

# COUNTY COLLEGE OF MORRIS

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



## FINANCIAL REPORT

Fiscal Years Ended  
June 30, 2021 and 2020

**County College of Morris**  
**Annual Financial Report**  
**Fiscal Year Ended June 30, 2021**  
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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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements as listed in the table of contents.

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

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

#### ***Auditors’ Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, as of June 30, 2021 and 2020, 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 schedules of expenditures of federal and state financial awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable Chairman and Members  
of the Board of Trustees  
County College of Morris  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

February 16, 2022  
Mount Arlington, New Jersey

*Nisiroccia LLP*

County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

This section of the County College of Morris' audited financial statements presents management's discussion and analysis of the College's financial activity for the fiscal years ended June 30, 2021 and 2020. Since this discussion and analysis focuses on current activities, resulting changes and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes.

### **Using This Annual Report**

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

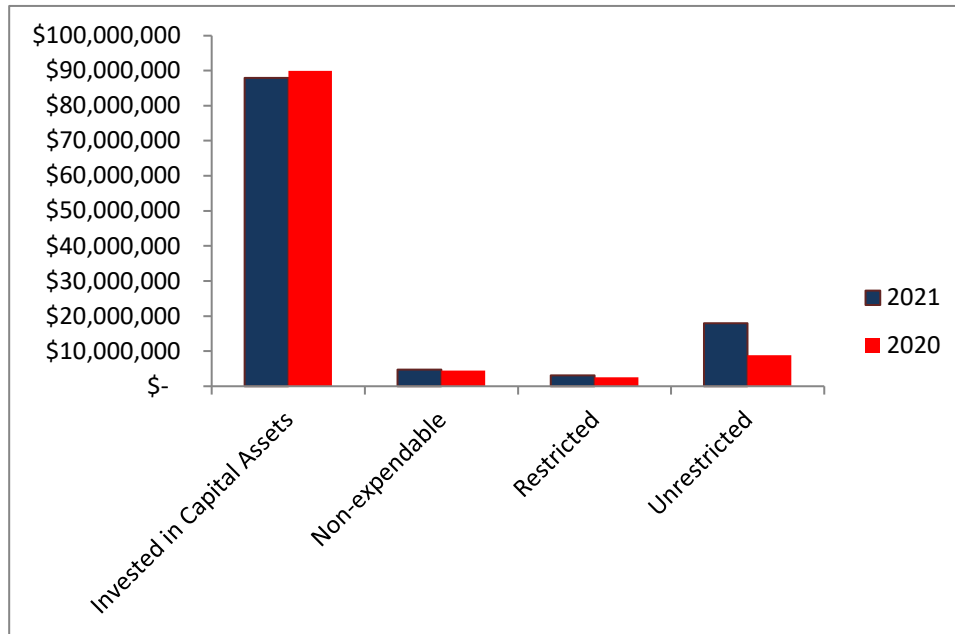
- *The Statement of Net Position* presents all of the College's assets, deferred inflows and outflows, and liabilities, with the difference reported as *net position*. The assets and liabilities are reported in order of relative liquidity while net position is categorized as *Net Investment in Capital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

County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

## Financial Highlights

The following is a graphical illustration of net position as of June 30, 2021 and 2020:

### NET POSITION



### Fiscal Year 2021 Compared to 2020

Net position increased by \$7.9 million. Unrestricted net position increased by \$9.1 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 \$277 thousand. It should be noted that included in unrestricted net position is \$8.8 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.

County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

Fiscal Year 2020 Compared to 2019

Net position increased by \$8.46 million. Unrestricted net position increased by \$2.27 million as a result of operations. Investments in capital assets increased by \$5.76 million (see footnote number 5 in the notes to financial statements). The College Foundation's non-expendable net position increased by \$57 thousand. It should be noted that included in unrestricted net position is \$10.7 million of board designated funds for capital projects identified in the College's technology, facilities master and deferred maintenance plans. These funds were transferred from Current Unrestricted to the Plant Fund for specific projects including investments in computer technology to support the College's technology plan, emphasis on improving classrooms to be more conducive to student learning, faculty office renovations, enhancing video surveillance and card access coverage and other renovation projects. Also included in unrestricted net position is a board appropriated \$5.7 million reserve for plant renewal and adaptation. The New Jersey Commission of Higher Education recommends a reserve between 1.5% and 3% of the replacement value of its buildings in order to preserve the value of the physical plant and to have sufficient funds available to adapt the plant to the changing mission of the institution. Below is a summary of changes in net position presented in thousands for the years ended June 30, 2021, 2020 and 2019:

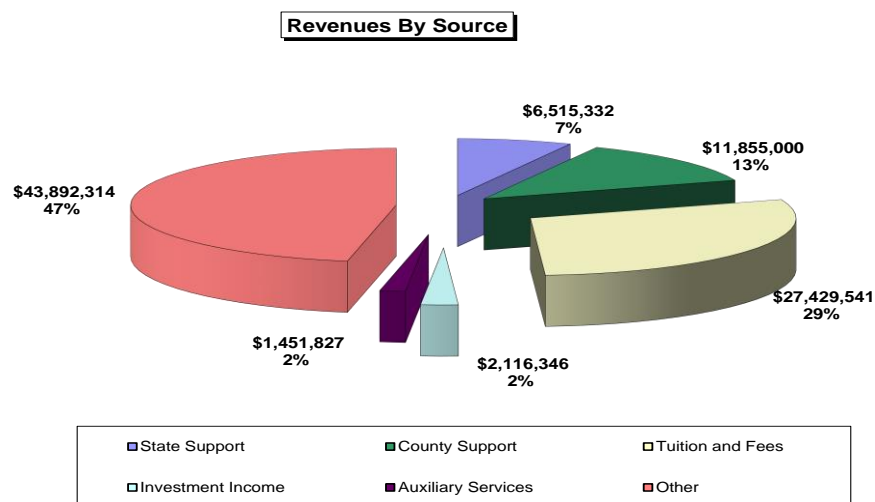
	2021	2020	2021-2020 Variance	Percent	2019	2020-2019 Variance	Percent
Total Non-capital Assets	\$ 62,114	\$ 54,573	\$ 7,541	14%	\$ 51,548	\$ 3,025	6%
Total Capital Assets, Net	88,009	90,057	(2,048)	-2%	84,333	5,724	7%
TOTAL ASSETS	150,123	144,630	5,493	4%	135,881	8,749	6%
Deferred Outflow s of Resources	3,423	3,581	(158)	-4%	5,621	(2,040)	-36%
Total Current Liabilities	9,273	10,072	(799)	-8%	8,731	1,341	15%
Total Non-current Liabilities	20,908	22,352	(1,444)	-6%	25,511	(3,159)	-12%
TOTAL LIABILITIES	30,181	32,424	(2,243)	-7%	34,242	(1,818)	-5%
Deferred Inflow s of Resources	9,667	10,030	(363)	-4%	9,965	65	1%
Net Investment in Capital Assets	87,936	89,949	(2,013)	-2%	84,193	5,756	7%
Restricted Net Position	7,827	6,973	854	12%	6,540	433	7%
Unrestricted Net Position	17,936	8,835	9,101	-103%	6,562	2,273	-35%
TOTAL NET POSITION	\$ 113,698	\$ 105,757	\$ 7,941	8%	\$ 97,295	\$ 8,462	9%



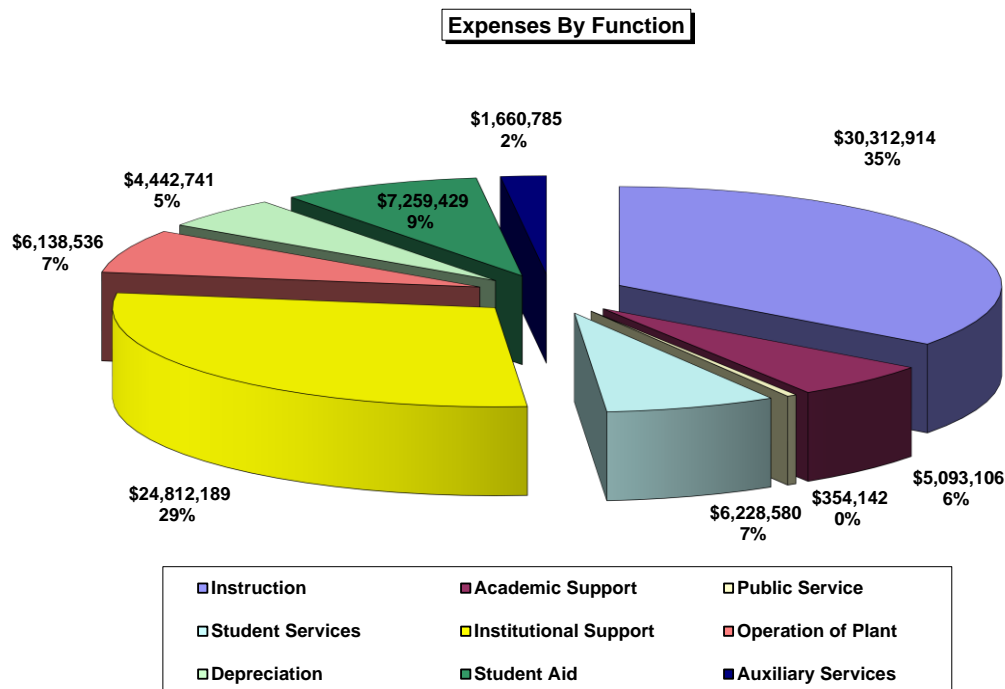
County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

## Revenues and Expenses

The following is a graphical illustration of revenues by source for the year ending June 30, 2021:



The following is a graphical illustration of operating expenses by function for the year ending June 30, 2021.



County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

Below is a summary of operating results presented in thousands for the years ended June 30, 2021, 2020 and 2019:

	2021	2020	2021-2020 Variance	Percent	2019	2020-2019 Variance	Percent
<b>OPERATING REVENUES</b>							
Student tuition and fees	\$ 27,429	\$ 29,996	\$ (2,567)	-9%	\$ 28,994	\$ 1,002	3%
Federal grants and contracts	16,509	3,094	13,415	434%	895	2,199	246%
State and local grants and contracts	12,103	7,982	4,121	52%	8,223	(241)	-3%
Auxiliary services	1,452	2,459	(1,007)	-41%	3,048	(589)	-19%
Gifts	733	303	430	142%	291	12	4%
Other	603	650	(47)	-7%	996	(346)	-35%
Total operating revenues	<u>58,829</u>	<u>44,484</u>	<u>14,345</u>	32%	<u>42,447</u>	<u>2,037</u>	5%
<b>NON-OPERATING REVENUES</b>							
Federal grants and contracts	13,932	6,822	7,110	104%	7,227	(405)	-6%
State appropriation	6,515	6,289	226	4%	7,335	(1,046)	-14%
County appropriation	11,855	11,830	25	0%	11,830	-	0%
Investment income	2,116	850	1,266	149%	1,293	(443)	-34%
Other	13	7	6	86%	16	(9)	-56%
Total non-operating revenues	<u>34,431</u>	<u>25,798</u>	<u>8,633</u>	33%	<u>27,701</u>	<u>(1,903)</u>	-7%
<b>TOTAL REVENUES</b>	<u>93,260</u>	<u>70,282</u>	<u>22,978</u>	33%	<u>70,148</u>	<u>134</u>	0%
<b>OPERATING EXPENSES</b>							
Instruction	30,313	28,908	1,405	5%	28,336	572	2%
Academic support	5,093	4,541	552	12%	4,910	(369)	-8%
Public service	354	368	(14)	-4%	525	(157)	-30%
Student affairs	6,229	6,383	(154)	-2%	6,552	(169)	-3%
Institutional support	24,812	13,365	11,447	86%	12,215	1,150	9%
Operation and maintenance of plant	6,138	6,171	(33)	-1%	7,614	(1,443)	-19%
Depreciation	4,443	4,449	(6)	0%	4,465	(16)	0%
Student aid	7,259	4,781	2,478	52%	3,745	1,036	28%
Auxiliary services	1,661	2,228	(567)	-25%	2,739	(511)	-19%
Total operating expenses	<u>86,302</u>	<u>71,194</u>	<u>15,108</u>	21%	<u>71,101</u>	<u>93</u>	0%
<b>TOTAL EXPENSES</b>	<u>86,302</u>	<u>71,194</u>	<u>15,108</u>	21%	<u>71,101</u>	<u>93</u>	0%
Excess (deficiency) before capital contributions and additions to permanent endowments	<u>6,958</u>	<u>(912)</u>	<u>7,870</u>	-863%	<u>(953)</u>	<u>(41)</u>	4%
<b>OTHER REVENUES</b>							
Capital contributions	712	9,343	(8,631)	-92%	2,293	7,050	307%
Additions to permanent endowments	271	31	240	774%	6	25	417%
Total other revenues	<u>983</u>	<u>9,374</u>	<u>(8,391)</u>	-90%	<u>2,299</u>	<u>7,075</u>	308%
<b>INCREASE IN NET POSITION</b>	<u>7,941</u>	<u>8,462</u>	<u>\$ (521)</u>	-6%	<u>1,346</u>	<u>\$ 7,034</u>	523%
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>105,757</u>	<u>97,295</u>			<u>95,949</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 113,698</u>	<u>\$ 105,757</u>			<u>\$ 97,295</u>		

County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

Fiscal Year 2021 Compared to 2020

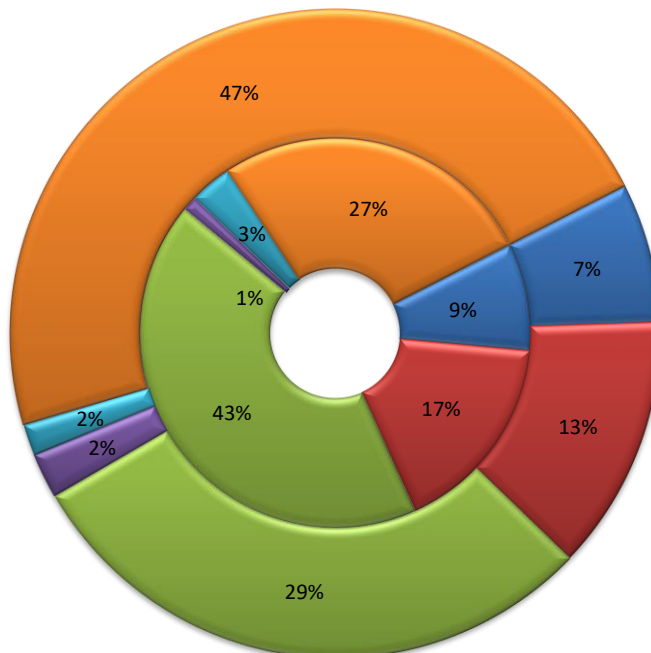
Operating revenues increased by 32% in 2021. Tuition and fees decreased by 8.5% due to a decline in enrollment. Revenues from state and local grants and contracts increased by \$4.1 million or 52%. Revenues from federal grants increased by \$12.5 million driven by COVID-19 relief funding for students. Gifts increased 142% from \$302 thousand to \$733 thousand. Miscellaneous revenue decreased by \$47 thousand or 7% due to the continuation of cancellations of facility rentals and ticket sales due to the virus.

Non-operating revenues increased by \$8.6 million. The County of Morris appropriation to the College remained flat. The College's appropriation from the State of New Jersey increased by \$226 thousand. Federal Pell grants decreased by 12% or \$811 thousand due to the decline in enrollment. Federal grants for COVID-19 relief offset \$7.9 million in lost revenue. Investment income increased by \$1.27 million a result of an increase in the fair market value of the Foundation's investments.

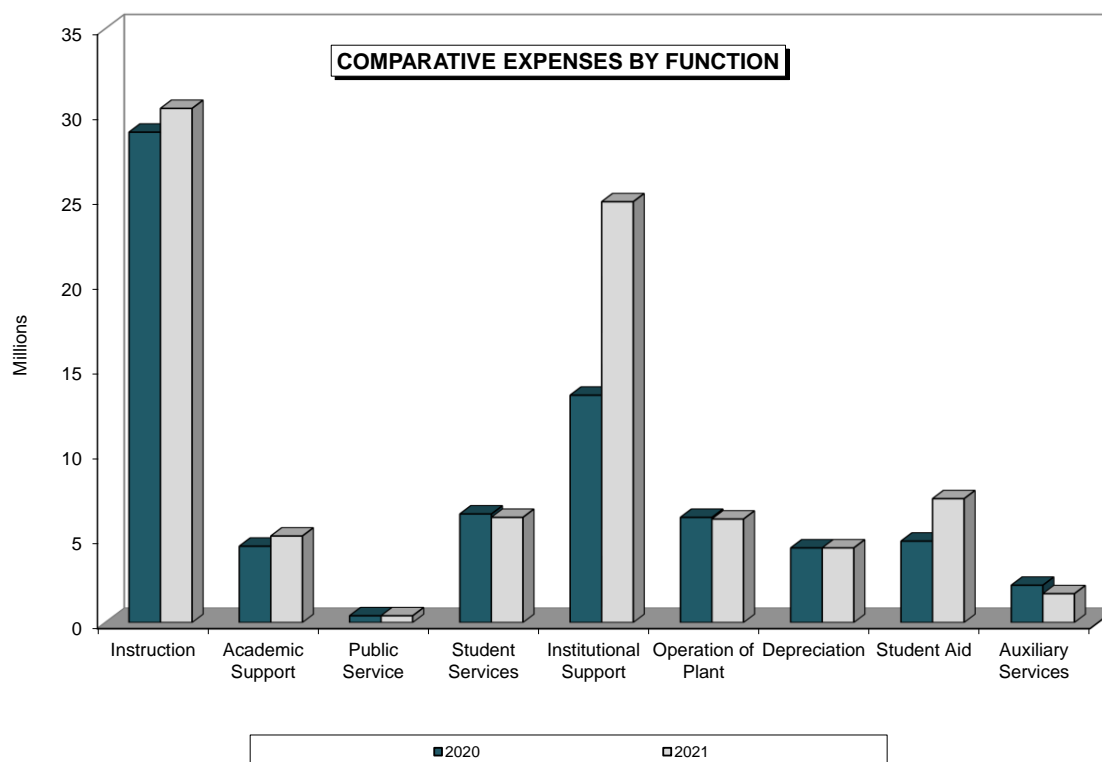
Operating expenses increased by \$15.1 million. This increase was the direct result of COVID-19 relief funding for students and operations. Auxiliary service expenditures declined by \$567 thousand because of more classes being held online and a two-year decline in enrollment. All other expenses remained relatively constant.

**Revenue by Source**

■ State Support   ■ County Support   ■ Tuition and Fees   ■ Investment Income   ■ Auxiliary Services   ■ Other



County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited



### Fiscal Year 2020 Compared to 2019

Operating revenues increased by 5% in 2020. Tuition and fees increased by 3% due to an increase in tuition of 5%. Revenues from state and local grants and contracts decreased by \$214 thousand or 3%, while revenues from federal grants and contracts increased by \$2.2 million or 246% (the majority from COVID-19 relief funding). Gifts increased by \$12 thousand or 4%. Miscellaneous revenue decreased by \$346 thousand or 35% due to the cancellation of facility rentals and ticket sales due to the virus.

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

Operating expenses increased by \$93 thousand. Student aid increased by \$1 million over the previous year because of COVID-19 relief funding. Operations and maintenance of plant decreased by \$1.44 million. The campus was closed beginning 3/13/2020 due to the pandemic. All other expenses remained relatively constant.

County College of Morris  
Management's Discussion and Analysis  
June 30, 2021 and 2020 - Unaudited

Capital Assets and Long-Term Debt

The College completed the construction of the Advanced Manufacturing and Engineering Center (for more information see footnote 5 on capital assets on page 24).

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 \$73,706 (for more information see footnote 11 on page 39).

**Economic Factors That Affect the Future**

The economic position of County College of Morris is closely tied to that of the State of New Jersey and County of Morris. The county support to the College remained constant and all indications are that there will be a modest increase in support for fiscal years 2022 and 2023. The State of New Jersey's budget includes a 2% increase for the community colleges for fiscal year 2022. It also has introduced performance-based funding metrics.

Higher education is a labor-intensive industry. Negotiated salary increases averaged 3% in 2021 for full time employees with settled contracts. Staffing turnover continues to reduce the wage base. The College experienced a 4.2% decrease in health benefit costs effective January 2021 and a 1.2% increase effective January 2022.

The impact of flat support and declining enrollment necessitated an increase in tuition and fees of 4.5% beginning summer 2022. Enrollment is projected to remain relatively flat for the next few years. The Morris County high school senior population is projected to decline by 4.6% from 2021 to 2027. This statistic, among others, prompted the College to develop strategic enrollment and marketing plans in an effort to increase enrollment. Non-traditional student markets will be targeted based on the statistic that 40% of Morris County adults do not have advanced degrees. New programs of study will also be explored including the expansion of workforce development training. These efforts are not expected to have an immediate impact, therefore cost containment efforts will continue. Tuition and fee increases may also be necessary to afford the College the operating resources required to maintain the current quality and level of programs offered.

The College received \$5.2 million in funding from the State of New Jersey Chapter 12 program for fiscal year 2021 and will receive an additional \$3.982 million in fiscal year 2022. 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, increase accessibility and maintain its exterior facilities. Additionally, the College received funding from the New Jersey Securing Our Children's Future Bond Fund and the County of Morris to expand its Culinary Program and establish a Center for Entrepreneurship. The total cost of the expansion is \$5,340,000.

COUNTY COLLEGE OF MORRIS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 35,622,327	\$ 23,977,752
Student accounts receivable (less allowance of \$1,660,773 and \$1,494,658 in 2021 and 2020 respectively)	458,267	301,408
Other receivables, net	9,930,738	7,199,296
Inventory	501,277	667,410
Other assets	628,741	702,339
Total Current Assets	<u>47,141,350</u>	<u>32,848,205</u>
Non-current Assets		
Cash and cash equivalents	490,769	516,327
Investments	14,482,024	21,208,888
Capital assets (net)		
Sites (land) and construction in progress	1,984,401	12,805,772
Depreciable land improvements, infrastructure, buildings, building improvements, equipment, furniture and fixtures, and software	86,024,815	77,251,145
Total Non-current Assets	<u>102,982,009</u>	<u>111,782,132</u>
TOTAL ASSETS	<u>150,123,359</u>	<u>144,630,337</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	<u>3,423,597</u>	<u>3,581,202</u>
LIABILITIES		
Current Liabilities		
Accounts payable - vendors	665,888	1,950,164
Accrued expenses	6,177,654	5,693,121
Unearned revenue	2,176,633	2,162,135
Compensated Absences Payable	216,874	232,383
Capital Lease Payable	35,946	34,233
Total Current Liabilities	<u>9,272,995</u>	<u>10,072,036</u>
Non-current Liabilities		
Compensated Absences Payable	1,562,720	1,431,952
Capital Lease Payable	37,760	73,706
Net Pension Liability	19,307,835	20,846,863
Deposits		
Total Non-current Liabilities	<u>20,908,315</u>	<u>22,352,521</u>
TOTAL LIABILITIES	<u>30,181,310</u>	<u>32,424,556</u>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	<u>9,667,198</u>	<u>10,029,544</u>
NET POSITION		
Net Investment in capital assets	87,935,510	89,948,979
Restricted net position:		
Expendable for:		
Restricted for external restrictions	3,103,865	2,527,351
Non-expendable net position	4,723,388	4,446,327
Unrestricted net position	17,935,685	8,834,782
TOTAL NET POSITION	<u>\$ 113,698,448</u>	<u>\$ 105,757,439</u>

*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, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of \$5,402,801 and \$6,093,085)	\$ 27,429,541	\$ 29,996,458
Federal grants and contracts	16,508,813	3,094,362
State and local grants and contracts	12,103,282	7,981,480
Auxiliary services	1,451,827	2,458,951
Gifts	733,217	302,836
Other	603,014	650,015
Total Operating Revenues	<u>58,829,693</u>	<u>44,484,101</u>
OPERATING EXPENSES		
Instruction	30,312,914	28,907,731
Academic support	5,093,106	4,541,101
Public service	354,142	368,108
Student affairs	6,228,580	6,382,815
Institutional support	24,812,189	13,365,175
Operation and maintenance of plant	6,138,536	6,171,008
Depreciation	4,442,741	4,448,855
Student aid	7,259,429	4,780,708
Auxiliary services	1,660,785	2,227,990
Total Operating Expenses	<u>86,302,422</u>	<u>71,193,491</u>
Operating Income (Loss)	<u>(27,472,729)</u>	<u>(26,709,390)</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal Grants	6,010,647	6,821,878
Federal Grants/Covid Relief Grant	7,920,764	-
State appropriation	6,515,332	6,289,264
County appropriation	11,855,000	11,830,000
Investment income	2,116,346	850,376
Other	12,578	6,500
Net Non-operating Revenues	<u>34,430,667</u>	<u>25,798,018</u>
Income (Loss) Before Other Revenues (Expenses)	<u>6,957,938</u>	<u>(911,372)</u>
OTHER REVENUES		
Capital contributions	712,081	9,342,716
Additions to permanent endowments	270,988	31,232
Total Other Revenues	<u>983,069</u>	<u>9,373,948</u>
INCREASE (DECREASE) IN NET POSITION	7,941,007	8,462,576
NET POSITION - BEGINNING OF YEAR	105,757,441	97,294,863
NET POSITION - END OF YEAR	<u>\$ 113,698,448</u>	<u>\$ 105,757,439</u>

*See accompanying Notes to Financial Statements*

COUNTY COLLEGE OF MORRIS  
STATEMENT OF CASH FLOWS  
FOR FISCAL YEARS ENDING JUNE 30, 2021 and 2020

	2021 College	2020 College
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 20,209,812	\$ 25,722,346
Gifts	544,581	389,989
Grants and contracts	5,804,587	6,008,733
Payments to suppliers	(34,456,679)	(34,763,412)
Payments to employees	(23,934,074)	(23,906,321)
Auxiliary enterprise charges	1,131,476	1,703,897
Other	404,179	560,034
Net Cash (Used) by Operating Activities	<u>(30,296,118)</u>	<u>(24,284,734)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Federal support	13,078,721	6,821,878
State support	6,515,332	6,289,264
County support	12,991,513	11,261,743
Agency Transactions	11,067	8,908
Endowment Receipts	270,988	31,232
Net Cash Provided by Non-Capital Financing Activities	<u>32,867,621</u>	<u>24,413,025</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations	3,823,232	6,715,915
Proceeds from sale of capital assets	-	-
Purchase of capital assets	(3,773,027)	(8,807,126)
Payment of Principal on long-term Liabilities	(40,629)	(40,648)
Net Cash Provided by/(Used for) Capital and Related Financing Activities	<u>9,576</u>	<u>(2,131,859)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	6,108,088	(1,568,000)
Investment income	700,837	866,025
Purchase of investments	2,229,012	(32,400)
Net Cash Provided (Used) by Investing Activities	<u>9,037,937</u>	<u>(734,375)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	11,619,016	(2,737,943)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	24,494,079	27,232,022
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 36,113,095</u></u>	<u><u>\$ 24,494,079</u></u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (27,472,729)	\$ (26,709,390)
<b>ADJUSTMENT TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Depreciation	4,442,741	4,448,855
Changes in assets and liabilities:		
Student accounts receivable	(156,859)	(253,288)
Other receivable and Deferred Outflows of Resources	(5,760,844)	1,073,397
Inventory	166,133	101,041
Other assets	68,319	(78,342)
Accounts payable	(620,760)	274,671
Accrued expenses and Deferred Inflows of Resources	(976,617)	(2,763,552)
Unearned revenue	14,498	(378,126)
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (30,296,118)</u></u>	<u><u>\$ (24,284,734)</u></u>
<b>Supplemental Information</b>		
Changes in accounts receivable capital	(2,604,871)	2,633,302
Changes in fair value of investments	1,420,148	(96,213)

See accompanying Notes to Financial Statements



County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

**Basis of Accounting**

The County College of Morris (the College) and its component units' 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 the College's expenses are from exchange transactions. Transactions not meeting this definition, including investment income, are reported as non-operating activities. Certain significant revenue streams which are relied upon for operations, including state and county appropriations, are recorded as non-operating revenues. 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's publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity," establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. At least one of the following criteria must be met for inclusion: (1) the component unit's governing body is substantively the same governing body of the primary government and there is either a financial benefit or burden relationship between the primary government and component unit or management of the primary government has operational responsibility for the component unit; (2) the component unit provides service entirely, or almost entirely, to the primary government or otherwise exclusively benefits the primary government even though it does not provide services directly to it; or (3) the component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. Accordingly, the County College of Morris is a component unit of the County of Morris.

The County College of Morris Foundation (the Foundation) is a legally separate, tax-exempt entity that was established exclusively to carry out charitable, educational functions that benefit the College, its students, faculty, and staff. The College is the sole corporate member of the Foundation. Management of the College has operational responsibility for the Foundation, and members of the College's Board of 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 can 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.

**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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

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**

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 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.

**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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense and 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.

**Compensated Absences**

The College accounts for compensated absences (unused vacation and 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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

**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 is exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). The Foundation follows the accounting standard for uncertain tax positions, which had no effect on the entity. Federal and state tax returns for the entity are open for review within the statutory periods established 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.

Investments are presented in the financial statements generally in the aggregate at fair value. Unrealized gains and losses are recorded as investment income. The fair value hierarchy prioritizes the inputs used to measure fair value into three levels. Level 1 input is quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices in Level 1 that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. The College's investments for the year ended June 30, 2021 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 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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

**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 and 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.

**Cash and Cash Equivalents**

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

	2021 <u>College</u>	2020 <u>College</u>
Cash on Hand	\$ 5,640	\$ 6,150
Checking Accounts	5,778,223	6,521,581
NJ Cash Management Fund	1,248,946	1,028,245
Money Market Accounts	29,080,287	16,938,103
	<u>\$ 36,113,096</u>	<u>\$ 24,494,079</u>

The carrying amount of the College's cash and cash equivalents at cost on June 30, 2021 and June 30, 2020 was \$36,113,096 and \$24,494,079. The bank balance was \$36,333,909 and \$24,636,004. Of the bank balance, \$1,248,946 in 2021 and \$1,028,245 in 2020, deposited with the New Jersey 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

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

5. Local government investment pools
6. Deposits with the State of New Jersey Cash Management Fund
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.

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:

	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ 5,950,000	\$ 14,368,000
Common Fund multi-strategy equity fund	5,920,613	4,385,299
Common Fund multi-strategy bond fund	2,290,618	2,245,826
Lakeland Bancorp, Inc. stock	320,793	209,763
	<u>\$ 14,482,024</u>	<u>\$ 21,208,888</u>

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

	<u>2021</u>	<u>2020</u>
Fair value, end of year	\$ 8,532,024	\$ 6,840,888
Less: Cost of investments purchased	270,988	33,000
Less: Fair value, beginning of year	6,840,888	6,904,101
Increase (Decrease) in fair value of Investments	<u>\$ 1,420,148</u>	<u>\$ (96,213)</u>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 3: Other Receivables

As of June 30, other receivables consisted of the following:

	2021	2020
	<u>College</u>	<u>College</u>
County of Morris	\$ 46,163	\$ 4,281,503
Federal Awards Receivable	8,805,131	1,409,360
New Jersey Division of Pensions & Benefits	450,625	428,213
State Awards Receivable	30,811	4,702
Other	598,008	1,075,518
	<u>\$ 9,930,738</u>	<u>\$ 7,199,296</u>

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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 5: Capital Assets

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

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

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



County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 5: Capital Assets (Cont'd)

The following tables present the changes in capital assets for the fiscal years ended June 30, 2021 and June 30, 2020:

COUNTY COLLEGE OF MORRIS	June 30, 2020			June 30, 2021
	Balance	Additions	Disposals	Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,984,401	\$ -	\$ -	\$ 1,984,401
Construction in progress	10,821,371	817,814	11,639,185	-
Total Capital Assets Not Being Depreciated	<u>12,805,772</u>	<u>817,814</u>	<u>11,639,185</u>	<u>1,984,401</u>
<b>Capital Assets Being Depreciated:</b>				
Land improvements	3,575,616	-	-	3,575,616
Infrastructure	11,542,645	-	-	11,542,645
Buildings and improvements	92,651,867	11,669,043	-	104,320,910
Equipment and furniture & fixtures	23,705,777	1,547,668	101,713	25,151,732
Software	1,636,956	-	-	1,636,956
Total Capital Assets Being Depreciated	<u>133,112,861</u>	<u>13,216,711</u>	<u>101,713</u>	<u>146,227,859</u>
<b>Total Capital Assets</b>	<u>145,918,633</u>	<u>14,034,525</u>	<u>11,740,898</u>	<u>148,212,260</u>
<b>Accumulated Depreciation:</b>				
Land improvements	1,746,833	177,858	-	1,924,691
Infrastructure	4,283,383	377,281	-	4,660,665
Buildings and improvements	30,550,776	2,093,669	-	32,644,445
Equipment and furniture & fixtures	17,716,552	1,754,867	101,413	19,370,006
Software	1,564,173	39,065	-	1,603,238
Total Accumulated Depreciation	<u>55,861,716</u>	<u>4,442,741</u>	<u>101,413</u>	<u>60,203,044</u>
<b>Capital Assets Net Accumulated Depreciation</b>	<u>\$90,056,917</u>	<u>\$ 9,591,784</u>	<u>\$11,639,485</u>	<u>\$88,009,216</u>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 5: Capital Assets (Cont'd)

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

**Construction in progress**

The College has no active construction projects as of June 30, 2021. The following tables present the balance of construction in progress activities for the fiscal year ended June 30:

	2021		2020	
	Balance	Year-End Commitments	Balance	Year-End Commitments
Engineering/Manufacturing Center	\$ -	\$ -	\$ 10,821,371	\$ 769,846
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,821,371</u>	<u>\$ 769,846</u>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 6: Accrued Expenses

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

	2021	2020
	College	College
Payroll, Taxes and Agencies	\$ 4,183,860	\$ 3,926,855
Vacations and Compensated Absences	1,526,508	1,562,753
Other	467,287	203,513
	<u>\$ 6,177,654</u>	<u>\$ 5,693,121</u>

Note 7: Pension Plans

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

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

**General Information About the Pension Plans**

*Public Employees' Retirement System* – The Public Employees' Retirement System (PERS) is a cost-sharing, multiple-employer defined benefit pension plan which was established as of January 1, 1955. Substantially all full-time employees of the College, (provided the employee is not required to be a member of another state-administered retirement system, other state pension 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

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

do not earn a minimum annual salary for a certain enrollment tier but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for certain enrollment tiers, but who earn a salary of at least \$5,000 annually.

**Benefits Provided**

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to members of tiers 1 and 2 upon reaching age 60 and to members of tier 3 upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to members of tier 4 upon reaching age 62 and members of tier 5 upon reaching age 65. Early retirement benefits are available to members of tiers 1 and 2 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 their 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 their respective tier.

*Alternate Benefit Program* – The ABP provides retirement benefits, life insurance, long-term disability coverage, and medical benefits to qualified members.

*Defined Contribution Retirement Program* – Eligible members are provided with a 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 their defined contribution retirement plan account attributable to employee contributions shall immediately become and shall always remain fully vested and nonforfeitable. A participant's interest in that portion of their 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 their attainment of age 65, while employed by an employer, whichever occurs first.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

**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 seven years beginning in July 2012. The member contribution rate was 7.50% in fiscal year 2021.

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

The College's contractually required contribution rate for the fiscal year ended June 30, 2021 was 15.18% 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 \$1,295,231 for the fiscal year ended June 30, 2021.

*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:**

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

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

During the fiscal year ended June 30, 2021, employee contributions to the plan were \$1,152,603, and the State of New Jersey made on-behalf payments for the College contributions of \$1,460,970.

**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, 2021, employee contributions totaled \$26,433 and the College recognized pension expense of \$14,418. There were no forfeitures during the fiscal year.

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

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

At June 30, 2021 the College reported a liability of \$19,307,835 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2020, the College's proportion was .1183993343% which was a decrease of .0027022323% from its proportion measured as of June 30, 2019.

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Amortization Period <u>In Years</u>	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Changes of Assumptions	2020	5.16	\$ 626,368	\$ 8,084,373
Difference Between Expected And Actual Experience	2020	5.16	351,564	68,281
Changes in Proportion	2020	5.16	490,479	1,514,544
Net Difference Between Projected and Actual Earnings on Pension Plan Investment	2020	5.00	659,957	-
College Contribution Subsequent to Measurement Date	2020	1.00	<u>1,295,229</u> <u>\$ 3,423,597</u>	<u>\$ 9,667,198</u>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

\$1,295,229 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year <u>Ending June 30,</u>	
2021	\$ (2,422,780)
2022	(2,208,839)
2023	(1,262,295)
2024	(510,451)
2025	(110,400)
	<u>\$ (6,514,765)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled to June 30, 2020. The actuarial valuation used the following actuarial assumptions:

Inflation rate:

Price	2.75%
Wage	3.25%

Salary Increases:

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

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

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.95%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation Strategies	3.00%	3.40%

**Discount Rate**

The discount rate used to measure the total pension liabilities of the plan was 7.00% as of June 30, 2020. 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 the contributions from employers, and the non-employer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.



County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 7: Pension Plans (Cont'd)

**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 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2020		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
College's Proportionate Share of the Net Pension Liability	\$ 24,251,501	\$ 19,307,835	\$ 15,033,935

**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, 2021 were \$1,460,969 and total expenses under the plan were \$386,123. State of New Jersey contributions are recognized as revenue and expenses in the appropriate periods.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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**

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 non-employer 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.

For additional information about the State Health Benefits Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report:  
<https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 9: Postemployment benefits other than pensions (OPEB) State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

**Employees Covered by Benefit Terms**

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	149,304
Active Plan Members	<u>216,804</u>
Total	<u><u>366,108</u></u>

**Total Non-employer OPEB Liability**

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

**Actuarial Assumptions and Other Inputs**

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

Inflation Rate 2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:	1.55 - 4.45%	2.00 - 6.00%
Through 2026	based on service years	based on Service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on Years of service	based on Years of service

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 9: Postemployment benefits other than pensions (OPEB) State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

**Mortality Rates**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS) and “Safety” (PERS) classification headcount-weighted mortality table fully generational mortality improvement projections from the central year using MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using Scale MP-2020.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively, which is a decrease of 1.29%. 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 bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal rate.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 9: Postemployment benefits other than pensions (OPEB)  
State Health Benefit Program Fund – Local Education Retired (including Prescription Drug  
Program Fund) (Cont'd)

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 67,724,733
Changes for Year:	
Service Cost	2,994,194
Interest Cost	2,443,263
Differences Between Expected and Actual Experience	17,696,059
Changes of Assumptions	19,894,946
Gross Benefit Payments	(1,896,112)
Contributions from Members	<u>57,471</u>
Net Changes	<u>41,189,821</u>
Balance at June 30, 2020	<u><u>\$ 108,914,554</u></u>

**Changes in the College's Total OPEB Liability**

**Sensitivity of the Total Non-employer OPEB Liability Attributable to the College to Changes in the Discount Rate**

The following presents the total non-employer OPEB Liability attributable to the College as of June 30, 2020, respectively, calculated using the discount rate as disclosed in this note, as well as what the total non-employer 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:

	<u>June 30, 2020</u>		
	<u>At 1% Decrease 1.21%</u>	<u>At Current Rate 2.21%</u>	<u>At 1% Increase 3.21%</u>
Total OPEB Liability Attributable to the College	\$ 131,302,117	\$ 108,914,554	\$ 91,409,636

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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 Non-employer OPEB Liability Attributable to the College to Changes in the Healthcare Trend Rate**

The following presents the total non-employer OPEB Liability attributable to the College as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total non-employer OPEB liability attributable to the College would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1%	Healthcare	1%
	Decrease	Trend Rate	Increase
Total OPEB Liability Attributable to the College	\$ 87,919,501	\$ 108,914,554	\$ 133,914,996

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 9: Postemployment benefits other than pensions (OPEB)  
State Health Benefit Program Fund – Local Education Retired (including Prescription Drug  
Program Fund) (Cont'd)

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

For the fiscal year ended June 30, 2021 the College recognized OPEB expense of \$6,783,386 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, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferral Year	Original Amortization Period In Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,609,851
	2018	9.51		5,817,917
	2019	9.29	\$ 784,193	
	2020	9.24	17,741,814	-
			<u>18,526,007</u>	<u>12,427,768</u>
Difference Between Expected and Actual Experience	2018	9.51		5,499,742
	2019	9.29		9,229,999
	2020	9.24	\$ 16,536,066	
			<u>\$ 16,536,066</u>	<u>14,729,740</u>
Changes in Proportion	N/A	N/A	9,861,509.00	2,631,544
			<u>9,861,509.00</u>	<u>1,012,428</u>
			<u>\$ 35,062,073</u>	<u>\$ 28,169,936</u>

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
2021	\$ 69,773
2022	70,502
2023	70,502
2024	70,502
2025	70,502
Thereafter	<u>7,634,680</u>
	<u>\$ 7,986,461</u>

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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. The following table presents the changes in long term liabilities for the fiscal year ended June 30, 2021:

	<b>June 30, 2020</b>			<b>June 30, 2021</b>
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 1,664,334	\$ 115,260		\$ 1,779,594
Deposits	-	-	-	-
Net Pension Liability	20,846,863		1,539,028	19,307,835
Capital Lease Payable	107,939	-	34,233	73,706
	<u>\$ 22,619,136</u>	<u>\$ 115,260</u>	<u>\$ 1,573,261</u>	<u>\$ 21,161,135</u>

	<b>June 30, 2019</b>			<b>June 30, 2020</b>
	Balance	Additions	Reduction	Balance
Compensated absences	\$ 1,668,997	\$ 187,737	\$ 192,400	\$ 1,664,334
Deposits	9,939	-	9,939	-
Net Pension Liability	23,982,139		3,135,276	20,846,863
Capital Lease Payable	140,558	-	32,619	107,939
	<u>\$ 25,801,633</u>	<u>\$ 187,737</u>	<u>\$ 3,370,234</u>	<u>\$ 22,619,136</u>

**Compensated Absences**

It is estimated that of the \$1,779,594 compensated absences liability, \$1,562,720 is long-term and \$216,874 is short-term which may become due within one year based upon employee retirements. The capital lease payable at June 30 2021 was \$73,706, of that \$37,706 is long-term and \$35,946 is short-term.



County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

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

**Capital Lease**

On January 1, 2014, the College entered into a ten-year lease agreement with the New Jersey Educational Facilities Authority. The Authority will issue up to \$47,418,350 of revenue bonds to finance the purchase of higher education equipment for lease to various public and private institutions of higher education within the State of New Jersey. The College's share of the issue will be for equipment up to \$1,274,387. The State of New Jersey will pay 75% of the annual debt service on the bonds, subject to annual appropriations. The College began paying 25% of the annual debt service on May 1, 2015. The assets acquired under the capital lease were all instructional equipment, with accumulated depreciation to date of \$1,092,332.

Fiscal Year Ending	Amount
June 30, 2022	\$ 39,631
June 30, 2023	39,648
Total Future Minimum lease payment	79,279
Less amount representing interest	5,573
Present value of net minimum lease payments	<u>\$ 73,706</u>

Note 12: Interfund Receivables and Payables

The following details interfund balances at June 30, 2021 and 2020.

Fund	2021		2020	
	Interfund Receivables	Interfund Payables	Interfund Receivables	Interfund Payables
Current Unrestricted Fund	\$ 7,793,830	\$ 8,636	\$ 1,719,838	\$ 32,344
Current Restricted Fund	-	7,575,846	648	295,759
Foundation Fund	-	169,785	-	4,781
Plant Fund	-	39,563	-	1,387,602
	<u>\$ 7,793,830</u>	<u>\$ 7,793,830</u>	<u>\$ 1,720,486</u>	<u>\$ 1,720,486</u>

June 30, 2021 and 2020 interfund balances reported are the result of reciprocal interfund activity. The majority of both the 2021 and 2020 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.

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June 30, 2021 and 2020

Note 13: Interfund Transfers

The following interfund transfers were made during the years ended June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Mandatory Transfers:		
General to Restricted for Required Matching Funds	\$ 43,933	\$ 44,119
Foundation to Restricted for Program Expenditures	487,574	157,187
Non-mandatory Transfers:		
General to Plant for Self-funded Capital Projects	65,274	186,268
Foundation to Restricted for Program Expenditures	96,000	43,345
Student Activities to Foundation for Scholarships	4,961	2,689

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, 2021 and 2020 is comprised of the following categories:

	<u>2021</u>	<u>2020</u>
	<u>College</u>	<u>College</u>
Scholarships	\$ 1,609,954	\$ 1,311,872
Unemployment Benefit Reserve	313,843	271,548
Public Relations	40,110	50,112
Academics	1,132,234	886,695
Athletics	7,724	7,124
	<u>\$ 3,103,865</u>	<u>\$ 2,527,351</u>

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.

	<u>2021</u>	<u>2020</u>
Unrestricted Endowment	\$ 336,504	\$ 332,224
Endowment Income Restricted for Scholarships	4,386,884	4,114,103
	<u>\$ 4,723,388</u>	<u>\$ 4,446,327</u>

County College of Morris  
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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

	2021	2020
Net Position	\$ 37,243,520	\$ 29,681,645
GASB 68 - Pension Liability	(19,307,835)	(20,846,863)
Net Position	<u>\$ 17,935,685</u>	<u>\$ 8,834,782</u>

The total Unrestricted Net Position at June 30, 2021 and 2020 was \$17,935,685 and \$8,834,782. 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.

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, 2021.

Fund	2021	2020
Administrative Computing	\$ 39,035	\$ 39,035
Technology Reserve	1,409,666	2,075,742
Academic Furnishings	940,304	1,231,926
Furnishings and Equipment	506,963	519,850
Building Renovations	4,434,251	4,482,156
Video Surveillance	794,280	915,857
Planetarium Renovations	21,562	24,387
Engineering/Manufacturing	635,555	1,442,503
	<u>\$ 8,781,616</u>	<u>\$ 10,731,456</u>

Note 18: Related Party Transactions

During the years ended June 30, 2021 and June 30, 2020, the College recognized \$12,567,081 and \$21,172,716 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 \$214,318 in 2021 and \$178,250 in 2020.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 19: Risk Management

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

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

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

Selected, summarized financial information for the Pool as of December 31, 2020 is as follows:

	<u>Morris County Insurance Fund</u>
Total Assets	\$10,116,536
Net Position	5,135,181
Total Operating Revenue	3,625,494
Total Operating Expenses	5,471,525
Non-Operating Revenue	56,229
Change in Net Position	(1,789,802)
Distributions to Participating Members	-0-

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

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

New Jersey Unemployment Compensation Insurance: The College self-funds its New Jersey unemployment compensation insurance claims. The balance as of June 30, 2021 was \$313,843.

Note 20: Contingent Liabilities

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.

County College of Morris  
Notes to Financial Statements  
June 30, 2021 and 2020

Note 20: Contingent Liabilities (Cont'd)

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

Note 21: Subsequent Event

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

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

Required Supplementary Information  
Schedule of the County College of Morris Proportionate Share of the Net Pension Liability - PERS  
For the Fiscal Years Ending June 30 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	2021	2020	2019	2018	2017	2016	2015
College's portion of the net pension liability (asset)	0.12%	0.12%	0.12%	0.12%	0.13%	0.13%	0.14%
College's proportionate share of the net pension liability (asset)	\$ 19,307,835	\$ 20,846,863	\$ 23,982,140	\$ 28,907,067	\$ 38,391,141	\$ 30,107,819	\$ 25,570,494
College's covered-employee payroll	\$ 8,543,248	\$ 8,543,248	\$ 8,492,211	\$ 8,508,185	\$ 8,720,913	\$ 8,721,814	\$ 9,183,519
College's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	226.00%	244.02%	282.40%	339.76%	440.22%	345.20%	278.44%
Plan fiduciary net positions as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%

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

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

Required Supplementary Information  
Schedule of County College of Morris Contributions /"PERS  
For the Fiscal Years Ending June 30 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,295,231	\$ 1,125,392	\$ 1,211,533	\$ 1,150,393	\$ 1,151,568	\$ 1,153,094	\$ 1,125,901
Contributions in relation to the contractually required contribution	<u>(1,295,231)</u>	<u>(1,125,392)</u>	<u>(1,211,533)</u>	<u>(1,150,393)</u>	<u>(1,151,568)</u>	<u>(1,153,094)</u>	<u>(1,125,901)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 8,543,248	\$ 8,612,124	\$ 8,492,211	\$ 8,508,185	\$ 8,720,913	\$ 8,721,814	\$ 9,183,519
Contributions as a percentage of covered-employee payroll	15.16%	13.07%	14.27%	13.52%	13.20%	13.22%	12.26%

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

Required Supplementary Information  
Schedule of Changes in the College's Total OPEB Liability and Related Ratios  
Last Four Fiscal Years

	Fiscal Years Ending			
	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability				
Service Cost	\$ 3,613,595	\$ 3,040,061	\$ 2,424,143	\$ 2,994,194
Interest Cost	2,388,846	2,795,154	2,734,048	2,443,263
Changes in Assumptions	(9,432,674)	(7,943,591)	1,009,781	19,894,946
Difference Between Expected and Actual Experience	-	(2,804,966)	(5,648,090)	17,696,059
Member Contributions	64,754	63,973	61,625	57,471
Gross Benefit Payments	<u>(1,758,527)</u>	<u>(1,850,976)</u>	<u>(2,078,948)</u>	<u>(1,896,112)</u>
Net Change in Total OPEB Liability	(5,124,006)	(6,700,345)	(1,497,441)	41,189,821
Total OPEB Liability - Beginning	<u>81,046,525</u>	<u>75,922,519</u>	<u>69,222,174</u>	<u>67,724,733</u>
Total OPEB Liability - Ending	<u>\$ 75,922,519</u>	<u>\$ 69,222,174</u>	<u>\$ 67,724,733</u>	<u>\$ 108,914,554</u>
College's Covered Employee Payroll *	\$ 26,665,442	\$ 26,298,857	\$ 26,359,839	\$ 26,448,886
Total OPEB Liability as a Percentage of Covered Employee Payroll	285%	263%	257%	412%

\* - Covered payroll for the Measurement Periods ending June 30, 2018, June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2016, June 30, 2017 and June 30, 2018 census data.

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



County College of Morris  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

Public Employees' Retirement System

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

The July 1, 2018 actuarial valuation mortality improvement was based on Scale MP-2019 while the July 1, 2019 actuarial valuation mortality improvement was based on a scale MP-2020.

State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.58%, a change of -1.37%.

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

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

The mortality rates in the valuation as of June 30, 2020 were based upon the following:

Pre-retirement mortality rates were based on Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using scale MP-2020.

County College of Morris  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

Changes of Actuarial Assumptions

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

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

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey (the "Department"), the financial statements of the County College of Morris (the "College") as of and for the fiscal year ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 16, 2022.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

February 16, 2022  
Mount Arlington, New Jersey

*Nisiroccia LLP*

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

Independent Auditors' Report

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

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

We have audited the County College of Morris' (the "College's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the fiscal year ended June 30, 2021. 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, 2021.

**Report on Internal Control Over Compliance**

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

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

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

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

February 16, 2022  
Mount Arlington, New Jersey

*Nisiroccia LLP*

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authori- zations	Amount Received 20-21	Amount Rec'd to Date	Grant Expenditures 20-21	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2021	Amount Paid to Sub-recipient
<u>U.S. Department of Education:</u>											
<u>Student Financial Assistance Program Cluster:</u>											
<u>Direct Aid:</u>											
	PELL	84.063	E-P063P202994	9/1/20-8/31/21	\$ 5,702,306	\$ 5,651,408	\$ 5,651,408	\$ 5,671,278	\$ 5,671,278	\$ 19,870	\$ -
	PELL	84.063	E-P063P192994	9/1/19-8/31/20	7,127,561	358,234	7,127,561	339,368	7,127,561	-	-
	SEOG	84.007	E-P007A202547	9/1/20-8/31/21	209,251	183,939	183,939	209,251	209,251	25,312	-
	SEOG	84.007	E-P007A192547	9/1/19-8/31/20	205,287	205,287	205,287	(23)	205,264	(23)	-
	CWS	84.033	E-P033A202547	7/1/20-6/30/21	172,160	66,667	66,667	120,098	120,098	53,431	-
	DIRECT LOANS	84.268	P-268K212994	9/1/20-8/31/21	5,378,154	4,316,006	4,316,006	4,319,964	4,319,964	3,958	-
	DIRECT LOANS	84.268	P-268K202994	9/1/19-8/31/20	5,201,084	52,279	5,201,084	52,279	5,201,084	-	-
Subtotal Student Financial Assistance Program Cluster					23,995,803	10,833,820	22,751,952	10,712,215	22,854,500	102,548	-
<u>Education Stabilization Fund Program Cluster:</u>											
US Department of Education	COVID 19 - HEERF - Student Aid Portion	84.425E	P425E2004478	4/21/20-5/12/22	10,248,292	2,956,423	3,628,046	2,969,023	3,640,646	12,600	-
US Department of Education	COVID 19 - HEERF - Institution Portion	84.425F	P425F201065	5/5/20-5/4/22	13,740,661	1,622,012	1,823,818	9,654,109	10,001,728	8,177,910	-
US Department of Education	COVID 19 - Strengthening Institutions Program	84.425M	P425M200124	5/28/20-3/3/22	1,085,577	96,596	96,596	156,478	156,478	59,882	-
US Department of Education	COVID 19 - Governor's Emergency Education Relief Fund (GEERF)	84.425C	N/A	7/1/20-9/30/21	587,307	587,307	587,307	388,091	388,091	(199,216)	-
Subtotal Education Stabilization Fund Program Cluster					25,661,837	5,262,338	6,135,767	13,167,701	14,186,943	8,051,176	-
US Department of Education	CCAMPIS Program	84.335A	P335A190367	10/1/19-9/30/23	176,452	18,376	28,458	39,365	58,038	29,580	-
					25,838,289	5,280,714	6,164,225	13,207,066	14,244,981	8,080,756	-
U.S. Department of Education					49,834,092	16,114,534	28,916,177	23,919,281	37,099,481	8,183,304	-
<u>Pass Through Funds:</u>											
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715521	7/1/20-6/30/21	447,774	215,387	215,387	447,736	447,736	232,349	-
NJ Dept. of Education	Perkins Voc. Ed.	84.048	PSFS715520	7/1/19-6/30/20	434,717	98,709	434,527	-	434,527	-	-
					882,491	314,096	649,914	447,736	882,263	232,349	-
Total U.S. Department of Education					50,716,583	16,428,630	29,566,091	24,367,017	37,981,744	8,415,653	-
<u>US Department of the Treasury</u>											
US Department of the Treasury	Covid 19 - Corona Virus Relief Fund I - CRF I	21.019	N/A	3/1/20-12/31/20	1,005,724	1,005,724	1,005,724	255,842	1,005,724	-	-
US Department of the Treasury	Covid 19 - Corona Virus Relief Fund II - CRF II	21.019	N/A	3/1/20-3/31/21	1,300,747	1,300,747	1,300,747	1,063,987	1,300,747	-	-
					2,306,471	2,306,471	2,306,471	1,319,829	2,306,471	-	-

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

Name of Federal Agency or Department/Cluster Title	Name of Grant	CFDA#	Grant ID Number	Grant Period	Award Authori- zations	Amount Received 20-21	Amount Rec'd to Date	Grant Expenditures 20-21	Total Grant Expenditures	Receivable/ (Payable)/ (Fund Balance) 6/30/2021	Amount Paid to Sub-recipient
<u>National Science Foundation:</u>											
National Science Foundation	Data Science Career Grant	47.076	2000887	7/1/21-6/30/23	235,227	41,586	41,586	70,328	70,328	28,742	-
National Science Foundation	Northern New Jersey Bridges to Baccalaureate	47.076	HRD-1817365	9/1/18-8/31/21	246,975	52,699	94,249	38,461	110,429	16,180	-
National Science Foundation	Renewable Energy Systems Training (REST)	47.076	1902442/997178	7/1/19-6/30/22	223,892	117,268	117,798	117,268	117,798	-	-
					<u>706,094</u>	<u>211,553</u>	<u>253,633</u>	<u>226,057</u>	<u>298,555</u>	<u>44,922</u>	<u>-</u>
<u>U.S. Department of Labor:</u>											
US Department of Labor	Scaling Apprenticeship Through Sector Based Strategies - Advanced Mfg Grant	17.268	HG-33031-19-60-A-34	7/15/19-7/14/23	3,999,823	673,756	766,830	708,241	892,215	125,385	290,966
US Department of Labor	Scaling Apprenticeship Through Sector Based Strategies - Health Works Grant	17.268	HG-33026-19-60-A-34	7/15/19-7/14/23	132,960	41,907	41,907	61,864	61,864	19,957	-
					<u>4,132,783</u>	<u>715,663</u>	<u>808,737</u>	<u>770,105</u>	<u>954,079</u>	<u>145,342</u>	<u>290,966</u>
National Endowment for the Humanities:	NIJH Covid-19 Response Grant	45.162	N/A	6/1/20-10/31/20	7,480	7,480	7,480	7,475	7,475	(5)	
Total Federal Awards					<u>\$ 57,869,411</u>	<u>\$ 19,669,797</u>	<u>\$ 32,942,412</u>	<u>\$ 26,690,483</u>	<u>\$ 41,548,324</u>	<u>\$ 8,605,912</u>	<u>\$ 290,966</u>
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, 2021

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authori- zations	Amount Received 20-21	Amount Rec'd to Date	Grant Expenditures 20-21	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2021
<u>Dept. of Student Assistance:</u>									
<u>Direct Aid:</u>									
	TAG	2124	7/1/20-6/30/21	\$ 1,488,951	\$ 1,501,112	\$ 1,501,122	\$ 1,488,951	\$ 1,488,951	\$ (12,171)
	TAG	2124	7/1/19-6/30/20	1,522,738	(9,573)	1,552,738	(5,879)	1,552,738	-
	EOF Article III	2124	6/1/20-6/30/21	82,422	81,797	81,797	82,422	82,422	625
	EOF Article III	2124	6/1/19-6/30/20	93,829	-	94,429	93,829	93,829	(600)
	EOF Article IV	2124	10/1/20-6/30/21	103,606	103,606	103,606	103,606	103,606	-
	EOF Article IV - Q5	2124	6/1/20-9/30/20	33,364	33,364	33,364	33,364	33,364	-
	EOF Article IV	2124	6/1/19-6/30/20	128,071	(4,383)	128,071	-	128,071	-
	EOF Article III Summer 2021	2124	6/1/21-6/30/22	32,026	18,401	18,401	3,633	3,633	(14,768)
	EOF Article III Summer 2020	2124	6/1/20-6/30/21	29,800	12,488	29,800	24,270	29,800	-
	EOF Article IV Summer 2020	2124	6/1/19-6/30/20	4,234	-	4,234	4,234	4,234	-
	NJ Best	2124	7/1/20-6/30/21	14,250	14,250	14,250	14,250	14,250	-
	NJ Stars Program 2021	2124	7/1/20-6/30/21	223,141	223,141	223,141	223,141	223,141	-
	NJ Stars Program 2020	2124	7/1/19-6/30/20	186,794	-	186,794	-	179,591	(7,203)
	NJ Stars Program 2019	2124	7/1/18-6/30/19	144,016	-	144,139	-	144,016	(123)
	Community College Opportunity Grant 2021	2124	7/1/20-6/30/21	1,245,555	1,251,482	1,251,482	1,245,555	1,245,555	(5,927)
	Community College Opportunity Grant 2020	2124	7/1/19-6/30/20	896,469	(3,790)	892,679	519	892,679	-
	Community College Opportunity Grant 2019	2124	7/1/18-6/30/19	216,993	-	216,993	-	215,867	(1,126)
	NJ Class Loans	N/A	7/1/20-6/30/21	136,217	136,217	136,217	136,217	136,217	-
				<u>6,582,476</u>	<u>3,358,112</u>	<u>6,613,257</u>	<u>3,448,112</u>	<u>6,571,964</u>	<u>(41,293)</u>
<u>Dept. of Children and Families:</u>									
<u>Direct Aid:</u>									
	Division on Women	21CLPW	7/1/20-6/30/21	150,000	150,000	150,000	139,372	139,372	(10,628)
	Division on Women	20CLPW	7/1/19-6/30/20	150,000	-	150,000	2,869	144,266	(5,734)
				<u>300,000</u>	<u>150,000</u>	<u>300,000</u>	<u>142,241</u>	<u>283,638</u>	<u>(16,362)</u>
<u>New Jersey Council for the Humanities</u>									
<u>Direct Aid:</u>									
	Legacy Project - War, Peace & Healing	2019-13-Seco	7/1/19-6/30/21	12,685	-	11,417	6,312	12,685	1,268
	Woman's Suffrage & Beyond	N/A	11/1/20-3/31/21	500	500	500	500	500	-
	NY Historical Society	N/A	11/1/20-3/31/21	500	500	500	398	398	(102)
				<u>13,685</u>	<u>1,000</u>	<u>12,417</u>	<u>7,210</u>	<u>13,583</u>	<u>1,166</u>
<u>Office of the Secretary of Higher Education:</u>									
<u>Direct Aid:</u>									
	Community College Opportunity Grant - Planning Project	N/A	7/1/20-6/30/21	265,000	265,000	265,000	265,000	265,000	-
	Community College Opportunity Grant - Planning Project	N/A	8/2/19-6/30/20	265,000	-	265,000	-	264,726	(274)
	College Readiness VII Project	N/A	6/1/20-6/30/21	49,916	-	-	26,641	26,641	26,641
	College Readiness VI Project	N/A	6/1/19-6/30/20	48,626	33,993	44,952	13,609	44,952	-
				<u>628,542</u>	<u>298,993</u>	<u>574,952</u>	<u>305,250</u>	<u>601,319</u>	<u>26,367</u>

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2021

Name of State Agency or Department	Name of Grant	Grant ID Number	Grant Period	Award Authori- zations	Amount Received 20-21	Amount Rec'd to Date	Grant Expenditures 20-21	Total Grant Expenditures	Receivable (Payable)/ (Fund Balance) 6/30/2021
NJ Department of Health:	NJ- CUITs -NJ College & Universities Implementing Tobacco and Smoke Free Policies	DCHS21TPC003	10/30/20-10/29/23	8,000	8,000	8,000	3,175	3,175	(4,825)
<u>Direct Aid:</u>									
	State Support Operational Costs	N/A	7/1/20-6/30/21	6,515,332	6,515,332	6,515,332	6,515,332	6,515,332	-
				6,515,332	6,515,332	6,515,332	6,515,332	6,515,332	-
<u>Department of the Treasury:</u>									
<u>Direct Aid:</u>									
	Alternate Benefit Reimbursements	N/A	7/1/20-6/30/21	1,460,970	1,010,345	1,010,345	1,460,970	1,460,970	450,625
	Alternate Benefit Reimbursements	N/A	7/1/19-6/30/20	1,446,531	428,213	1,446,531	-	1,446,531	-
				2,907,501	1,438,558	2,456,876	1,460,970	2,907,501	450,625
<u>Pass Through Funds:</u>									
Arts Council of Morris Area	Teen Arts	N/A	1/1/20-12/31/21	4,000	4,000	4,000	4,000	4,000	-
Arts Council of Morris Area	Festival de las Americas	N/A	1/1/19-12/31/20	3,500	3,500	3,500	3,500	3,500	-
				7,500	7,500	7,500	7,500	7,500	-
Total State Awards				\$ 16,963,036	\$ 11,777,495	\$ 16,488,334	\$ 11,889,790	\$ 16,904,012	\$ 415,678
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**  
**Notes to Schedules of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021. 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, 2021

Summary of Auditors' Results:

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

	<u>C.F.D.A./State Grant Id Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Expenditures</u>
Federal:				
Education Stabilization Fund:				
Covid 19 - Student Aid Portion	84.425E	4/21/20-5/12/22	\$ 10,248,292	\$ 2,969,023
Covid 19 - Institution Portion	84.425F	5/5/20-5/4/22	13,740,661	8,801,419
Covid 19 - Strengthening Institutions Funding	84.425M	5/28/20-3/3/22	1,085,577	156,487
Covid 19 - GEERF	84.425C	7/1/20-9/30/21	587,307	388,091
Corona Virus Relief Fund:				
CRF I	21.019	3/1/20-3/31/21	1,005,724	255,842
CRF II	21.019	3/1/20-3/31/21	1,300,747	1,063,987
State:				
Tuition Assistance Grant (TAG)	2124	7/1/20-6/30/21	1,488,951	1,488,951
Alternative Benefit Reimbursements	N/A	7/1/20-6/30/21	1,446,531	1,460,970

COUNTY COLLEGE OF MORRIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

COUNTY COLLEGE OF MORRIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year findings.