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COUNT COLLEGE f O IS

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

Financial Report

Fiscal Years Ended June 30, 2019 and 2018

County College of Morris
Annual Financial Report
Fiscal Year Ended June 30, 2019
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Financial Section

Compliance Section

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the County College of Morris (the "College") a component unit of the County of Morris, as of and for the fiscal years ended June 30, 2019 and 2018, 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 College, as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

November 13, 2019
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Management's Discussion and Analysis
Unaudited

This section of the County College of Morris' audited financial statements presents management's discussion and analysis of the College's financial activity, exclusive of the College's discretely presented component unit, for the fiscal years ended June 30, 2019 and 2018. 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.

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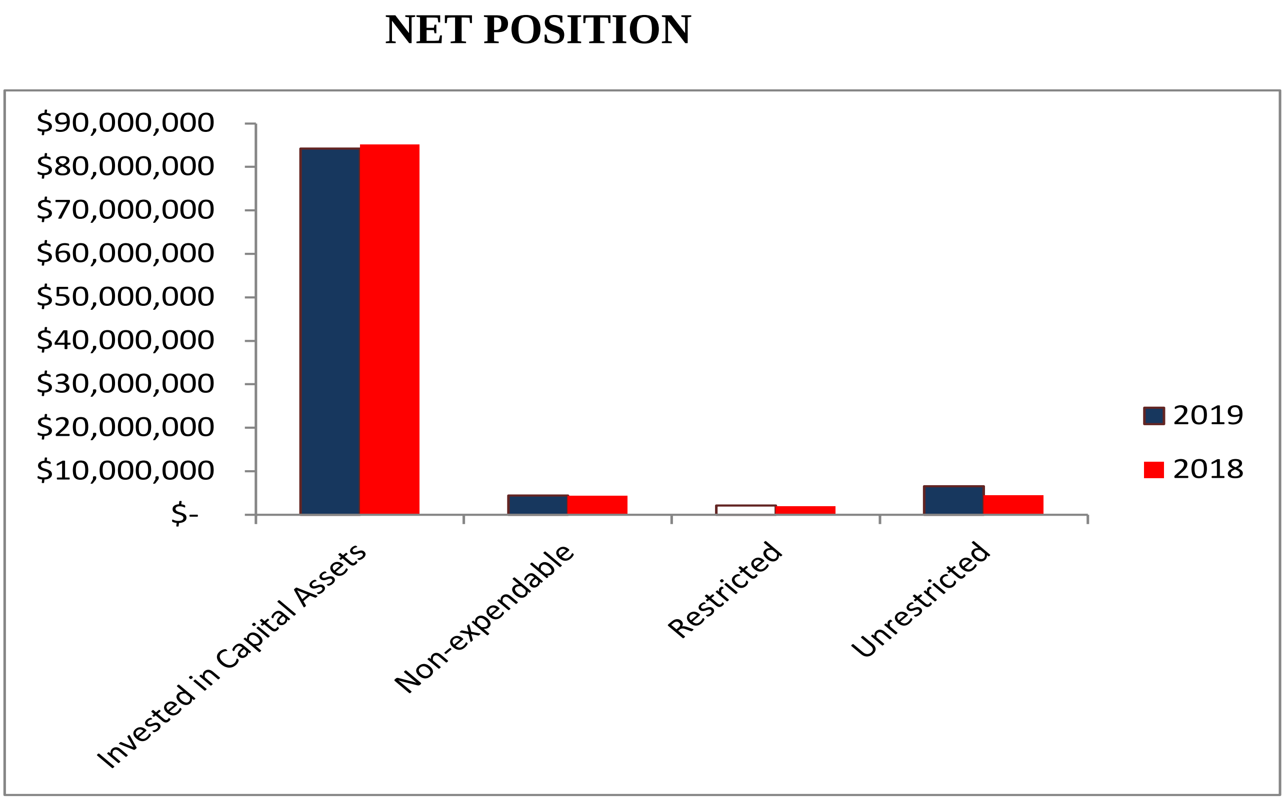
Financial Highlights

The following is a graphical illustration of net position as of June 30, 2019 and 2018:



<u>Fiscal Year 2019 Compared to 2018</u>

Net position increased by $1.35 million. Unrestricted net position increased by $2.09 million as a result of operations. Investments in capital assets decreased by $939 thousand (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by $41 thousand. It should be noted that included in unrestricted net position is $12.3 million of board designated funds for capital projects identified in the College's technology, facilities master and deferred maintenance plans. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated $5.7 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution.

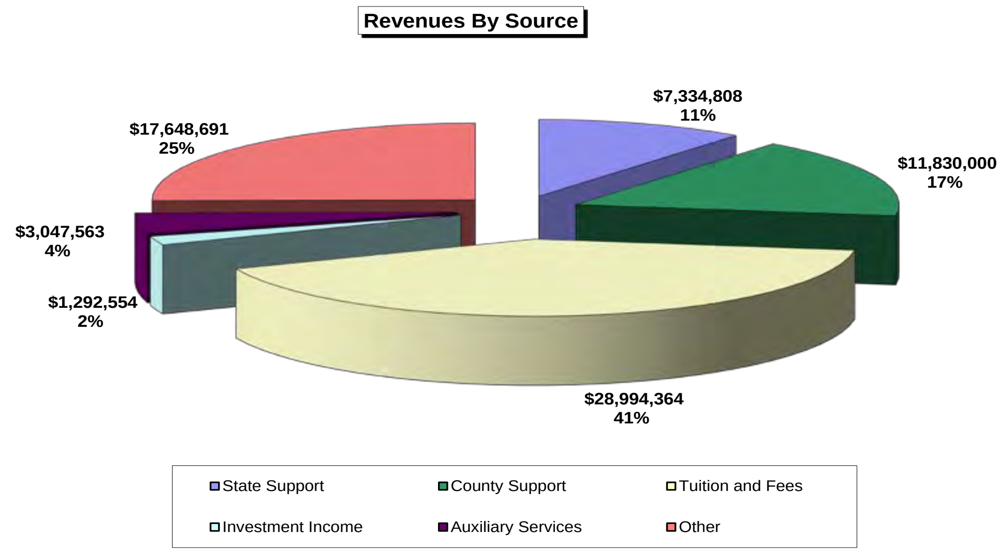
Fiscal Year 2018 Compared to 2017

Net position increased by $2.26 million. Unrestricted net position increased by $2.47 million as a result of operations. Investments in capital assets decreased by $2 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by $1.03 million due to a sizable estate gift. It should be noted that included in unrestricted net position is $11 million of board designated funds for capital projects identified in the College's technology, facilities master and deferred maintenance plans. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated $5 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution.

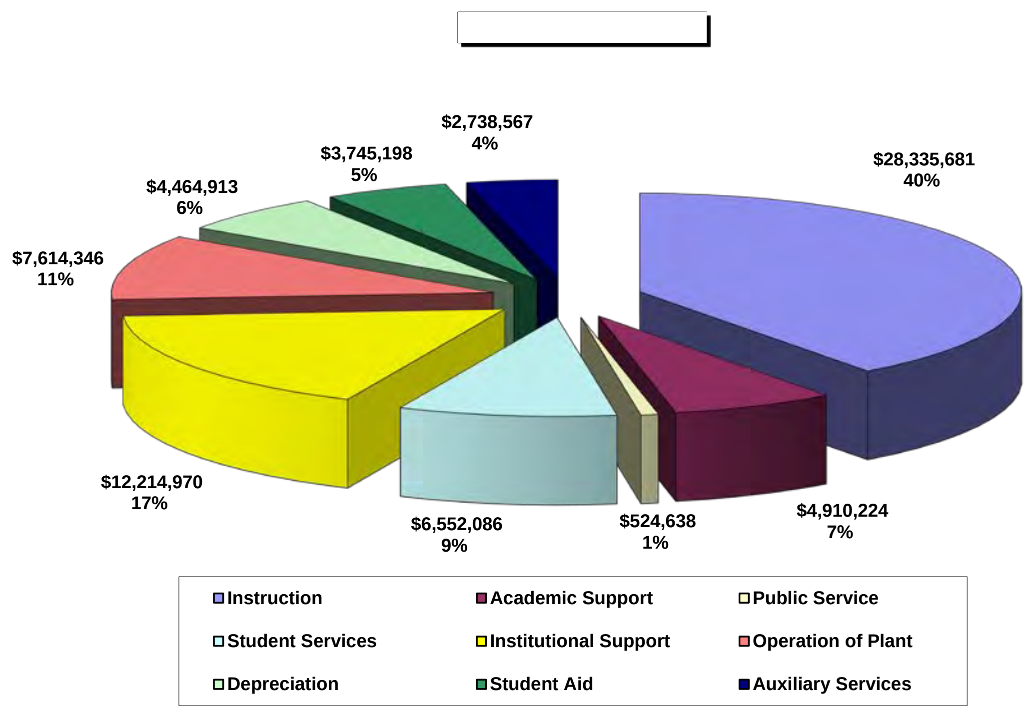
	2019	2018	2019-2018 Variance	Percent	2017	2018-2017 Variance	Percent
Total Non-capital Assets	$ 51,548	$ 49,700	$ 1,848	4%	$ 47,705	$ 1,995	4%
Total Capital Assets, Net	84,333	85,303	(970)	-1%	87,339	(2,036)	-2%
TOTAL ASSETS	135,881	135,003	878	1%	135,044	(41)	0%
Deferred Outflows of Resources	5,621	7,851	(2,230)	-28%	11,282	(3,431)	-30%
Total Current Liabilities	9,903	9,731	172	2%	10,738	(1,007)	-9%
Total Non-current Liabilities	24,339	29,267	(4,928)	-17%	40,385	(11,118)	-28%
TOTAL LIABILITIES	34,242	38,998	(4,756)	-12%	51,123	(12,125)	-24%
Deferred Inflows of Resources	9,965	7,907	2,058	26%	1,515	6,392	422%
Net Investment in Capital Assets	84,193	85,131	(938)	-1%	87,138	(2,007)	-2%
Restricted Net Position	6,540	6,344	196	3%	4,551	1,793	39%
Unrestricted Net Position	6,562	4,474	2,088	-47%	2,000	2,474	-124%
TOTAL NET POSITION	$ 97,295	$ 95,949	$ 1,346	1%	$ 93,688	$ 2,261	2%

Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2019:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2019:



Below is a summary of operating results presented in thousands for the years ended June 30, 2019, 2018 and 2017:

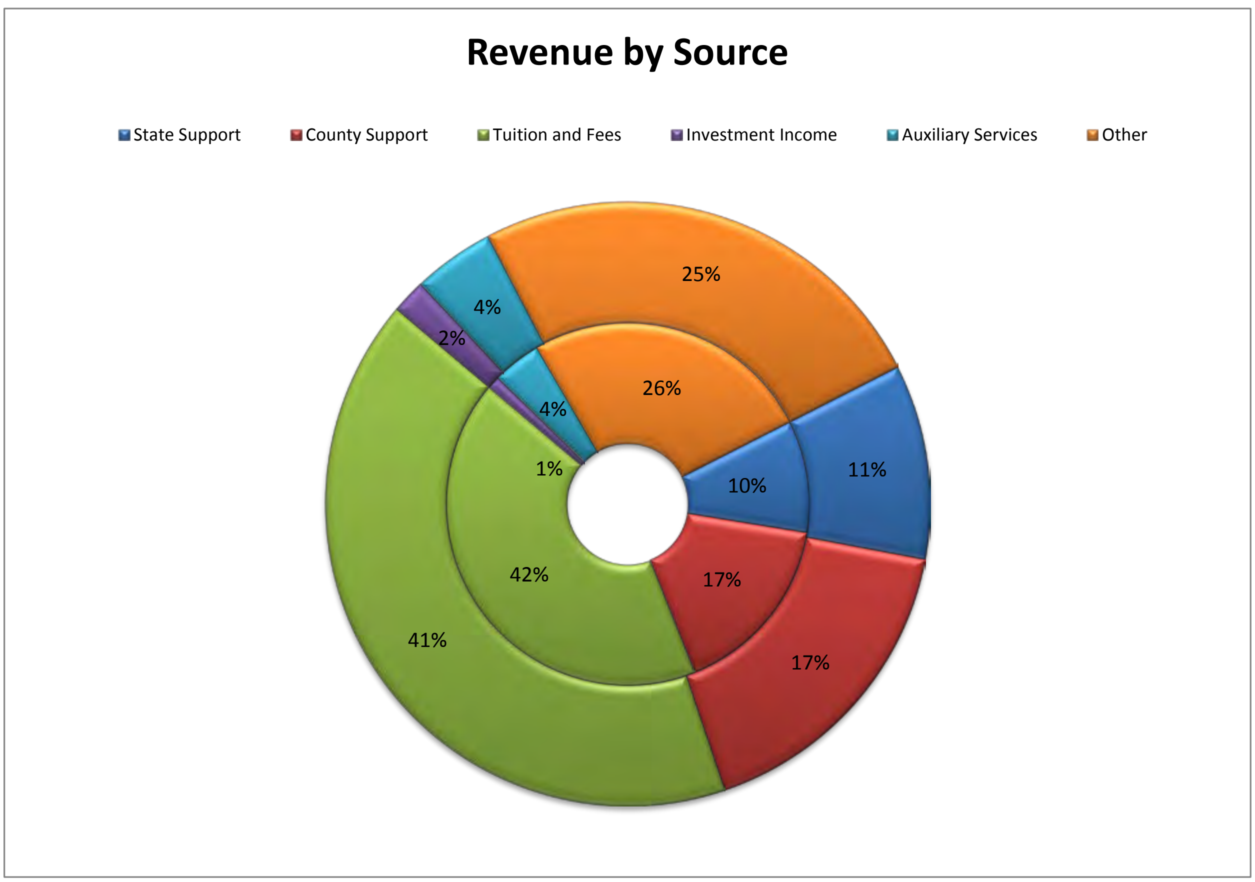
	2019	2018	2019-2018 Variance	Percent	2017	2018-2017 Variance	Percent
OPERATING REVENUES							
Student tuition and fees	$ 28,994	$ 30,400	$ (1,406)	-5%	$ 30,099	$ 301	1%
Federal grants and contracts	895	1,019	(124)	-12%	1,071	(52)	-5%
State and local grants and contracts	8,223	8,862	(639)	-7%	4,236	4,626	109%
Auxiliary services	3,048	3,129	(81)	-3%	3,572	(443)	-12%
Gifts	291	687	(396)	-58%	533	154	29%
Other	996	892	104	12%	840	52	6%
Total operating revenues	42,447	44,989	(2,542)	-6%	40,351	4,638	11%
NON-OPERATING REVENUES							
Federal grants and contracts	7,227	7,171	56	1%	7,027	144	2%
State appropriation	7,335	7,257	78	1%	7,128	129	2%
County appropriation	11,830	11,830	-	0%	11,830	-	0%
Investment income	1,293	818	475	58%	1,055	(237)	-22%
Other	16	22	(6)	-27%	29	(7)	24%
Total non-operating revenues	27,701	27,098	603	2%	27,069	29	0%
TOTAL REVENUES	70,148	72,087	(1,939)	-3%	67,420	4,667	7%
OPERATING EXPENSES							
Instruction	28,336	28,636	(300)	-1%	27,999	637	2%
Academic support	4,910	5,377	(467)	-9%	5,090	287	6%
Public service	525	566	(41)	-7%	625	(59)	-9%
Student affairs	6,552	6,238	314	5%	5,973	265	4%
Institutional support	12,215	12,321	(106)	-1%	9,829	2,492	25%
Operation and maintenance of plant	7,614	7,952	(338)	-4%	7,223	729	10%
Depreciation	4,465	4,403	62	1%	4,388	15	0%
Student aid	3,745	3,922	(177)	-5%	3,740	182	5%
Auxiliary services	2,739	2,808	(69)	-2%	3,135	(327)	-10%
Total operating expenses	71,101	72,223	(1,122)	-2%	68,002	4,221	6%
TOTAL EXPENSES	71,101	72,223	(1,122)	-2%	68,002	4,221	6%
Excess (deficiency) before capital contributions and additions to permanent endowments	(953)	(136)	(817)	601%	(582)	446	-77%
OTHER REVENUES							
Capital contributions	2,293	1,392	901	65%	3,877	(2,485)	-64%
Additions to permanent endowments	6	1,004	(998)	-99%	8	996	12450%
Total other revenues	2,299	2,396	(97)	-4%	3,885	(1,489)	-38%
INCREASE IN NET POSITION	1,346	2,261	$ (914)	-40%	3,303	$ (1,043)	-32%
NET POSITION - BEGINNING OF YEAR	95,949	93,688			90,385		
NET POSITION - END OF YEAR	$ 97,295	$ 95,949			$ 93,688		

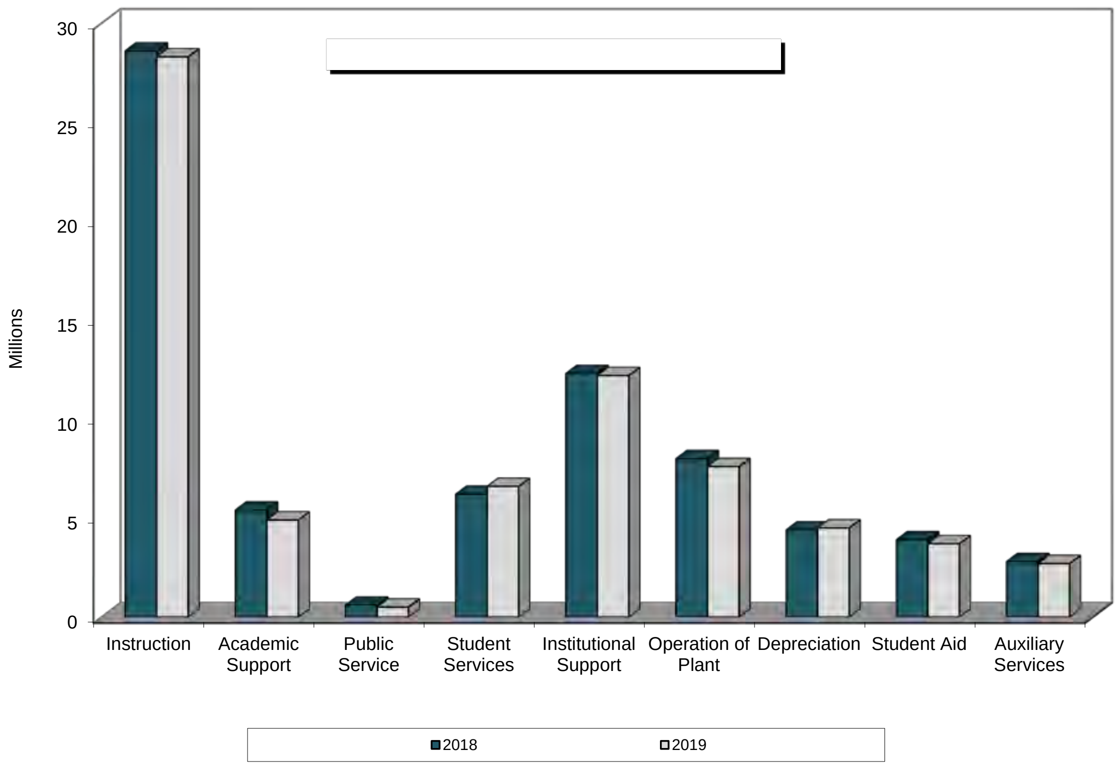
Fiscal Year 2019 Compared to 2018

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

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

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





Fiscal Year 2018 Compared to 2017

Operating revenues decreased by 1% in 2018. Tuition and fees increased by 2.6% with a $2 per credit tuition increase and a $2 college fee increase based upon no change in projected enrollment. Credit hour enrollment actually declined by 1%. Revenues from state and local grants and contracts decreased by $416 thousand or 10%, while revenues from federal grants and contracts decreased by $52 thousand or 5%. Gifts increased by $154 thousand or 29%

Non-operating revenues increased by $29 thousand. The County of Morris appropriation to the College remained flat. The College's appropriation from the State of New Jersey increased by $129 thousand and federal Pell grants increased by 2% or $145 thousand. Investment income decreased by $237 thousand as a result of market performance.

Operating expenses decreased by $821 thousand from the previous year as a result of employee turnover and vacancy savings. Salary increases averaged 2% and health benefit costs increased 6.6%. Depreciation increased by $15 thousand. All other expenses remained relatively constant.

Capital Assets and Long Term Debt

The College completed the renovation of the Photography Labs and Academic Complex HVAC. The College completed the design for a new Advanced Manufacturing and Engineering Center and began construction of the facility (for more information see footnote 5 on capital assets on page 25).

On January 1, 2014 the College entered into a ten year capital lease with the New Jersey Educational Facilities Authority. Remaining future minimum lease payments total $158,556 (for more information see footnote 11 on page 39).

Economic Factors That Affect the Future

The economic position of County College of Morris is closely tied to that of the State of New Jersey and County of Morris. The county support to the College remained constant and all indications are that there will not be any reduction in support for fiscal years 2020 and 2021. The State of New Jersey's budget also contains level funding for the community colleges for fiscal year 2020.

Higher education is a labor intensive industry. Negotiated salary increases were approximately 2.75% in 2019 for full time employees with settled contracts. Staffing turnover continues to reduce the wage base. Legislation has enabled benefits cost sharing in an effort to curtail the impact of the rising costs of health care. The College experienced a .41% increase in health benefit costs effective January 2019. Efforts are underway by the State of New Jersey to try to reduce the costs of health benefits for all state employees.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 5.7% beginning summer 2019. An additional increase is also anticipated for the summer of 2020. Enrollment is projected to decline for the next few years. The Morris County high school senior population is projected to decline by 13% from 2015 to 2026. This statistic among others prompted the College to develop a strategic enrollment plan in an effort to increase enrollment. Non-traditional student markets will be targeted based on the statistic that 40% of Morris County adults do not have advanced degrees. New programs of study will also be explored including the expansion of our workforce development training. These efforts are not expected to have an immediate impact, therefore cost containment efforts will continue. 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 $6.7 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2019 and will receive an additional $3.4 million in fiscal year 2020. The Chapter 12 program is a revolving bond fund which requires each county to bond the cost of approved construction projects for their respective community college with the state funding 50% of the debt service and the county funding the remaining 50%. These funds have enabled the College to improve and renovate its buildings.

COUNTY COLLEGE OF MORRIS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019 and 2018

	2019		2018	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
ASSETS				
Current Assets				
Cash and cash equivalents	$ 27,014,899	$ 274,321	$ 26,261,410	$ 329,264
Student accounts receivable (less allowance of $1,334,738 and $1,303,499 in 2019 and 2018 respectively)	48,120	-	209,103	-
Other receivables, net	3,171,068	5,715	2,622,819	9,823
Inventory	768,451	-	597,867	-
Other assets	623,997	-	698,899	-
Total Current Assets	31,626,535	280,036	30,390,098	339,087
Non-current Assets				
Cash and cash equivalents	217,123	-	120,327	-
Investments	19,704,100	-	19,189,493	-
Capital assets (net)				
Sites (land) and construction in progress	3,485,484	-	2,303,012	-
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	80,847,686	-	82,999,796	-
Total Non-current Assets	104,254,393	-	104,612,628	-
TOTAL ASSETS	135,880,928	280,036	135,002,726	339,087
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	5,620,735		7,851,167	
LIABILITIES				
Current Liabilities				
Accounts payable - vendors	621,803	2,780	746,212	3,969
Accrued expenses	5,287,999	257	5,204,398	2,566
Unearned revenue	2,540,259	-	2,188,981	233
Compensated Absences Payable	248,547	-	219,531	-
Capital Lease Payable	32,620	-	31,075	-
Total Current Liabilities	8,731,228	3,037	8,390,196	6,768
Non-current Liabilities				
Compensated Absences Payable	1,420,450	-	1,560,100	-
Capital Lease Payable	107,938	-	140,558	-
Net Pension Liability	23,982,139		28,907,067	
Deposits		9,939		11,811
Total Non-current Liabilities	25,510,527	9,939	30,607,725	11,811
TOTAL LIABILITIES	34,241,755	12,976	38,997,922	18,579
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	9,965,045		7,907,356	
NET POSITION				
Net Invesment in capital assets	84,192,612	-	85,131,175	-
Restricted net position:				
Expendable for:				
Reserve for external restrictions	2,151,051	16,000	1,995,517	16,000
Non-expendable net position	4,388,887	-	4,348,171	-
Unrestricted net position	6,562,313	251,061	4,473,752	304,508
TOTAL NET POSITION	$ 97,294,863	$ 267,061	$ 95,948,615	$ 320,508

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR FISCAL YEARS ENDING JUNE 30, 2019 and 2018

	2019		2018	
	College	Picatinny Innovation Technology Center	College	Picatinny Innovation Technology Center
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of $5,784,939 and $5,411,623)	$ 28,994,364	$ 9,603	$ 30,400,221	$ 9,432
Federal grants and contracts	894,902	-	1,019,406	-
State and local grants and contracts	8,223,036	-	8,861,980	-
Auxiliary services	3,047,563	-	3,128,730	-
Gifts	291,150	-	687,416	-
Other	996,342	210,278	891,652	226,810
Total Operating Revenues	42,447,357	219,881	44,989,405	236,242
OPERATING EXPENSES				
Instruction	28,335,681	-	28,636,073	-
Academic support	4,910,224	-	5,377,160	-
Public service	524,638	278,255	566,205	275,912
Student affairs	6,552,086	-	6,237,789	-
Institutional support	12,214,970	-	12,321,267	-
Operation and maintenance of plant	7,614,346	-	7,952,190	-
Depreciation	4,464,913	-	4,402,729	438
Student aid	3,745,198	-	3,922,079	-
Auxiliary services	2,738,567	-	2,807,844	-
Total Operating Expenses	71,100,623	278,255	72,223,336	276,350
Operating Income (Loss)	(28,653,266)	(58,374)	(27,233,931)	(40,108)
NON-OPERATING REVENUES (EXPENSES)				
Federal Grants	7,226,949	-	7,171,374	-
State appropriation	7,334,808	-	7,256,382	-
County appropriation	11,830,000	-	11,830,000	-
Investment income	1,292,554	4,927	818,339	2,823
Other	16,312	-	22,015	-
Net Non-operating Revenues	27,700,623	4,927	27,098,110	2,823
Income (Loss) Before Other Revenues (Expenses)	(952,643)	(53,447)	(135,821)	(37,285)
OTHER REVENUES				
Capital contributions	2,292,841	-	1,392,079	-
Additions to permanent endowments	6,050	-	1,004,313	-
Total Other Revenues	2,298,891	-	2,396,392	-
INCREASE (DECREASE) IN NET POSITION	1,346,248	(53,447)	2,260,571	(37,285)
NET POSITION - BEGINNING OF YEAR	95,948,615	320,508	93,688,044	357,793
NET POSITION - END OF YEAR	$ 97,294,863	$ 267,061	$ 95,948,615	$ 320,508

See accompanying Notes to Financial Statements

COUNTY COLLEGE OF MORRIS
STATEMENT OF CASH FLOWS
FOR FISCAL YEARS ENDING JUNE 30, 2019 and 2018

	2019 College	2018 College
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 27,067,865	$ 27,468,575
Gifts	410,574	345,580
Grants and contracts	3,362,043	3,721,895
Payments to suppliers	(35,150,048)	(36,964,647)
Payments to employees	(23,174,858)	(22,807,491)
Auxiliary enterprise charges	1,932,718	2,088,290
Other	679,680	586,688
Net Cash (Used) by Operating Activities	(24,872,026)	(25,561,110)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Federal support	7,226,949	7,171,374
State support	7,334,808	7,256,382
County support	11,846,431	11,738,229
Agency Transactions	(3,275)	6,442
Endowment Receipts	6,050	355,724
Net Cash Provided by Non-Capital Financing Activities	26,410,963	26,528,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations	2,005,583	3,657,255
Proceeds from sale of capital assets	-	-
Purchase of capital assets	(3,445,928)	(2,131,659)
Payment of Principal on long-term debt	(40,656)	(40,658)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	(1,481,001)	1,484,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	(150,000)	4,084,512
Investment income	998,499	478,416
Purchase of investments	(56,150)	(3,601,876)
Net Cash Provided (Used) by Investing Activities	792,349	961,052
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	850,285	3,413,031
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,381,737	22,968,706
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,232,022	$ 26,381,737

	2019 College	2018 College
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating Loss	$ (28,653,266)	$ (27,233,931)
ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	4,464,913	4,402,729
Changes in assets and liabilities:		
Student accounts receivable	160,983	32,499
Other receivable and Deferred Outflows	1,931,416	3,328,540
Inventory	(170,584)	196,120
Other assets	59,233	(322,158)
Accounts payable	1,969,218	4,256,103
Accrued expenses and Deferred Inflows	(4,985,219)	(9,816,782)
Unearned revenue	351,280	(404,230)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (24,872,026)	$ (25,561,110)
Supplemental Information		
Changes in accounts receivable capital	265,038	(2,265,176)
Changes in fair value of investments	308,458	367,892

See accompanying Notes to Financial Statements

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 on the following criteria must be met for inclusion: (1) the component unit's governing body is substantively the same governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and component unit or management of the primary government has operational responsibility for the component unit; (2) the component unit provides service entirely, or almost entirely, to the primary government or otherwise exclusively benefits the primary government even though it does not provide services directly to it; or (3) the component unit's total outstanding debt including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. Accordingly, the County College of Morris is a component unit of the County of Morris.

The County College of Morris Foundation (the Foundation) is a legally separate, tax-exempt entity that was established exclusively to carry out charitable, educational functions that benefit the College, its students, faculty and staff. The College is the sole corporate member of the Foundation. Management of the College has operational responsibility for the Foundation and College Trustees also serve concurrently as members of the Foundation Board. All financial resources and services of the Foundation are performed for the direct benefit of the College or its constituents and the College has the ability to access these significant resources. As a result, the Foundation is considered a component unit of the College and is blended into the financial statements accordingly.

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

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.

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.

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

Compensated Absences

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

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

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

Inventory

Inventories of supplies and inventories for resale are valued at cost.

Income Taxes

The College, as an instrumentality of the State of New Jersey and therefore a governmental entity, is a tax-exempt organization and not subject to either federal or state income taxes. The Foundation and PITC are both exempt from taxation pursuant to Internal Revenue Code Section 501(c) (3). The Foundation and PTIC follow the accounting standard for uncertain tax positions, which had no effect on either entity. Federal and state tax returns for both entities for the years ended June 30 2016 through 2018 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.

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.

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

Investments are presented in the financial statements generally in the aggregate at fair value. Unrealized gains and losses are recorded as investment income. The fair value hierarchy prioritizes the inputs used to measure fair value into three levels. Level 1 input is quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices in level 1that are observable either directly or indirectly. Level 3 inputs are "unobservable" inputs. The College's and PITC'S investments for the year ended June 30, 2019 consisted of certificates of deposits with maturity dates of greater than ninety days, common stock, and investments with the Common Fund, a non-profit organization which provides investment management services exclusively for Private and Public Colleges and Universities, as well as Independent Schools.

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

Interest Rate Risk

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

Credit Risk

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

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

> The fair value of the collateral must equal 5% of the average daily balance of public funds; an in addition
>
> If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a fair value equal to 100% of the amount exceeding 75%.
>
> 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.

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:

	2019 College	2019 PITC	2018 College	2018 PITC
Cash on Hand	$ 14,200	$ 200	$ 13,132	$ 200
Checking Accounts	2,857,388	11,308	5,222,710	6,154
Cash Management	3,299,506	-	-	-
Money Market Accounts	21,060,928	262,813	21,145,895	322,910
	$ 27,232,022	$ 274,321	$ 26,381,737	$ 329,264

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2019 and June 30, 2018 was $27,232,022 and $26,381,737. The bank balance was $27,532,571 and $26,645,797. Of the bank balance, $3,299,506 in 2019 and $0 in 2018, 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.

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:

	2019	2018
Certificates of deposit	$ 12,800,000	$ 12,600,000
Common Fund multi-strategy equity fund	4,427,192	4,102,437
Common Fund multi-strategy bond fund	2,180,524	2,121,851
Lakeland Bancorp, Inc. stock	296,385	365,205
	$ 19,704,101	$ 19,189,493

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

	2019	2018
Fair value, end of year	$ 6,904,101	$ 6,589,493
Less: Cost of investments purchased	6,050	851,876
Less: Fair value, beginning of year	6,589,493	5,369,725
Increase(Decrease) in fair value of Investments	$ 308,558	$ 367,892

Note 3: Other Receivables

As of June 30 other receivables consisted of the following:

	2019		2018	
	College	PTIC	College	PTIC
County of Morris	$ 1,079,674	$ -	$ 795,971	$ -
Federal Awards Receivable	422,338	-	118,500	-
New Jersey Division of Pensions & Benefits	412,596	-	404,082	-
State Awards Receivable	3,735	-	3,875	-
Other	1,252,725	5,715	1,300,391	9,823
	$ 3,171,068	$ 5,715	$ 2,622,819	$ 9,823

Note 4: Other Assets

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

Note 5: Capital Assets

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

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

Assets	Years
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

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal year ended June 30, 2019 and 2018:

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

PITC	June 30, 2018 Balance	Additions	Disposals	June 30, 2019 Balance
Capital Assets Being Depreciated:				
Equipment and furniture & fixtures	$ 17,789	$ -	$ -	$ 17,789
Total Capital Assets Being Depreciated	17,789	-	-	17,789
Total Capital Assets	17,789	-	-	17,789
Accumulated Depreciation:				
Equipment and furniture & fixtures	17,789	-	-	17,789
Total Accumulated Depreciation	17,789	-	-	17,789
Capital Assets Net Accumulated Depreciation	$ -	$ -	$ -	$ -

Note 5: Capital Assets (Cont'd)

COUNTY COLLEGE OF MORRIS	June 30, 2017 Balance	Additions	Disposals	June 30, 2018 Balance
Capital Assets Not Being Depreciated:				
Land	$ 1,984,401	$ -	$ -	$ 1,984,401
Construction in progress	2,856,366	1,427,559	3,965,314	318,611
Total Capital Assets Not Being Depreciated	4,840,767	1,427,559	3,965,314	2,303,012
Capital Assets Being Depreciated:				
Land improvements	2,833,613	684,721	-	3,518,334
Infrastructure	11,555,970	-	-	11,555,970
Buildings and improvements	88,691,800	3,280,593	-	91,972,393
Equipment and furniture & fixtures	21,449,908	924,166	487,960	21,886,114
Software	1,511,841	15,928	-	1,527,769
Total Capital Assets Being Depreciated	126,043,132	4,905,408	487,960	130,460,580
Total Capital Assets	130,883,899	6,332,967	4,453,274	132,763,592
Accumulated Depreciation:				
Land improvements	1,224,719	169,287	-	1,394,006
Infrastructure	3,150,942	385,401	-	3,536,343
Buildings and improvements	24,880,538	1,915,102	-	26,795,640
Equipment and furniture & fixtures	12,912,806	1,861,343	486,843	14,287,306
Software	1,375,894	71,595	-	1,447,489
Total Accumulated Depreciation	43,544,899	4,402,728	486,843	47,460,784
Capital Assets Net Accumulated Depreciation	$87,339,000	$ 1,930,239	$ 3,966,431	$85,302,808

PITC	June 30, 2017 Balance	Additions	Disposals	June 30, 2018 Balance
Capital Assets Being Depreciated:				
Equipment and furniture & fixtures	$ 17,789	$ -	$ -	$ 17,789
Total Capital Assets Being Depreciated	17,789	-	-	17,789
Total Capital Assets	17,789	-	-	17,789
Accumulated Depreciation:				
Equipment and furniture & fixtures	17,351	438	-	17,789
Total Accumulated Depreciation	17,351	438	-	17,789
Capital Assets Net Accumulated Depreciation	$ 438	$ (438)	$ -	$ -

Note 5: Capital Assets (Cont'd)

Construction in progress

The College has active construction projects as of June 30, 2019. The following tables present the balance of construction in progress activities for the fiscal year ended:

	2019		2018	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Photography Labs	$ -	$ -	$ 138,233	$ 583,336
Academic Complex-HVAC	-	-	105,695	476,893
Engineering/Manufacturing Center	1,479,586	10,083,070	74,683	209,045
License Plate Reader	21,497	-	-	-
	$ 1,501,083	10,083,070	$ 318,611	$ 1,269,274

Note 6: Accrued Expenses

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

	2019		2018	
	College	PITC	College	PITC
Payroll, Taxes and Agencies	$ 3,763,985		$ 3,667,796	
Vacations and Compensated Absences	1,412,628		1,417,099	
Other	111,386	$ 257	119,503	$ 2,566
	$ 5,287,999	$ 257	$ 5,204,398	$ 2,566

Note 7: Pension Plans

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

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

Note 7: Pension Plans (Cont'd)

General Information About the Pension Plans

Plan Descriptions

Public Employees' Retirement System – The Public Employees' Retirement System ("PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 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.

The following represents the membership tiers for PERS:

Tier	Definition
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

Note 7: Pension Plans (Cont'd)

Service retirement benefits of $1/55^{th}$ 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 $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for respective tier.

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

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

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

Contributions

Public Employees' Retirement System – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in fiscal year 2019.

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, 2019 was 14.3% of annual College payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the College were $1,216,294 for the fiscal year ended June 30, 2019.

Note 7: Pension Plans (Cont'd)

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

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

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

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

AXA Financial (Equitable)
Prudential
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, 2019 employee contributions to the plan were $1,031,818 and the State of New Jersey made on-behalf payments for the College contributions of $1,351,289.

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

For the fiscal year ended June 30, 2019 employee contributions totaled $28,359 and the College recognized pension expense of $15,469. 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.

Note 7: Pension Plans (Cont'd)

At June 30, 2019 the College reported a liability of $23,982,139 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2018, the College's proportion was .12118016601% which was a decrease of .0023781157% from its proportion measured as of June 30, 2018.

At June 30, 2019 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Amortization Period In Years	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of Assumptions	2018	5.48	3,951,859	7,668,213
Difference Between Expected	2018	5.48	457,343	123,660
Changes in Proportion	2018	5.48		1,948,219
Net Difference Between Projected and Actual Earnings on Pension Plan Investment	2018	5.00	-	224,953
College Contribution Subsequent to Measurement Date	2018	1.00	1,211,533	
			5,620,735	9,965,045

$1,211,533 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Note 7: Pension Plans (Cont'd)

Fiscal Year Ending June 30,		
2019		166,448
2020		(230,450)
2021		(1,652,515)
2022		(1,432,426)
2023		(458,682)
	$	(3,607,624)

Actuarial Assumptions

The total pension liability in the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled to June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

Note 7: Pension Plans (Cont'd)

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and actuaries. The long-term expected rates of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in "PERS" target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liabilities of the plan was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

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 2046. Therefore, the long-term expected rate of return on the plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 7: Pension Plans (Cont'd)

The following table represents the crossover period for the plan:

Period of Projected Benefit Payments for Which the Following Rates were Applied:	
Long-term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate	From July 1, 2046 and Thereafter

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

The following presents the College's proportionate share of the net pension liability calculated using a discount rate of 3.98%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
College's Proportionate Share of the Net Pension Liability	$30,154,778	$ 23,982,140	$18,803,691

Pension Plan Fiduciary Net Position

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

Note 8: Retirement Program

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

Plan contributions are based on annual salary. Employees contribute 5% of salary and the State of New Jersey contributes 8% of salary, for a total contribution of 13%. The employer (8%) and employee (5%) contributions are sent to a delayed vesting contract immediately upon hire. The participants have personal contracts with the above companies and personally own the annuities. Total contributions from the State of New Jersey for the year-ended June 30, 2019 were $1,351,289 and total expenses under the plan were $298,838. State of New Jersey contributions are recognized as revenue and expenses in the appropriate periods.

Note 9: Postemployment benefits other than pensions (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Note 9: Postemployment benefits other than pensions (OPEB)

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%		
		TPAF/ABP	PERS
Salary Increases:			
Through 2026		1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter		2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively. 100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Note 9: Postemployment benefits other than pensions (OPEB)

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the trend rate is initially 8.0% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively which is an increase of .29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the College's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 75,922,519
Changes for Year:	
Service Cost	3,040,061
Interest Cost	2,795,154
Differences Between Expected and Actual Experience	(2,804,966)
Changes of Assumptions	(7,943,591)
Gross Benefit Payments	(1,850,976)
Contributions from Members	63,973
Net Changes	(6,700,345)
Balance at June 30, 2018	$ 69,222,174

Note 9: Postemployment benefits other than pensions (OPEB)

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

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

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2018 and 2017, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2018	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the College	$ 81,834,701	$ 69,222,174	$ 59,196,518

June 30, 2017	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the College	$ 90,125,508	$ 75,922,519	$ 64,656,573

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

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2018 and 2017, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Note 9: Postemployment benefits other than pensions (OPEB)

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

June 30, 2018	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the College	$ 56,928,546	$ 69,222,174	$ 85,547,967

June 30, 2017	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the College	$ 62,438,932	$ 75,922,519	$ 93,828,563

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

For the fiscal year ended June 30, 2019 the College recognized OPEB expense of $3,873,824 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the College's proportionate share of the OPEB liability is $-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 9: Postemployment benefits other than pensions (OPEB)

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

	Year of Deferral	Original Amortization Period In Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		$ (8,408,201)
Changes in Assumptions	2018	9.51		(7,108,303)
			$ -	$ (15,516,504)
Difference Between Expected and Actual Experience	2018	9.51		(6,719,558)
Changes in Proportion	N/A	N/A	$ 5,170,042	
			$ 5,170,042	$ (22,236,062)

N/A - Not Available

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

Fiscal Year Ending June 30,	Total
2019	$ (2,740,042)
2020	(2,740,042)
2021	(2,740,042)
2022	(2,740,042)
2023	(2,740,042)
Thereafter	(8,535,854)
	$ (22,236,064)

Note 10: Unearned Revenue

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

Note 11: Long-term Liabilities

The College's long term liabilities consist of unused sick leave that is paid upon retirement, net pension liability and capital leases. PITC's long term liability consists of tenant security deposits. The following table presents the changes in long term liabilities for the fiscal year ended June 30, 2019:

	June 30, 2018 Balance	Additions	Reduction	June 30, 2019 Balance
Compensated absences	$ 1,779,631	$ 122,683	$ 233,317	$ 1,668,997
Deposits	11,811	-	1,872	9,939
Net Pension Liability	28,907,067		4,924,928	23,982,139
Capital Lease Payable	171,633	-	31,075	140,558
	$ 30,870,142	$ 122,683	$ 5,191,192	$ 25,801,633

	June 30, 2017 Balance	Additions	Reduction	June 30, 2018 Balance
Compensated absences	$ 2,014,321	$ 28,618	$ 263,308	$ 1,779,631
Deposits	11,121	1,200	510	11,811
Net Pension Liability	38,391,141		9,484,074	28,907,067
Capital Lease Payable	201,230	-	29,597	171,633
	$ 40,617,813	$ 29,818	$ 9,777,489	$ 30,870,142

It is estimated that of the $1,668,997 sick leave liability, $1,420,450 is long term and $248,547 is short term which may become due within one year based upon employee retirements. The capital lease payable at June 30 2019 was $140,558 of that $107,938 is long-term and $32,620 is short-term.

Capital Lease

On January 1, 2014 the College entered into a ten year lease agreement with the New Jersey Educational Facilities Authority. The Authority will issue up to $47,418,350 of revenue bonds to finance the purchase of higher education equipment for lease to various public and private institutions of higher education within the State of New Jersey. The College's share of the issue will be for equipment up to $1,274,387. The State of New Jersey will pay 75% of the annual debt service on the bonds, subject to annual appropriations. The College began paying 25% of the annual debt service on May 1, 2015. The assets acquired under the capital lease were all instructional equipment, with accumulated depreciation to date of $910,276.

Fiscal Year Ending	Amount
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	158,556
Less amount representing interest	17,998
Present value of net minimum lease payments	$ 140,558

Note 12: Interfund Receivables and Payables

The following details interfund balances at June 30, 2019 and 2018.

	2019		2018	
Fund	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	$ 672,708	$ 28,140	$ 335,987	$ 56,439
Current Restricted Fund	-	452,293	26,886	4,483
Foundation Fund	-	8,267	3,277	21,920
Plant Fund	-	184,008	-	283,308
	$ 672,708	$ 672,708	$ 366,150	$ 366,150

June 30, 2019 and 2018 interfund balances reported are the result of reciprocal interfund activity. The majority of both the 2019 and 2018 interfund receivable balance in the Current Unrestricted Fund is June invoices processed on behalf of the Current Restricted Fund, Plant Fund, Foundation and Student Activities plus accrued payroll costs for June.

Note 13: Interfund Transfers

The following interfund transfers were made during the years ended June 30, 2019 and 2018:

	2019	2018
Mandatory Transfers:		
General to Restricted for Required Matching Funds	$ 74,975	$ 79,857
Foundation to Restricted for Program Expenditures	133,354	116,019
Non-mandatory Transfers:		
General to Plant for Self-funded Capital Projects	3,060,765	3,964,459
Foundation to Restricted for Program Expenditures	60,154	19,375
Student Activities to Foundation for Scholarships	5,627	3,462

Note 14: Restricted Expendable Net Position

Restricted net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College’s policy to use restricted resources first, then unrestricted resources when they are needed. The restricted expendable net position at June 30, 2019 and 2018 is comprised of the following categories:

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

	2019		2018	
	College	PITC	College	PITC
Scholarships	$ 1,189,283	$ -	$ 1,073,971	$ -
Unemployment Benefit Reserve	187,408	-	232,554	-
Public Relations	128,161	16,000	83,126	16,000
Academics	638,197	-	597,487	-
Athletics	8,002	-	8,379	-
	$ 2,151,051	$ 16,000	$ 1,995,517	$ 16,000

Note 15: Restricted Non-Expendable Net Position

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

	2019	2018
Unrestricted Endowment	$ 317,369	$ 302,981
Endowment Income Restricted for Scholarships	4,071,518	4,045,190
	$ 4,388,887	$ 4,348,171

Note 16: Economic Dependency

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

Note 17: Unrestricted Net Position

The total Unrestricted Net Position at June 30, 2019 and 2018 was $6,562,313 and $4,473,752 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.

	2019	2018
Pre-GASB 68 - Net Position	$ 30,544,452	$ 33,380,819
GASB 68 - Pension Liability	(23,982,139)	(28,907,067)
Post-GASB 68 - Net Position	$ 6,562,313	$ 4,473,752

Note 17: Unrestricted Net Position

Prior to the implementation of GASB 68, the following amounts had been designated for future capital projects. The following have been appropriated by the Board of Trustees as of June 30, 2019.

Fund	2019	2018
Administrative Computing	$ 39,035	$ 39,035
Technology Reserve	2,782,242	2,288,928
Academic Furnishings	1,338,100	2,651,504
Furnishings and Equipment	1,022,126	1,231,897
Building Renovations	4,635,657	3,711,148
Video Surveillance	998,053	1,066,465
Planetarium Renovations	24,387	24,387
Engineering/Manufacturing	1,519,810	-
	$ 12,359,410	$ 11,013,364

Note 18: Related Party Transactions

During the years ended June 30, 2019 and 2018, the College recognized $14,122,841 and $13,222,079 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 $210,026 in 2019 and $204,765 in 2018.

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.

Note 19: Risk Management (Cont'd)

Selected, summarized financial information for the Pool as of December 31, 2018 is as follows:

	Morris County Insurance Fund
Total Assets	$11,357,228
Net Position	7,136,110
Total Operating Revenue	3,390,160
Total Operating Expenses	3,416,128
Non-Operating Revenue	74,082
Change in Net Position	48,114
Distributions to Participating Members	-0-

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

Lucinda Lynch, 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, 2019 was $187,408.

Note 20: Contingent Liabilities

At June 30, 2019 the College had commitments of approximately $10.1 million for the Engineering/Manufacturing Center. The project is funded via County approved Chapter 12 bonds. The majority of this commitment is expected to occur in 2019. The $10.1 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.

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 2019, 2018, 2017, 2016 And 2015
Unaudited

	2019	2018	2017	2016	2015
College's portion of the net pension liability (asset)	0.12%	0.12%	0.13%	0.13%	0.14%
College's proportionate share of the net pension liability (asset)	$ 23,982,140	$ 28,907,067	$ 38,391,141	$ 30,107,819	$ 25,570,494
College's covered-employee payroll	$ 8,492,211	$ 8,508,185	$ 8,720,913	$ 8,721,814	$ 9,183,519
College's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	282.40%	339.76%	440.22%	345.20%	278.44%
Plan fiduciary net positions as a percentage of the total pension liability	48.10%	48.10%	40.14%	47.92%	52.08%

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

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

Schedule of County College of Morris Contributions
PERS
For the Fiscal Years Ending June 30 2019, 2018, 2017, 2016 And 2015
Unaudited

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

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

	Fiscal Years Ending June 30, 2017	Fiscal Years Ending June 30, 2018
Total OPEB Liability		
Service Cost	$ 3,613,595	$ 3,040,061
Interest Cost	2,388,846	2,795,154
Changes in Assumptions	(9,432,674)	(7,943,591)
Difference Between Expected and Actual Experience	-	(2,804,966)
Member Contributions	64,754	63,973
Gross Benefit Payments	(1,758,527)	(1,850,976)
Net Change in Total OPEB Liability	(5,124,006)	(6,700,345)
Total OPEB Liability - Beginning	81,046,525	75,922,519
Total OPEB Liability - Ending	$ 75,922,519	$ 69,222,174
College's Covered Employee Payroll *	$ 26,665,442	$ 26,298,857
Total OPEB Liability as a Percentage of Covered Employee Payroll	285%	263%

* - Covered payroll for the Measurement Periods ending June 30, 2017 and June 30, 2018 is based on the payroll on the June 30, 2015 and June 30, 2016 census data.

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

Public Employees' Retirement System

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP- 2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale, Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

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

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey (the “Department”), the financial statements of the County College of Morris (the "College") as of and for the fiscal year ended June 30, 2019, 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 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

November 13, 2019
Mount Arlington, New Jersey

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the County College of Morris' (the "College's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the fiscal year ended June 30, 2019. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

November 13, 2019
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

COUNTY COLLEGE OF MORRIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authori-zations	Amount Received 18-19	Amount Rec'd to Date	Grant Expenditures 18-19	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2019	Amount Paid to Sub-recipient
U.S. Department of Education:											
Student Financial Assistance Program Cluster:											
Direct Aid:	PELL	84.063	E-P063P182994	9/1/18-8/31/19	$ 7,013,238	$ 6,672,447	$ 6,672,447	$ 6,997,119	$ 6,997,119	$ 324,672	$ -
	PELL	84.063	E-P063P172994	9/1/17-8/31/18	7,256,752	230,982	7,256,752	229,830	7,256,752	-	-
	SEOG	84.007	E-P007A182547	9/1/18-8/31/19	193,287	193,287	193,287	193,287	193,287	-	-
	CWS	84.033	E-P033A182547	7/1/18-6/30/19	172,851	157,354	157,354	167,730	167,730	10,376	-
	CWS	84.033	E-P033A172547	7/1/17-6/30/18	150,787	9,699	150,787	4,899	150,787	-	-
	DIRECT LOANS	84.268	P-268K192994	9/1/18-8/31/19	5,794,267	5,344,595	5,344,595	5,346,054	5,346,054	1,459	-
	DIRECT LOANS	84.268	P-268K182994	9/1/17-8/31/18	5,725,203	42,938	5,725,203	49,938	5,725,203	-	-
Subtotal Student Financial Assistance Program Cluster					26,306,385	12,651,302	25,500,425	12,988,857	25,836,932	336,507	-
Pass Through Funds:											
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715519	7/1/18-6/30/19	401,309	373,215	373,215	400,000	400,000	26,785	-
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715518	7/1/17-6/30/18	322,364	26,324	322,364	3,006	322,364	-	-
					723,673	399,539	695,579	403,006	722,364	26,785	-
NJ Council of Community Colleges	College Access Challenge Grant College Readiness Now IV Project	84.378	Subgrant 378A	6/1/17-7/31/18	52,340	49,739	50,996	24,388	50,996	-	-
					52,340	49,739	50,996	24,388	50,996	-	-
Total U.S. Department of Education					27,082,398	13,100,580	26,247,000	13,416,251	26,610,292	363,292	-
National Science Foundation:											
National Science Foundation	CyberCorps: Scholarship for Service Program at Stevens	47.076	DGE-1433795-2102423-01	8/1/16-8/31/19	70,451	-	18,081	-	18,081		
National Science Foundation	Noyce Teacher Scholarship Program - Math	47.076	DUE-1660719-CCM	4/1/17-3/31/19	19,732	9,645	19,208	9,926	19,489	281	-
National Science Foundation	Northern New Jersey Bridges to Baccalaureate	47.076	HRD-1817365	9/1/18-8/31/21	246,975	12,598	12,598	27,793	27,793	15,195	-
					337,158	22,243	49,887	37,719	65,363	15,476	-
U.S. Department of Labor:											
US Department of Labor	TAACCCT Grant - Year 3 & 4	17.282	TC-26459-15-60-A-34	10/1/16-9/30/18	627,089	99,055	612,589	36,803	612,589	-	-
					627,089	99,055	612,589	36,803	612,589	-	-
U.S. Department of Justice:											
Violence Against Women Office	Transitional Housing Assistance Grant - OVW	16.029	Discretionary	10/1/15-9/30/18	3,000	60	965	97	965	-	-
National Security Agency:											
National Security Agency	GenCyber Grant	12.903	H98230-18-1-0279	5/1/18-4/30/19	59,832	42,281	42,281	49,416	50,954	8,673	-
Total Federal Awards					$ 28,109,477	$ 13,264,219	$ 26,952,722	$ 13,540,286	$ 27,340,163	$ 387,441	$ -

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, 2019

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authori-zations	Amount Received 18-19	Amount Rec'd to Date	Grant Expenditures 18-19	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2019
Dept. of Student Assistance:									
Direct Aid:									
	TAG	2124	7/1/18-6/30/19	$ 1,211,035	$ 1,210,345	$ 1,210,345	$ 1,211,035	$ 1,211,035	$ 690
	TAG	2124	7/1/17-6/30/18	1,351,040	13,913	1,355,580	4,920	1,351,040	(4,540)
	TAG	2124	7/1/16-6/30/17	1,269,359	-	1,274,294	-	1,269,359	(4,935)
	EOF Article III	2124	6/1/18-6/30/19	88,550	82,232	82,232	82,232	82,232	-
	EOF Article IV	2124	6/1/18-6/30/19	123,552	123,552	123,552	123,552	123,552	-
	EOF Article III Summer 2019	2124	6/1/19-6/30/20	15,889	6,192	6,192	4,368	4,368	(1,824)
	EOF Article III Summer 2018	2124	6/1/18-6/30/19	15,889	10,034	15,889	13,739	15,889	-
	NJ Best	2124	7/1/18-6/30/19	20,500	20,500	20,500	20,500	20,500	-
	NJ Stars Program 2019	2124	7/1/18-6/30/19	144,016	144,016	144,016	144,016	144,016	-
	NJ Stars Program 2018	2124	7/1/17-6/30/18	162,160	3,025	161,910	-	162,160	250
	NJ Stars Program 2017	2124	7/1/16-6/30/17	189,090	(123)	189,090	-	189,090	-
	Community College Opportunity Grant 20	2124	7/1/18-6/30/19	216,993	216,993	216,993	216,167	216,167	(826)
	NJ Class Loans	N/A	7/1/18-6/30/19	28,809	28,809	28,809	28,809	28,809	-
				4,836,882	1,859,488	4,829,402	1,849,338	4,818,217	(11,185)
Dept. of Children and Families:									
Direct Aid:									
	Division on Women	19CLPW	7/1/18-6/30/19	150,000	150,000	150,000	140,142	140,142	(9,858)
				150,000	150,000	150,000	140,142	140,142	(9,858)
Office of the Secretary of Hiigher Education:									
Direct Aid:	Community College Opportunity Grant -P	N/A	9/15/18-8/1/19	250,000	250,000	250,000	207,017	207,017	(42,983)
	College Readiness V Project	NA	6/1/18-7/31/19	48,626	2,248	2,248	37,145	37,145	34,897
				298,626	252,248	252,248	244,162	244,162	(8,086)
Direct Aid:									
	State Support Operational Costs	N/A	7/1/18-6/30/19	7,334,808	7,334,808	7,334,808	7,334,808	7,334,808	-
				7,334,808	7,334,808	7,334,808	7,334,808	7,334,808	-
Department of the Treasury:									
Direct Aid:									
	Alternate Benefit Reimbursements	N/A	7/1/18-6/30/19	1,351,289	938,693	938,693	1,351,289	1,351,289	412,596
	Alternate Benefit Reimbursements	N/A	7/1/17-6/30/18	1,357,800	404,082	1,357,800	-	1,357,800	-
				2,709,089	1,342,775	2,296,493	1,351,289	2,709,089	412,596
Pass Through Funds:									
Arts Council of Morris Area	Teen Arts	N/A	1/1/18-12/31/19	2,300	1,840	1,840	2,300	2,300	460
Arts Council of Morris Area	Teen Arts	N/A	1/1/18-12/31/18	3,000	600	3,000	-	3,000	-
				5,300	2,440	4,840	2,300	5,300	460
Total State Awards				$ 15,334,705	$ 10,941,759	$ 14,867,791	$ 10,922,039	$ 15,251,718	$ 383,927

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
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

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, 2019. 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, 2019

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:

	C.F.D.A. Number/State Identification Number	Grant Period	Award Amount	Expenditures
Federal:				
Student Financial Aid Cluster				
PELL	84.063	9/1/18-8/31/19	$ 7,031,156	$ 6,997,119
PELL	84.063	9/1/17-8/31/18	7,256,752	229,830
SEOG	84.007	9/1/18-8/31/19	193,287	193,287
CWS	84.033	7/1/18-6/30/19	172,851	167,730
CWS	84.033	7/1/17-6/30/18	150,787	4,899
Direct Loans	84.268	9/1/18-8/31/19	5,794,267	5,346,054
Direct Loans	84.268	9/1/17-8/31/18	5,725,203	49,938
State:				
TAG	2124	7/1/18-6/30/19	1,211,035	1,211,035
TAG	2124	7/1/17-6/30/18	1,351,040	4,920
Alternative Benefit Reimbursements	N/A	7/1/18-6/30/19	1,351,289	1,351,289

- The threshold used for distinguishing between Type A and Type B federal and state programs was $750,000.

- The College was determined to be a "low-risk auditee" for both federal and state programs.

COUNTY COLLEGE OF MORRIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

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

COUNTY COLLEGE OF MORRIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no prior year findings.