,876	1,031,787	1,493,434	1,163,427
State and local grants and contracts	2,145,327	2,225,093	2,412,391	4,068,998	3,549,470	3,919,307	3,841,101	4,336,529	5,673,000	4,301,440
Auxiliary services	4,581,752	4,854,218	5,096,282	5,052,757	4,525,748	4,395,999	4,415,347	3,901,360	3,734,678	3,718,153
Gifts	508,986	744,737	747,913	242,067	236,045	234,878	191,564	149,007	200,683	256,810
Other	533,730	446,110	603,718	576,705	542,843	1,056,501	871,087	817,746	793,588	745,917
<b>Total Operating Revenue</b>	<b>34,665,103</b>	<b>37,565,460</b>	<b>40,121,191</b>	<b>44,511,592</b>	<b>46,488,279</b>	<b>39,639,267</b>	<b>38,881,478</b>	<b>38,770,907</b>	<b>40,619,263</b>	<b>38,884,868</b>
Federal grants						413,418	7,409,732	7,627,319	7,845,653	7,192,393
State appropriation	8,458,882	8,988,553	8,035,807	7,028,771	7,169,137	6,844,765	6,899,143	6,988,477	7,000,440	6,965,819
County appropriation	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000	11,830,000
Investment income	1,681,922	1,194,124	470,647	593,134	617,649	248,200	618,603	837,026	378,912	196,075
Other		4,830	76,213	164,513	31,481	92,341	405,448	53,207	(7,395)	16,813
<b>Total Non-Operating Revenues</b>	<b>22,957,322</b>	<b>23,205,562</b>	<b>21,340,023</b>	<b>19,962,316</b>	<b>19,418,267</b>	<b>19,198,724</b>	<b>26,932,926</b>	<b>27,106,029</b>	<b>26,817,610</b>	<b>26,201,100</b>
<b>TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION</b>	<b>\$57,622,425</b>	<b>\$60,771,022</b>	<b>\$61,461,214</b>	<b>\$64,473,908</b>	<b>\$65,906,546</b>	<b>\$58,837,991</b>	<b>\$65,814,404</b>	<b>\$65,876,936</b>	<b>\$67,436,873</b>	<b>\$65,085,968</b>

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

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Student tuition and fees	41.99%	43.02%	44.49%	43.98%	44.81%	49.52%	43.39%	43.31%	42.60%	44.09%
Federal grants and contracts	4.69%	5.19%	6.37%	9.63%	12.28%	1.52%	1.51%	1.57%	2.21%	1.79%
State and local grants and contracts	3.72%	3.66%	3.93%	6.31%	5.39%	6.66%	5.84%	6.58%	8.41%	6.61%
Auxiliary services	7.95%	7.99%	8.29%	7.84%	6.87%	7.47%	6.71%	5.92%	5.54%	5.71%
Gifts	0.88%	1.23%	1.22%	0.38%	0.36%	0.40%	0.29%	0.23%	0.30%	0.39%
Other	0.93%	0.73%	0.98%	0.89%	0.82%	1.80%	1.32%	1.24%	1.18%	1.15%
<b>Total Operating Revenue</b>	<b>60.16%</b>	<b>61.82%</b>	<b>65.28%</b>	<b>69.03%</b>	<b>70.53%</b>	<b>67.37%</b>	<b>59.06%</b>	<b>58.85%</b>	<b>60.24%</b>	<b>59.74%</b>
Federal grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	11.27%	11.58%	11.63%	11.05%
State appropriation	14.68%	14.79%	13.07%	10.90%	10.88%	11.63%	10.48%	10.61%	10.38%	10.70%
County appropriation	22.24%	21.42%	20.76%	18.89%	17.60%	19.72%	17.63%	17.61%	17.20%	18.18%
Investment income	2.92%	1.96%	0.77%	0.92%	0.94%	0.42%	0.94%	1.27%	0.56%	0.30%
Other	0.00%	0.01%	0.12%	0.26%	0.05%	0.16%	0.62%	0.08%	-0.01%	0.03%
<b>Total Non-Operating Revenues</b>	<b>39.84%</b>	<b>38.18%</b>	<b>34.72%</b>	<b>30.97%</b>	<b>29.47%</b>	<b>32.63%</b>	<b>40.94%</b>	<b>41.15%</b>	<b>39.76%</b>	<b>40.26%</b>
<b>TOTAL REVENUES BEFORE OTHER CHANGES IN NET POSITION</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



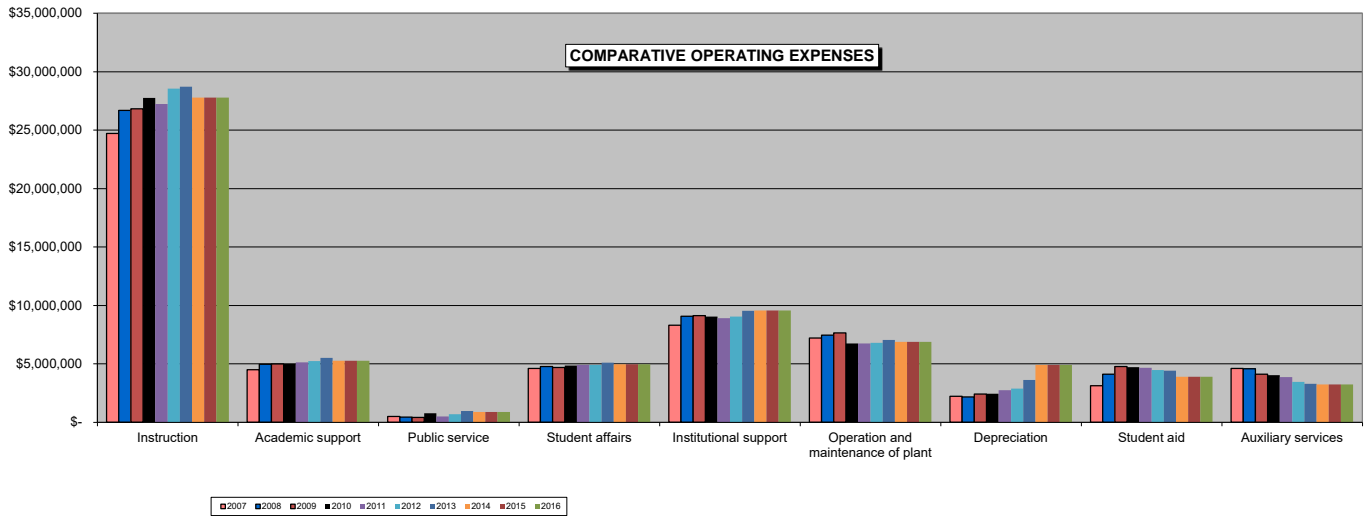
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UNAUDITED  
COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Instruction	\$ 23,702,678	\$ 24,286,870	\$ 24,723,076	\$ 26,676,746	\$ 26,813,545	\$ 27,754,303	\$ 27,242,885	\$ 28,551,764	\$ 28,725,970	\$ 27,792,623
Academic support	4,894,720	4,929,343	4,508,195	4,972,697	4,997,055	4,982,803	5,127,489	5,240,013	5,518,924	5,257,463
Public service	457,669	521,859	490,820	455,530	425,880	769,331	490,054	679,374	964,492	881,500
Student affairs	4,257,566	4,444,686	4,606,417	4,766,686	4,686,953	4,851,349	4,919,041	4,912,797	5,091,497	4,959,528
Institutional support	7,615,342	7,989,560	8,306,252	9,063,787	9,120,531	9,032,593	8,896,426	9,054,905	9,532,624	9,570,230
Operation and maintenance of plant	6,426,002	7,781,851	7,212,949	7,466,885	7,653,190	6,736,810	6,747,997	6,805,930	7,034,013	6,877,032
Depreciation	2,114,710	2,145,360	2,235,676	2,156,806	2,423,556	2,446,303	2,756,788	2,870,478	3,616,011	4,911,935
Student aid	2,210,096	2,493,620	3,121,463	4,112,450	4,770,249	4,720,336	4,673,698	4,479,009	4,427,110	3,889,713
Auxiliary services	3,972,134	4,314,188	4,621,363	4,576,215	4,115,163	4,028,155	3,863,858	3,469,650	3,281,216	3,235,883
<b>Total Operating Expenses</b>	<b>55,650,917</b>	<b>58,907,337</b>	<b>59,826,211</b>	<b>64,247,802</b>	<b>65,006,122</b>	<b>65,321,983</b>	<b>64,718,236</b>	<b>66,063,920</b>	<b>68,191,857</b>	<b>67,375,907</b>
Interest on capital assets and related debt	12,145	9,319	6,348	3,223	-	-	-	-	-	-
Other	-	3,982	19,870	-	-	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>12,145</b>	<b>13,301</b>	<b>26,218</b>	<b>3,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>\$ 55,663,062</b>	<b>\$ 58,920,638</b>	<b>\$ 59,852,429</b>	<b>\$ 64,251,025</b>	<b>\$ 65,006,122</b>	<b>\$ 65,321,983</b>	<b>\$ 64,718,236</b>	<b>\$ 66,063,920</b>	<b>\$ 68,191,857</b>	<b>\$ 67,375,907</b>

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

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Instruction	42.59%	41.21%	41.30%	41.51%	41.24%	42.48%	42.09%	43.21%	42.13%	41.26%
Academic support	8.79%	8.37%	7.53%	7.74%	7.69%	7.63%	7.92%	7.93%	8.09%	7.80%
Public service	0.82%	0.89%	0.82%	0.71%	0.66%	1.18%	0.76%	1.03%	1.41%	1.31%
Student affairs	7.65%	7.54%	7.70%	7.42%	7.21%	7.43%	7.60%	7.44%	7.47%	7.36%
Institutional support	13.68%	13.56%	13.88%	14.11%	14.03%	13.83%	13.75%	13.71%	13.98%	14.20%
Operation and maintenance of plant	11.54%	13.21%	12.05%	11.62%	11.77%	10.31%	10.43%	10.30%	10.32%	10.21%
Depreciation	3.80%	3.64%	3.74%	3.36%	3.73%	3.74%	4.26%	4.35%	5.30%	7.29%
Student aid	3.97%	4.23%	5.22%	6.40%	7.34%	7.23%	7.22%	6.78%	6.49%	5.77%
Auxiliary services	7.14%	7.32%	7.72%	7.12%	6.33%	6.17%	5.97%	5.25%	4.81%	4.80%
<b>Total Operating Expenses</b>	<b>99.98%</b>	<b>99.97%</b>	<b>99.96%</b>	<b>99.99%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Interest on capital assets and related debt	0.02%	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.01%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Non-Operating Expenses</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL EXPENSES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



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

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
<b>Income (Loss) before other changes in net position</b>	\$1,945,290	\$1,860,462	\$1,635,003	\$ 639,524	\$ 900,422	\$ 512,322	\$1,313,755	\$ 31,350	\$ (686,125)	\$ (2,289,939)
Capital contributions	504,344	5,033,010	1,731,340	5,157,169	6,422,889	1,851,245	3,386,621	12,639,154	10,010,786	6,769,832
Additions to permanent endowments	153,754	368,847	123,674	226,252	119,837	553,984	141,121	154,010	8,230	220,738
<b>Net increase in net position</b>	<b>\$2,603,388</b>	<b>\$7,262,319</b>	<b>\$3,490,017</b>	<b>\$6,022,945</b>	<b>\$7,443,148</b>	<b>\$2,917,551</b>	<b>\$4,841,497</b>	<b>\$ 12,824,514</b>	<b>\$ 9,332,891</b>	<b>\$ 4,700,631</b>





UNAUDITED  
COUNTY COLLEGE OF MORRIS  
DEBT CAPACITY PER STUDENT

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital lease obligation:										
Capital lease payable	\$ 64,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,354	\$ 256,257	\$ 229,416
Future interest payments	\$ 1,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,454	\$ 60,925	\$ 48,112
Total students	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026
Capital lease obligation per student:										
Capital lease payable	\$ 7.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.83	\$ 31.65	\$ 28.58
Future interest payments	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.41	\$ 7.53	\$ 5.99

UNAUDITED COUNTY COLLEGE OF MORRIS 2006 - 2015 DEMOGRAPHICS STATISTICS			
	County Population	Per Capita Personal Income	Unemployment Rate
2006	484,887	68,495	3.30%
2007	485,592	72,211	3.00%
2008	486,946	74,636	4.00%
2009	488,518	70,516	7.20%
2010	492,276	72,780	7.40%
2011	494,976	76,194	7.80%
2012	497,999	78,693	7.70%
2013	499,397	79,094	6.80%
2014	499,727	82,810	5.00%
2015	499,509	N/A	5.10%

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

UNAUDITED COUNTY COLLEGE OF MORRIS MORRIS COUNTY MAJOR EMPLOYERS LIST	
Company	Employees
Picatinny Arsenal	6,000
Atlantic Health System	5,171
Novartis	4,622
Bayer	2,800
County of Morris	1,757
Wyndham Worldwide	1,626
Accenture	1,561
St. Clare's Health System	1,504
BASF	1,500
PricewaterhouseCoopers	1,360

Source: Morris County Planning & Public Works, March 2016 Survey

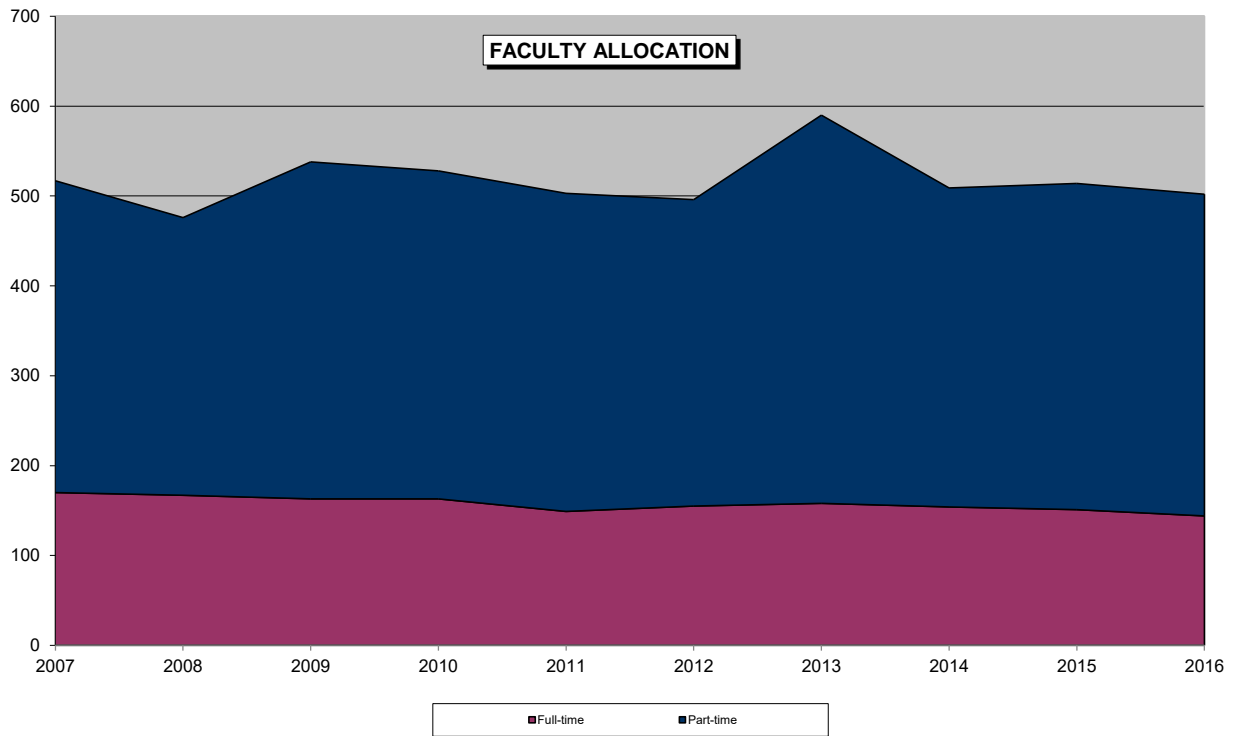
UNAUDITED  
COUNTY COLLEGE OF MORRIS  
ENROLLMENT STATISTICS

	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Total enrollment	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026
Enrollment status:										
Full-time	4,423	4,629	4,761	5,078	5,033	4,685	4,633	4,549	4,129	3,946
Part-time	3,651	3,701	3,680	3,660	3,672	3,869	4,046	3,898	3,967	4,080
County of origin										
In-county	6,262	6,448	6,557	6,873	6,956	6,783	6,886	6,631	6,351	6,302
Out-of-county	1,812	1,882	1,884	1,865	1,749	1,771	1,793	1,816	1,745	1,724
Fundable credit hours	178,684	183,426	190,124	198,185	196,114	192,398	194,116	188,732	179,380	179,037
Full-time equivalent	5,956	6,114	6,337	6,606	6,537	6,413	6,471	6,291	5,979	5,968
Average Class Size	22	22	22	21	21	20	20	19	18	20

Source: County College of Morris Fall 2015 Facts & Figures  
and  
County College of Morris Schedule of Credit-Hour Enrollment Year Ended 6/30/16

UNAUDITED  
 COUNTY COLLEGE OF MORRIS  
 FACULTY, STAFF AND ADMINISTRATOR STATISTICS

	2007 ACTUAL	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL
<b>Faculty:</b>										
Full-time	170	167	163	163	149	155	158	154	151	144
Part-time	347	309	375	365	354	341	432	355	363	358
<b>Professional and Staff:</b>										
Full-time	285	279	284	274	285	283	281	280	267	268
Part-time	63	62	64	58	58	57	55	64	54	51
<b>Total employees</b>										
Full-time	455	446	447	437	434	438	439	434	418	412
Part-time	410	371	439	423	412	398	487	419	417	409
<b>Total Students</b>	8,074	8,330	8,441	8,738	8,705	8,554	8,679	8,447	8,096	8,026
<b>Students per full-time faculty</b>	47	50	52	54	58	55	55	55	54	56
<b>Students per part-time faculty</b>	23	27	23	24	25	25	20	24	22	22



Source: County College of Morris' Department of Human Resources.  
 and  
 County College of Morris Fall 2015 Facts & Figures

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
NET ASSIGNABLE SQUARE FOOTAGE BY BUILDING

Building and Use	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Henderson Hall - Administrative and Academic</b>										
Office	19,529	17,617	17,617	17,617	17,617	17,617	17,617	17,617	17,617	17,617
Classroom	1,931	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133	4,133
<b>Sheffield Hall - Academic and Administrative</b>										
Classroom	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558	7,558
Instructional Laboratory	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192	28,192
Office	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732	6,732
Plant Maintenance	746	746	746	746	746	746	746	746	746	746
<b>Emeriti Hall - Academic and Administrative</b>										
Instructional Laboratory	9,840	9,840	9,840	7,012	7,012	7,012	7,012	7,012	7,012	7,012
Office	4,184	4,184	4,184	7,012	7,012	7,012	7,012	7,012	7,012	7,012
<b>Cohen Hall - Academic, Administrative and Student Health/Activities</b>										
Classroom	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475	17,475
Instructional Laboratory	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825	9,825
Office	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711	15,711
Plant Maintenance	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183	3,183
Student Health/Activities	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644	7,644
<b>Demare Hall - Academic and Administrative</b>										
Classroom	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902	16,902	20,242
Instructional Laboratory	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525	15,525
Office	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	5,260
<b>Health and Physical Education - Academic and Athletic</b>										
Classroom	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,473	2,275	2,275
Instructional Laboratory	253	253	253	253	253	253	253	253	1,196	1,196
Office	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	2,145	2,145
Physical Ed and Recreation	32,293	32,293	32,293	32,293	32,293	32,293	32,293	32,293	31,349	31,349
<b>Aquatic Facility - Athletic</b>										
Physical Ed and Recreation	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
<b>Sherman H. Masten Learning Resource Center - Library</b>										
Library and Support	43,641	43,641	43,641	43,641	43,641	43,641	43,641	29,246	29,246	29,246
Classroom								923	923	923
Office	5,573	5,573	5,573	5,573	5,573	5,573	5,573	3,331	3,331	3,331
Student Activities/Services	543	543	543	543	543	543	543	10,125	10,125	10,125
Instructional Laboratory	1,696	1,696	1,696	1,696	1,696	1,696	1,696	3,950	3,950	3,950
Audio/visual, Radio and TV	4,681	4,681	4,681	4,681	4,681	4,681	4,681	1,052	1,052	1,052
<b>Student Community Center and Auditorium - Student Activities, Administration and Auditorium</b>										
Office	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642	13,642
Student Activities	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919	36,919
Auditorium	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390	9,390
<b>Music Technology Center</b>										
Classroom										2,983
Instructional Laboratory										6,686
Auditorium										1,948
Office										1,748
<b>Plant and Maintenance Building - Maintenance, Storage and Campus Security</b>										
Office	742	742	742	742	742	742	742	742	742	742
Plant Maintenance	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751	6,751
<b>Landscape and Horticulture Technology Complex - Academic</b>										
Instructional Laboratory	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
Office	185	185	185	185	185	890	890	890	890	890
Classroom	890	890	890	890	890	5,165	5,165	5,165	5,165	5,165
<b>Dalrymple House</b>										
Office	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645	3,645
<b>675 Rt. 10</b>										
Office							15,448	15,448	15,448	15,448
<b>Parking Capacity</b>										
	3,200	3,200	3,200	3,242	3,242	3,242	3,330	3,330	3,330	3,330

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

## Unaudited - Ratio Analysis

Ratio analysis can communicate the financial strengths and weaknesses of a college. An article published in the April 2003 NACUBO's Business Officer, "How to Assess and Enhance Financial Health," by Lawrence R. Hudack, Larry L. Orsini, and Brenda M. Snow, identifies the Primary Reserve Ratio, the Net Income Ratio, the Return on Net Position Ratio and the Viability Ratio as four core ratios. These four core ratios are combined and weighted to develop a composite financial index for a given year. Because the College has minimal long term debt, the viability ratio is excluded from the composite financial index. The composite financial index is a tool to help readers determine the overall financial health of an institution as compared to other institutions. The following ratio analysis excludes the pension liability impact of GASB 68. Below is a chart representing the County College of Morris' Financial Health as of 2016.

Fiscal Year 2016	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	43.65%	13.30%	3.28	54%	1.77
Net Income Ratio	4.00%	-3.52%	0.70%	-5.03	15%	-0.75
Return on Net Position	7.00%	5.20%	2.00%	2.60	31%	0.81
Composite Financial Index						1.83

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

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

Five Year Average as of 2016	Industry Standard	Core Ratio	Relevant Value	Strength Factor *	Weight Factor	Score
Primary Reserve Ratio	40.00%	37.76%	13.30%	2.84	54%	1.53
Net Income Ratio	4.00%	-0.34%	0.70%	-0.49	15%	(0.07)
Return on Net Position	7.00%	7.53%	2.00%	3.77	31%	1.17
Composite Financial Index						2.63

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

The Primary Reserve Ratio focuses on expendable net position, which is quickly available to an institution, as compared to total expenses. It is recommended that an institution maintain a ratio greater than 40% to ensure financial stability. As of June 30, 2016 the County College of Morris has a ratio of 43.65%. This means the College can cover the recommended 5 months of expenses that a 40% ratio would ensure. The five year average Primary Reserve Ratio is 37.76%.

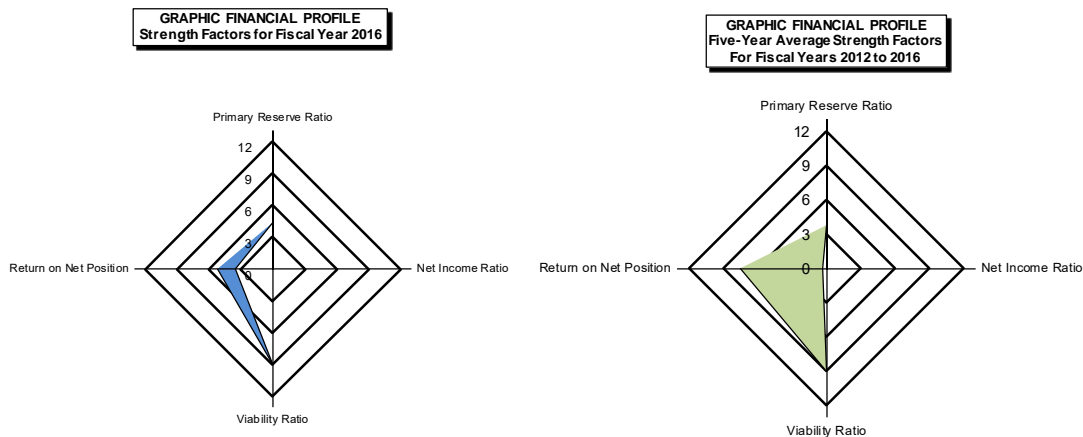
The Net Income Ratio indicates the degree of surplus or deficit that a college generates as compared to total unrestricted operating income. Industry standard recommends this ratio be maintained between 2% and 4% to ensure adequate growth in reserves. However, as stated in the article, "it is important that surpluses are not obtained at the cost of mission-critical spending". County College of Morris had net loss of \$2,289,939 before capital contributions and additions to endowments. As a result, the College had a negative net income ratio of -3.52% for fiscal year 2016. This is an increase in the deficit from fiscal year 2015, which was -1.02% and below the five year average of -.34%. The average of -.34% indicates that overall the College has utilized reserves to operate. However, as the College's facilities expand and county and state funding remains flat reserves may need to be utilized to offset operational expenses.

The Return on Net Position Ratio measures the total economic return, or real rate of return, on net position. Once this return is calculated, it is compared to the current rate of inflation to obtain a true rate of return. An institution should maintain a return on net position ratio of 4% to 5% during a time of 2% inflation to ensure the assets. The current rate of inflation is 1%. The five year average return on net position ratio is 7.53% compared to the average rate of inflation which is 1.34%. The College had an overall increase in net position due to capital contributions and additions to permanent endowments, therefore the return on net position is that of a financially strong institution.

The Viability Ratio measures the availability of expendable net position to cover long-term debt at the time of the balance sheet. Industry standard recommends a 100% viability ratio. Historically, the County College of Morris has minimal long-term debt and in 2016 long-term debt of only \$201,230. Since the College has minimal long-term debt the viability ratio indicates a strong future. To allow for vital comparisons with other institutions, it is recommended that this ratio not be utilized in calculating the composite financial index for an institution that has little or no long-term debt.

Once the ratios are calculated, they are converted to strength factors ranging from 1 to 10. Within this scale, a strength factor of 3 would represent an institution with moderate financial strength, 1 would indicate financial weakness and 10 would point out financial superiority. The strength factors are then weighed based upon importance to determine the overall composite financial index for an institution. To calculate the strength factor, the College's core ratios are divided by the industry's relevant value, which is based upon industry standards. County College of Morris' composite financial index for 2016 of 1.83, a decrease of 1.07 from 2015, is the result of a decrease in net income. The five year average of 2.63 indicates an institution with moderate financial health, but stresses our reliance on state and county support.

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



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

UNAUDITED  
COUNTY COLLEGE OF MORRIS  
REVENUES BY SOURCE  
OPERATING FUND

SOURCE	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Federal Support				\$ 413,418						
State Support	\$ 8,458,882	\$ 8,988,553	\$ 8,035,807	7,028,771	7,169,137	\$ 6,844,765	\$ 6,899,143	\$ 6,988,477	\$ 7,000,440	\$ 6,965,819
County Support	12,816,518	13,018,055	12,757,356	12,175,898	11,600,000	11,600,000	11,600,000	11,600,000	11,600,000	11,830,000
Tuition & Fees	21,039,472	23,115,529	24,569,453	27,132,148	29,156,809	28,825,751	28,747,647	28,966,245	29,506,917	29,314,041
Chargeback/Self-Paid	4,711,365	5,070,834	5,121,222	5,142,148	5,149,561	5,041,015	5,131,547	5,319,328	5,049,247	5,034,963
Investment Income	1,331,178	1,173,255	757,439	348,660	181,737	172,894	157,332	155,848	169,391	229,653
Other Income	659,062	484,271	509,627	716,391	530,701	1,059,047	980,195	976,186	928,125	954,456
<b>TOTAL</b>	<b>\$ 49,016,477</b>	<b>\$ 51,850,497</b>	<b>\$ 51,750,904</b>	<b>\$ 52,544,016</b>	<b>\$ 53,787,945</b>	<b>\$ 53,543,472</b>	<b>\$ 53,515,864</b>	<b>\$ 54,006,084</b>	<b>\$ 54,254,120</b>	<b>\$ 54,328,932</b>

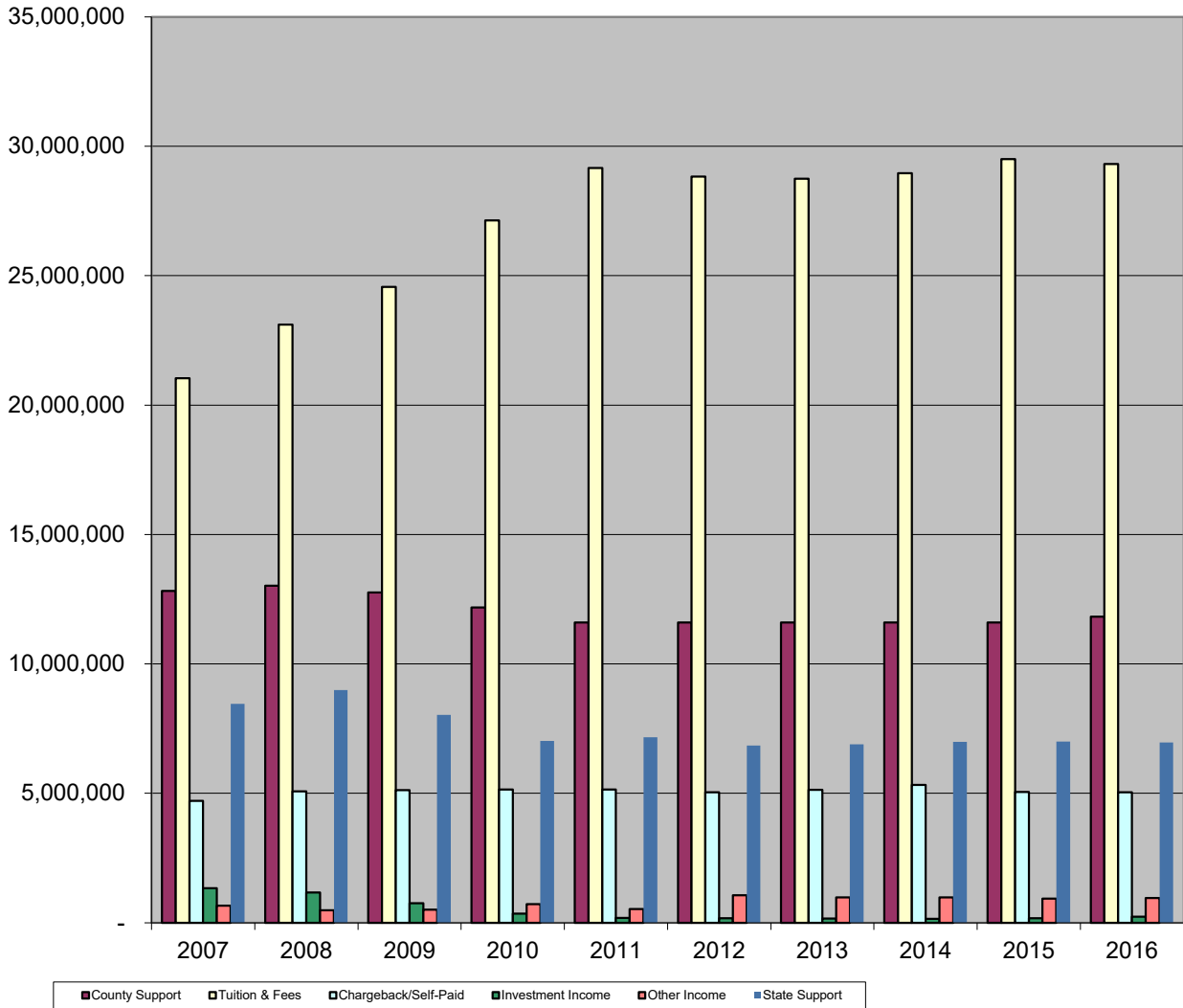
UNAUDITED  
COUNTY COLLEGE OF MORRIS  
REVENUES BY SOURCE AS A PERCENTAGE OF TOTAL  
OPERATING FUND

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Federal Support					0.00%					
State Support	17.26%	17.33%	15.53%	13.37%	13.31%	12.79%	12.89%	12.93%	12.90%	12.82%
County Support	26.15%	25.11%	24.65%	23.17%	21.57%	21.66%	21.68%	21.48%	21.38%	21.77%
Tuition & Fees	42.92%	44.59%	47.48%	51.65%	54.22%	53.84%	53.72%	53.64%	54.39%	53.96%
Chargeback/Self-Paid	9.61%	9.78%	9.90%	9.79%	9.57%	9.41%	9.59%	9.85%	9.31%	9.27%
Investment Income	2.72%	2.26%	1.46%	0.66%	0.34%	0.32%	0.29%	0.29%	0.31%	0.42%
Other Income	1.34%	0.93%	0.98%	1.36%	0.99%	1.98%	1.83%	1.81%	1.71%	1.76%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE OPERATING REVENUES BY SOURCE**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY FUNCTION  
OPERATING FUND

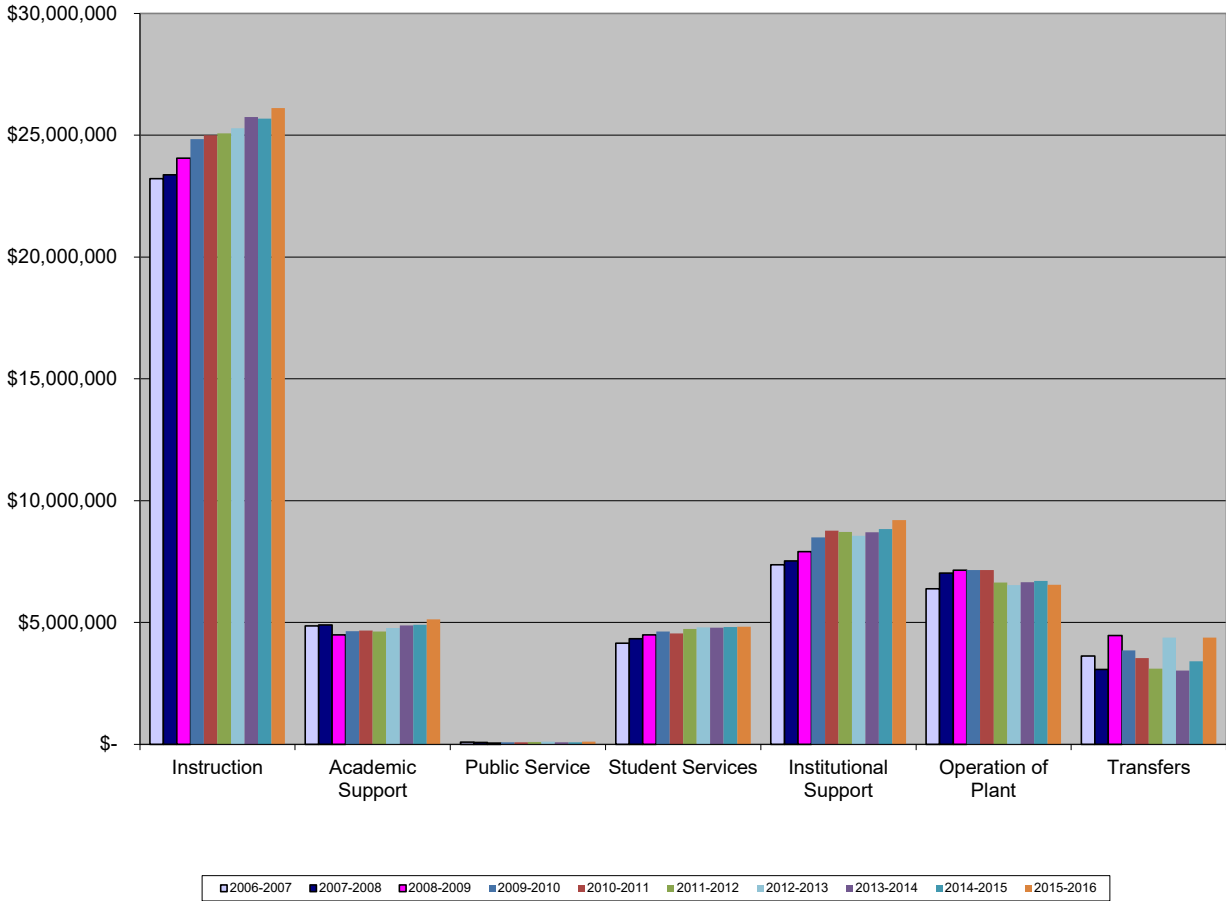
ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Instruction	\$ 23,214,845	\$ 23,373,622	\$ 24,057,363	\$ 24,842,911	\$ 24,995,758	\$ 25,075,508	\$ 25,287,604	\$ 25,754,609	\$ 25,683,320	\$ 26,123,079
Academic Support	4,852,930	4,897,029	4,488,370	4,637,326	4,666,762	4,627,081	4,766,062	4,871,234	4,904,785	5,124,983
Public Service	87,174	73,699	53,790	85,127	83,622	87,198	107,063	86,373	86,095	113,023
Student Services	4,145,271	4,328,011	4,489,772	4,632,260	4,548,496	4,728,626	4,795,080	4,786,501	4,811,090	4,821,106
Institutional Support	7,363,152	7,519,798	7,902,250	8,488,656	8,768,884	8,715,588	8,551,880	8,707,048	8,831,528	9,195,386
Operation of Plant	6,383,857	7,032,899	7,140,815	7,151,522	7,155,130	6,636,127	6,530,336	6,658,145	6,703,044	6,551,632
Transfers	3,627,536	3,066,171	4,464,100	3,857,056	3,536,265	3,096,912	4,381,024	3,020,435	3,410,379	4,382,670
<b>TOTAL</b>	<b>\$ 49,674,765</b>	<b>\$ 50,291,229</b>	<b>\$ 52,596,460</b>	<b>\$ 53,694,858</b>	<b>\$ 53,754,917</b>	<b>\$ 52,967,040</b>	<b>\$ 54,419,049</b>	<b>\$ 53,884,345</b>	<b>\$ 54,430,241</b>	<b>\$ 56,311,878</b>

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

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Instruction	46.74%	46.47%	45.74%	46.27%	46.48%	47.36%	46.47%	47.79%	47.18%	46.40%
Academic Support	9.77%	9.74%	8.53%	8.64%	8.68%	8.74%	8.76%	9.04%	9.01%	9.10%
Public Service	0.18%	0.15%	0.10%	0.16%	0.16%	0.16%	0.20%	0.16%	0.16%	0.20%
Student Services	8.34%	8.61%	8.54%	8.63%	8.46%	8.93%	8.81%	8.88%	8.84%	8.56%
Institutional Support	14.82%	14.95%	15.02%	15.80%	16.33%	16.43%	15.71%	16.16%	16.23%	16.33%
Operation of Plant	12.85%	13.98%	13.58%	13.32%	13.31%	12.53%	12.00%	12.36%	12.31%	11.63%
Transfers	7.30%	6.10%	8.49%	7.18%	6.58%	5.85%	8.05%	5.61%	6.27%	7.78%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE EXPENSES BY FUNCTION**



UNAUDITED  
COUNTY COLLEGE OF MORRIS  
EXPENSES BY OBJECT CODE  
OPERATING FUND

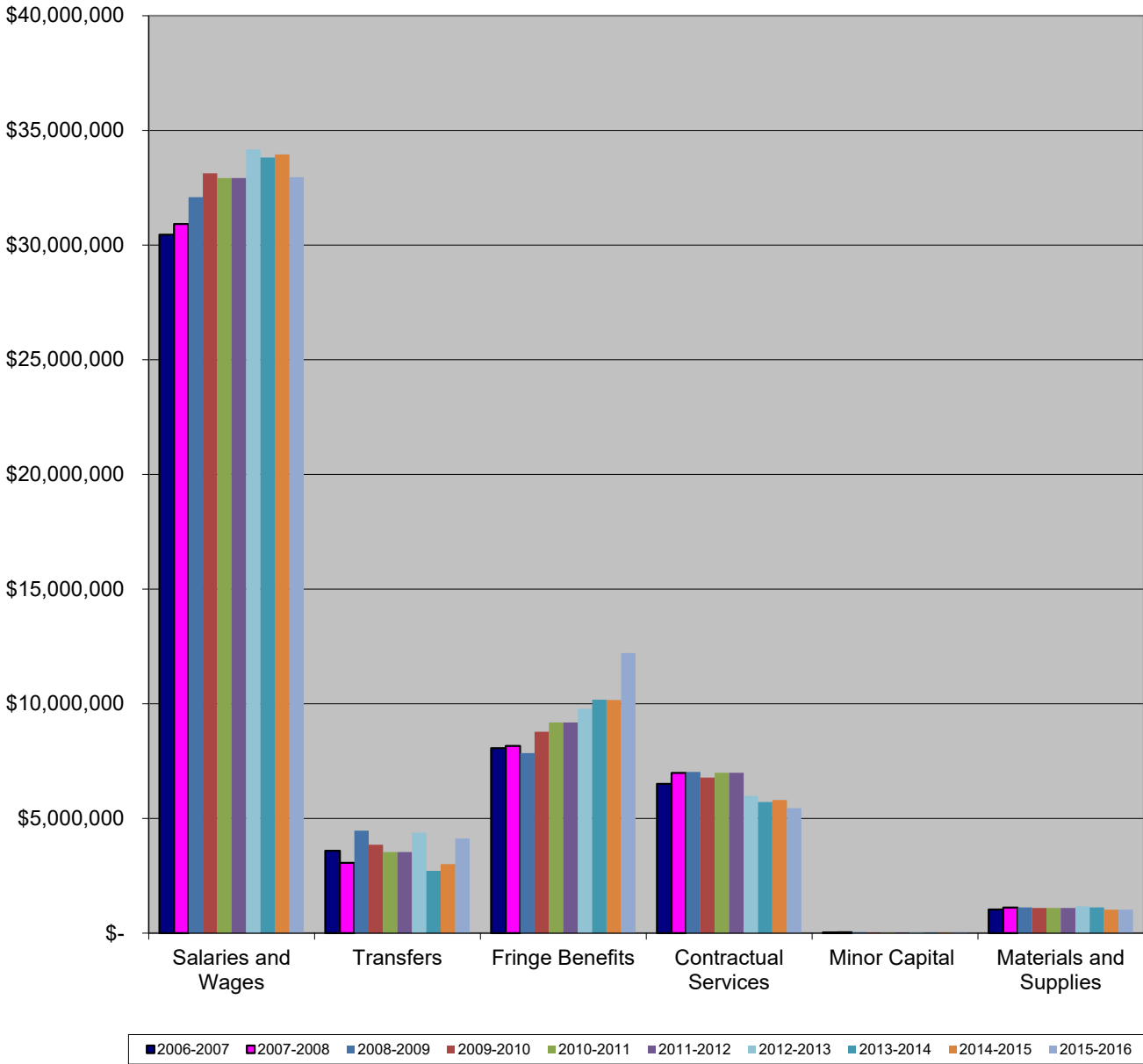
	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Salaries and Wages	\$ 30,448,863	\$ 30,918,033	\$ 32,085,657	\$ 33,131,756	\$ 32,919,610	\$ 33,161,279	\$ 34,168,821	\$ 33,812,114	\$ 33,952,023	\$ 32,956,386
Transfers	3,596,300	3,066,171	4,464,100	3,857,056	3,536,265	3,096,913	4,381,024	2,720,435	3,007,054	4,126,092
Fringe Benefits	8,062,228	8,164,824	7,848,541	8,781,560	9,185,415	9,225,848	9,781,874	10,173,497	10,163,002	12,207,818
Contractual Services	6,510,687	6,989,317	7,031,773	6,781,683	6,988,127	6,252,057	5,991,535	5,722,441	5,805,736	5,446,272
Minor Capital	23,763	37,345	41,351	38,937	31,665	43,594	40,523	33,938	27,985	47,781
Materials and Supplies	1,032,924	1,115,539	1,125,038	1,103,866	1,093,834	1,187,384	1,167,174	1,121,923	1,030,048	1,027,581
<b>TOTAL</b>	<b>\$ 49,674,765</b>	<b>\$ 50,291,229</b>	<b>\$ 52,596,460</b>	<b>\$ 53,694,858</b>	<b>\$ 53,754,916</b>	<b>\$ 52,967,076</b>	<b>\$ 55,530,950</b>	<b>\$ 53,584,348</b>	<b>\$ 53,985,848</b>	<b>\$ 55,811,930</b>

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

ITEM	2006-2007 ACTUAL	2007-2008 ACTUAL	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 ACTUAL	2011-2012 ACTUAL	2012-2013 ACTUAL	2013-2014 ACTUAL	2014-2015 ACTUAL	2015-2016 ACTUAL
Salaries and Wages	61.30%	61.48%	61.00%	61.70%	61.24%	62.61%	61.53%	63.10%	62.89%	59.05%
Transfers	7.24%	6.10%	8.49%	7.18%	6.58%	5.85%	7.89%	5.08%	5.57%	7.39%
Fringe Benefits	16.23%	16.24%	14.92%	16.35%	17.09%	17.42%	17.62%	18.99%	18.83%	21.87%
Contractual Services	13.11%	13.90%	13.37%	12.63%	13.00%	11.80%	10.79%	10.68%	10.75%	9.76%
Minor Capital	0.05%	0.07%	0.08%	0.07%	0.06%	0.08%	0.07%	0.06%	0.05%	0.09%
Materials and Supplies	2.08%	2.22%	2.14%	2.06%	2.03%	2.24%	2.10%	2.09%	1.91%	1.84%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

UNAUDITED  
 COUNTY COLLEGE OF MORRIS

**COMPARATIVE EXPENSES BY OBJECT CODE**



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# Compliance Section





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

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

BALANCE SHEET  
JUNE 30, 2016

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

SCHEDULE OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2016

	(Unaudited) Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
County College of Morris Grant	\$3,300	\$3,300	\$ -
Expenditures:			
Other Staff	3,300	1,650	1,650
FICA	-	-	-
Postage	-	-	-
Printing/Reproduction	-	-	-
Total expenditures	3,300	1,650	1,650
Excess (deficiency) of revenues over expenditures	\$ -	1,650	\$ 1,650
Fund Balance June 30, 2015		-	
Fund Balance June 30, 2016		\$1,650	

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

BALANCE SHEET  
JUNE 30, 2016

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

SCHEDULE OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2016

	(Unaudited) Original Budget	Actual Expended Prior Fiscal Year	Actual Expended Current Fiscal Year	Total	Variance Favorable (Unfavorable)
Revenues:					
County College of Morris Grant	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ -</u>
Expenditures:					
Other Staff	3,300	1,650	1,650	3,300	-
FICA	-	-	-	-	-
Postage	-	-	-	-	-
Printing/Reproduction	-	-	-	-	-
Total expenditures	<u>3,300</u>	<u>1,650</u>	<u>1,650</u>	<u>3,300</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures		<u>\$ 1,650</u>	<u>(1,650)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance June 30, 2015			1,650		
Fund Balance June 30, 2016			<u><u>\$ -</u></u>		

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey (the "Department"), the financial statements of the County College of Morris (the "College") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 18, 2016.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

November 18, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

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

Independent Auditors' Report

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

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

We have audited the County College of Morris's (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 District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 District'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, 2016.

**Report on Internal Control Over Compliance**

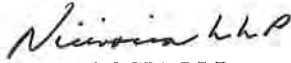
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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

November 18, 2016  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authorizations	Amount Received 15-16	Amount Rec'd to Date	Grant Expenditures 15-16	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2016	Amount Paid to Sub-recipient
<u>U.S. Department of Education:</u>											
Student Financial Assistance Program Cluster:											
<u>Direct Aid:</u>											
	PELL	84.063	E-P063P152894	9/1/15-8/31/16	\$ 7,182,056	\$ 7,181,190	\$ 7,181,190	\$ 7,182,056	\$ 7,182,056	\$ 866	\$ -
	PELL	84.063	E-P063P142894	9/1/14-8/31/15	7,790,882	132,022	7,790,882	7,790,882	7,790,882	-	-
	SEOG	84.007	E-P007A152547	9/1/15-8/31/16	175,000	175,000	175,000	175,000	175,000	-	-
	CWS	84.033	E-P033A152547	7/1/15-6/30/16	175,207	162,372	162,372	165,768	165,768	3,396	-
	CWS	84.033	E-P033A142547	7/1/14-6/30/15	166,920	20,523	166,920	11,737	166,920	-	-
	DIRECT LOANS	84.268	P-268K162894	9/1/15-8/31/16	6,277,847	6,035,943	6,035,943	6,035,943	6,035,943	-	-
	DIRECT LOANS	84.268	P-268K152894	9/1/14-8/31/15	6,276,643	51,523	6,276,643	(130)	6,276,643	-	-
	Subtotal Student Financial Assistance Program Cluster				28,044,555	13,758,573	27,788,950	21,361,256	27,793,212	4,282	-
<u>Pass Through Funds:</u>											
	NJ Dept. of Education	84.048	PSFS715516	7/1/15-6/30/16	318,316	258,839	258,839	309,253	309,253	50,414	-
	NJ Dept. of Education	84.048	PSFS715515	7/1/14-6/30/15	386,846	120,112	386,084	-	386,084	-	-
					707,162	378,951	644,923	309,253	697,337	50,414	-
	NJ Council of Community Colleges		Subgrant 378A	6/1/15-8/15/16	25,798	9,391	9,391	11,872	11,872	2,481	-
					732,920	388,342	656,314	321,125	709,209	52,895	-
	Total U.S. Department of Education				28,777,475	14,146,915	28,445,264	21,682,381	28,502,421	57,157	-
<u>National Science Foundation:</u>											
	National Science Foundation	47.076	DUE-1339856-COM	9/1/13-8/31/16	35,143	19,043	19,043	9,737	19,404	361	-
	National Science Foundation	47.076	DUE-1400494	7/1/14-6/30/16	199,999	107,999	151,494	101,771	190,936	39,442	-
					235,142	127,042	170,537	111,508	210,340	39,803	-
<u>U.S. Department of Health and Human Services:</u>											
	US Department of Health and Human Services	93.093	90FX000105	9/30/14-9/29/15	410,614	226,464	385,852	133,005	385,852	-	-
	US Department of Health and Human Services	93.093	HHSP232009624WC	10/1/13-9/29/15	201,688	2,674	146,836	-	146,836	-	-
					612,302	229,138	532,688	133,005	532,688	-	-
<u>U.S. Department of Labor:</u>											
	US Department of Labor	17.282	TAACCTT Grant - Year 2	10/1/15-9/30/16	421,264	103,033	186,588	186,588	186,588	83,555	-
	US Department of Labor	17.282	TAACCTT Grant - Year 1	10/1/14-9/30/15	224,836	88,045	106,250	36,743	106,250	-	-
					646,100	191,078	209,283	223,331	292,838	83,555	-
	US Department of Labor	17.268	NJIT STEM Grant - Year 3	1/1/15-3/31/16	55,122	27,390	31,213	1,781	36,145	4,932	-
<u>U.S. Department of Homeland Security:</u>											
	Office of Homeland Security and Preparedness	97.067	EMW-2014-SS-00095-S01	9/1/14-8/31/16	157,000	66,898	157,000	41,575	157,000	-	-
<u>National Endowment for the Humanities:</u>											
	National Endowment for the Humanities	45.164	NEH Subaward	1/1/16-12/31/16	17,500	17,500	17,500	7,781	7,781	(9,719)	-
	National Endowment for the Humanities	45.162	NEH Subaward	7/1/12-12/31/15	7,500	-	7,500	436	7,500	-	-
	Total Federal Awards				30,508,141	14,805,949	29,570,985	22,201,798	29,746,713	175,728	\$ -

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, 2016

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authorizations	Amount Received 15-16	Amount Rec'd to Date	Grant Expenditures 15-16	Total Grant Expenditures	Receivable (Payable) (Fund Balance) 6/30/2016
<u>Dept. of Student Assistance:</u>									
<u>Direct Aid:</u>									
TAG		2124	7/1/15-6/30/16	\$ 1,407,555	\$ 1,430,768	\$ 1,430,768	\$ 1,407,555	\$ 1,407,555	\$ (25,213)
EOF Article III		2124	6/1/15-6/30/16	61,995	61,995	61,995	61,995	61,995	-
EOF Article IV		2124	6/1/14-6/30/15	117,163	117,163	117,163	117,163	117,163	-
EOF Article III Summer 2016		2124	6/1/16-6/30/17	14,314	-	-	4,256	4,256	4,256
EOF Article III Summer 2015		2124	6/1/15-6/30/16	13,504	13,504	13,504	7,411	13,504	-
NJ Best		2124	7/1/15-6/30/16	20,250	20,250	20,250	20,250	20,250	-
NJ State Program 2016		2124	7/1/15-6/30/16	134,616	133,758	133,758	134,616	134,616	856
NJ Class Loans		N/A	7/1/15-6/30/16	69,709	69,709	69,709	69,709	69,709	-
				1,839,106	1,847,147	1,847,147	1,822,955	1,829,048	(18,099)
<u>Dept. of Children and Families:</u>									
<u>Direct Aid:</u>									
Division on Women		16CLPW	7/1/15-6/30/16	130,475	130,475	130,475	130,475	130,475	-
Division on Women		15CLPW	7/1/14-6/30/15	1,569	1,569	130,475	-	130,475	-
				260,950	332,044	260,950	130,475	260,950	-
<u>Department of the Treasury:</u>									
<u>Direct Aid:</u>									
State Support Operational Costs		N/A	7/1/15-6/30/16	6,965,819	6,965,819	6,965,819	6,965,819	6,965,819	-
				6,965,819	6,965,819	6,965,819	6,965,819	6,965,819	-
Alternate Benefit Reimbursements		N/A	7/1/15-6/30/16	1,318,143	935,368	935,368	1,318,143	1,318,143	382,775
Alternate Benefit Reimbursements		N/A	7/1/14-6/30/15	1,338,045	381,070	1,338,045	-	1,338,045	-
				2,656,188	1,316,436	2,273,413	1,318,143	2,656,188	382,775
<u>Pass Through Funds:</u>									
Arts Council of Morris Area		N/A	11/1/16-12/31/16	1,800	900	900	1,800	1,800	900
Arts Council of Morris Area		N/A	1/1/15-12/31/15	2,200	1,100	2,200	-	2,200	-
				4,000	2,000	3,100	1,800	4,000	900
Total State Awards				\$ 11,726,063	\$ 10,263,448	\$ 11,350,429	\$ 10,239,192	\$ 11,716,005	\$ 365,576

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, 2016**

**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, 2016. 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, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the College.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the College which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the College expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The College's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/State</u> <u>Identification Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
Federal:				
Student Financial Aid Cluster				
PELL	84.063	9/1/15-8/31/16	\$ 7,182,056	\$ 7,182,056
PELL	84.063	9/1/14-8/31/15	7,790,882	7,790,882
SEOG	84.007	9/1/15-8/31/16	175,000	175,000
CWS	84.033	7/1/15-6/30/16	175,207	165,768
CWS	84.033	7/1/14-6/30/15	166,920	11,737
Direct Loans	84.268	9/1/15-8/31/16	6,277,847	6,035,943
Direct Loans	84.268	9/1/14-8/31/15	6,276,643	(130)
State:				
Direct Aid:				
State Support Operational Costs	N/A	7/1/15-6/30/16	6,965,819	6,965,819

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

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 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.

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

Status of Prior Year Findings:

There were no prior year findings.