ESSEX COUNTY COLLEGE

REPORT ON FINANCIAL STATEMENTS AND
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 15-08

YEARS ENDED JUNE 30, 2015 AND 2014

ESSEX COUNTY COLLEGE

FINANCIAL STATEMENTS AND FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 15-08

YEARS ENDED JUNE 30, 2015 AND 2014

TABLE OF CONTENTS

WISS
A Partner to Grow With

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Essex County College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Essex County College (the "College") as of and for the years ended June 30, 2015 and 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 entity'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 entity'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 business-type activities of Essex County College as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015, the College adopted new accounting guidance. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* which represents a change in accounting principle. As discussed in Note 13 to the financial statements, as of July 1, 2014, the College's net position was restated to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress – postretirement health plan, schedule of employer contributions – postretirement health plan, schedule of the College's proportionate share of the net pension liability – Public Employees' Retirement System (PERS), schedule of the College's contributions – Public Employees' Retirement System (PERS), schedule of the College's proportionate share of the net pension liability – Police and Firemen's Retirement System (PFRS), and the schedule of the College's contributions – Police and Firemen's Retirement System (PFRS) as identified in the table of contents 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the combining schedule of net position – all funds, combining schedule of revenues, expenses and changes in net position – all funds, schedule of net position – bookstore, concessions and gym, schedule of revenues, expenses and changes in fund net position – bookstore, concessions and gym and schedules of expenditures of federal awards and state financial assistance and related notes, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Wiss & Company

WISS & COMPANY, LLP

Iselin, New Jersey
March 1, 2016

ESSEX COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION
UNAUDITED

Years ended June 30, 2015 and 2014

As management of Essex County College (the College), we offer readers of the College's financial statements this narrative discussion, overview and analysis of the financial activities of the College for the years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here on financial performance. Management's Discussion and Analysis (MD&A) represents the financial performance of the College during the fiscal years ended June 30, 2015 and 2014, with presentation of certain comparative information presented for the year ended June 30, 2013. It is an overview of the College's financial activities and should be read in conjunction with the financial statements and notes, which follow this section. Management has prepared the financial statements and related notes, along with this discussion and analysis.

Financial Highlights – Fiscal Year 2015

Enrollment

During fiscal year 2015, the total credit hours reported to the State were 288,637. This represents a decrease of 7.69% from fiscal year 2014 in which credit hours were 312,674.

The College charged Essex County residents $108.50 per student credit hour in fiscal years 2015 and 2014.

Non-Essex County residents and foreign students were charged $217.00 per credit hour for fiscal years 2015 and 2014.

Student Fees

The College charged a general student fee of $32 per credit hour for fiscal year 2015 and $26.50 for fiscal year 2014. In addition, a student activity fee of $7.50 per credit hour was charged for fiscal year 2015 and $6.00 for fiscal year 2014. The student activity fee supports solely student and administrative activities.

Student Aid Programs

The College participates in federal and state funded programs. Approximately 54% and 57% of the unduplicated student enrollment received student aid assistance during fiscal years 2015 and 2014, respectively. Federal and state grants expended for student financial aid in 2015 amounted to $30,925,410 and $7,627,110, respectively, as compared to $33,360,820 and $7,900,858 for 2014.

Financial Highlights – Fiscal Year 2014

Enrollment

During fiscal year 2014, the total credit hours reported to the State were 312,674. This represents a decrease of 0.004% from fiscal year 2013 in which credit hours were 312,685.

The College charged Essex County residents $108.50 per student credit hour in fiscal years 2014 and 2013.

Non-Essex County residents and foreign students were charged $217.00 per credit hour for fiscal years 2014 and 2013.

Student Fees

The College charged a general student fee of $26.50 per credit hour for fiscal years 2014 and 2013. In addition, a student activity fee of $6.00 per credit hour was charged for fiscal years 2014 and 2013. The student activity fee supports solely student and administrative activities.

Student Aid Programs

The College participates in federal and state funded programs. Approximately 57% and 56% of the unduplicated student enrollment received student aid assistance during fiscal years 2014 and 2013, respectively. Federal and state grants expended for student financial aid in 2014 amounted to $33,360,820 and $7,900,858, respectively, as compared to $32,172,052 and $7,790,341 for 2013.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the College's basic financial statements. Since the College comprises a single special-purpose government, no fund level financial statements are presented as part of the basic financial statements.

The College's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Accordingly, the College's financial statements reflect the implementation of Governmental Accounting Standards Board Statement (GASB) No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*.

The College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.27 ("GASB No. 68")*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In addition, the College adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* ("GASB 71"). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68.

In accordance with GAAP, the College's revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. All assets, deferred outflows of resources, deferred inflows of resources and liabilities associated with the operation of the College are included in the statements of net position and depreciation of capital assets is recognized in the statements of revenues, expenses and changes in net position.

The financial statements provide long-term and short-term information about the College's overall financial status.

The statements of net position report the College's net position and the changes thereto. Net position, the difference between the College's assets, deferred inflows of resources, deferred outflows of resources and liabilities, over time, may serve as a useful indicator of the College's financial position.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 16 – 46 of this report.

Financial Analysis of the College as a Whole

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $68,654,006, a $55,870,298 decrease from June 30, 2014. At June 30, 2014, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $124,524,304 a $6,458,527 decrease from June 30, 2013. Our analysis below focuses on the net position and changes in net position of the College's activities.

Approximately 137% for fiscal year 2015 and 76% for fiscal year 2014 of the College's net position reflect its net investment in capital assets (i.e., land, construction in progress, land improvements; buildings and building improvements; equipment and furniture and library books, net of accumulated depreciation), less any related outstanding debt used to acquire these assets. The College uses these capital assets to provide services to students of the College as well as administrative and operating support services. The decrease of $724,888 in net investment in capital assets in 2015 resulted principally from renovation projects and equipment purchases of $2,528,861 offset by depreciation of $3,559,407 and principal payment on related debt of $306,113. The increase of $1,679,101 in net investment in capital assets in 2014 resulted principally from renovation projects and equipment purchases of $5,202,306 offset by depreciation of $3,599,421, principal payment on related debt of $425,000 and a loss on disposal of $348,329.

An additional portion of the College's net position represents resources subject to external restrictions on how they may be used. Restricted net position represented 18% and 10% of the total net position at June 30, 2015 and 2014. Restricted net position at June 30, 2015 increased $2,141,008 as a result of minor capital awards and Chapter 12 fund revenues exceeding capital related expenses. Restricted net position at June 30, 2014 decreased $983,818 as a result of minor capital awards and Chapter 12 fund revenues being less than capital expenses incurred for additions and renovations to buildings as well as the acquisition of office equipment and computers.

Unrestricted net position represented (57)% and 15% of the total net position at June 30, 2015 and 2014, respectively. Unrestricted net position at June 30, 2015 decreased $57,286,418 primarily from the use of designated funds for capital related items, to offset appropriations in the budget and other expenses related to salary and benefit increases and the implementation of GASBs 68 and 71. Unrestricted net position at June 30, 2014 decreased $7,153,810 primarily from the use of designated funds for capital related items and to offset appropriations in the budget and other expenses related to salary and benefit increases and use of additional adjunct personnel during the 2014 fiscal year.

Current assets decreased due to current year operating results as the College's net position, prior to the restatement related to the implementation of GASBs 68 and 71, decreased $3,866,724.

Current liabilities decreased at June 30, 2015 by $642,649 substantially due to current year expenses using the unearned revenues received from the New Jersey Educational Facilities Authority (NJEFA) for the use in the acquisition of technology and other equipment. Non-current liabilities, deferred outflows of resources and the deferred inflows of resources all increased in the 2015 fiscal year due to the implementation of GASBs 68 and 71. The implementation of the GASBs also resulted in a decrease in net position. Current liabilities increased at June 30, 2014 by $4,210,936 substantially due to unearned revenues received from the New Jersey Educational Facilities Authority (NJEFA) for the future use in the acquisition of technology and other equipment.

Financial Analysis of the College as a Whole

Net Position

The following represents assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2015, 2014 and 2013:

	Year Ended June 30			% (Decrease) Increase	% (Decrease) Increase
	2015	2014	2013	2015/2014	2014/2013
Current and other assets	$ 45,613,980	$ 48,315,643	$ 51,718,223	(5.6)	(6.6)
Capital assets, net of depreciation	97,269,936	98,300,482	97,089,099	(1.0)	1.2
Total assets	142,883,916	146,616,125	148,807,322	(2.5)	(1.5)
Deferred outflows of resources	5,529,902	218,218	239,000	2,434.1	(8.7)
Current liabilities	15,003,214	15,645,863	11,434,927	(4.1)	36.8
Noncurrent liabilities	61,450,974	6,664,176	6,628,564	822.1	0.5
Total liabilities	76,454,188	22,310,039	18,063,491	242.7	23.5
Deferred inflows of resources	3,305,624	-	-	100.0	0.0
Net position:					
Net investment in capital assets	93,721,222	94,446,110	92,767,009	(0.8)	1.8
Restricted	14,212,010	12,071,002	13,054,091	17.7	(7.5)
Unrestricted (deficit)	(39,279,226)	18,007,192	25,161,731	(318.1)	(28.4)
Total net position	$ 68,654,006	$ 124,524,304	$ 130,982,831	(44.9)	(4.9)

Years ended June 30, 2015 and 2014

Changes in Net Position

The following represents the College's changes in net position for the years ended June 30, 2015, 2014 and 2013:

	Year Ended June 30			% Increase (Decrease)	% Increase (Decrease)
	2015	2014	2013	2015/2014	2014/2013
Operating revenues:					
Tuition and fees, net	$ 38,426,045	$ 39,752,471	$ 39,084,448	(3.3)	1.7
Grants and contributions	46,552,988	49,197,048	47,745,954	(5.4)	3.0
Other	8,255,153	8,408,242	8,102,220	(1.8)	3.8
Total operating revenues	93,234,186	97,357,761	94,932,622	(4.2)	2.6
Operating expenses:					
Total operating expenses before depreciation	119,207,394	125,596,662	119,580,190	(5.1)	5.0
Depreciation	3,559,407	3,599,421	3,571,129	(1.1)	0.8
Total operating expenses	122,766,801	129,196,083	123,151,319	(5.0)	4.9
Operating loss	(29,532,615)	(31,838,322)	(28,218,697)	(7.2)	12.8
Nonoperating revenues (expenses), net	23,164,296	22,877,925	22,805,403	1.3	0.3
Other revenues	2,501,595	2,501,870	1,501,722	(0.0)	66.6
Change in net position	(3,866,724)	(6,458,527)	(3,911,572)	(40.1)	(65.1)
Total net position, beginning of year	124,524,304	130,982,831	134,894,403	(4.9)	(2.9)
Restatement for July 1, 2014, Pension liability and related expense	(52,003,574)	-	-	100.0	0.0
Total net position, beginning of year, as restated	72,520,730	130,982,831	134,894,403	(4.9)	(2.9)
Total net position, end of year	$ 68,654,006	$ 124,524,304	$ 130,982,831	(44.9)	(4.9)

Tuition and fees revenue, net of waivers and appeals, decreased in 2015 by 3.3% due to an increase in voids after tenth day enrollment and a decrease in enrollment for the 2015 fiscal year. The tuition rate remained unchanged in 2015 for in county residents. Tuition and fees revenue, net of waivers and appeals, increased in 2014 by 1.7% due to a decrease in voids after tenth day enrollment. Enrollment for the 2014 fiscal year decreased slightly and the tuition rate remained unchanged in 2014.

Revenues

The College had operating, non-operating and other revenues, in the amounts of $119,087,038, $123,329,134 and $119,673,393 in 2015, 2014 and 2013, respectively. The following percentages represent the sources of operating, nonoperating and other revenues that each has contributed over the past three years:

	2015	2014	2013
Operating revenues			
Tuition and fees	41.2 %	40.8 %	41.2 %
Federal grants	37.7	38.6	37.7
State grants	8.6	8.5	8.7
County and local grants	3.6	3.4	3.9
Charges for services	7.0	7.2	7.6
Other revenues	1.9	1.5	0.9
Total	100.0 %	100.0 %	100.0 %
Nonoperating revenues			
State appropriations	51.3 %	50.2 %	50.3 %
County appropriations	48.6	48.3	48.7
Interest and investment income (loss)	0.1	1.5	1.0
Total	100.0 %	100.0 %	100.0 %
Other revenues			
Capital appropriations	100.0	100.0	100.0
Total	100.0 %	100.0 %	100.0 %

Expenses

The College expended its resources, in the amounts of $122,953,762, $129,787,661 and $123,584,965 in 2015, 2014 and 2013 among the following categories:

	2015	2014	2013
Instruction	24.9 %	24.3 %	23.8 %
Public Service	3.4	3.6	4.0
Academic Support	2.6	2.7	2.5
Student Services	6.6	6.7	6.9
Institutional Support	19.5	19.2	18.6
Operation of Plant	8.8	8.6	8.1
Scholarships and fellowships	31.1	31.7	32.8
Depreciation	2.9	2.8	2.9
Interest and other	0.2	0.4	0.4
Total	100.0 %	100.0 %	100.0 %

The following represents the percentage of each expense category as compared to total expenses. Instruction expenses increased in 2015 as a percentage of total expenses due to contractual salary increments and corresponding fringes, primarily health insurance. Institutional Support expenses increased in 2015 as a percentage of total expenses due to pension expenses resulting from the implementation of GASBs 68 and 71. Operation of plant increased in 2015 as a percentage of total expenses due to contractual salary increments and corresponding fringes, primarily health insurance, as well as increases in utilities and routine elevator maintenance and repairs. Scholarships and fellowships expenses for 2015 decreased as a percentage of total expenses due to a decrease in the number of students qualifying for federal scholarships and grants, which also resulted from the decrease in enrollment. Instruction expenses increased in 2014 as a percentage of total expenses due to an increase in salaries and the additional use of adjuncts to provide instruction to students. Operation of plant increased in 2014 as a percentage of total expenses due to the completion of major capital projects which caused an increase in maintenance and operational costs related to those projects. Scholarships and fellowships expenses for 2014 increased by 1.3% as a percentage of total expenses due to an increase in the number of students qualifying for federal scholarships and grants.

Grants and Contracts

The College continues to qualify for funding to perform specialized instruction and support services.

For fiscal years 2015, 2014 and 2013, the College received the following funding from grants and contracts:

	Year Ended June 30,			% Increase (Decrease)	
	2015	2014	2013	2015/2014	2014/2013
Federal	$ 4,095,829	$ 4,162,985	$ 3,517,868	(1.6)	18.3
State	992,238	980,644	1,064,833	1.2	(7.9)
County and local	3,108,665	3,227,043	3,594,002	(3.7)	(10.2)
Total	$ 8,196,732	$ 8,370,672	$ 8,176,703	(2.1)	2.4

Funding for grants and contracts for 2015 decreased 2.1%; principally, due to decreased funding received from federal and county and local sources when compared to 2014. Fiscal year 2014 increased 2.4%; principally, due to increased funding received from federal sources when compared to 2013.

Capital Assets

Capital asset purchases are funded through awards received from the State of New Jersey, County of Essex and net position of the College. The following presents the capital assets, net of accumulated depreciation as of June 30, 2015, 2014 and 2013 and percentage increase or decrease from the prior year:

	June 30			% Increase (Decrease)	
	2015	2014	2013	2015/2014	2014/2013
Land, non depreciable	$ 3,796,647	$ 3,796,647	$ 3,796,647	0.0	0.0
Construction in progress, non depreciable	512,456	-	-	100.0	0.0
Land improvements	51,244	59,721	71,062	(14.2)	(16.0)
Buildings and building improvements	87,729,649	89,335,794	88,673,490	(1.8)	0.7
Equipment	4,444,131	4,381,949	3,755,024	1.4	16.7
Library books	735,809	726,371	749,703	1.3	(3.1)
Total	$ 97,269,936	$ 98,300,482	$ 97,045,926	(1.0)	1.3

Construction in progress increased due to capitalizable expenses related to funds spent from the NJEFA programs. Buildings and building improvement additions represent capital projects completed during the year which included additions to the mega-structure and other increases to buildings and building improvements in the current year.

Equipment additions represent purchases of office equipment, instructional equipment, furniture and computers.

More detailed information about the College's capital assets is presented in Note 5 to the basic financial statements.

Long-Term Liabilities

The following table summarizes the long-term liabilities at June 30 for fiscal years 2015, 2014 and 2013:

	June 30			% Increase (Decrease)	
	2015	2014	2013	2015/2014	2014/2013
Due to the County of Essex	$ -	$ 180,000	$ 360,000	(100.0)	(50.0)
Bonds payable, net	3,617,263	3,892,590	4,157,917	(7.1)	(6.4)
Capital lease payable	128,887	139,498	-	(7.6)	100.0
Obligation for post employment benefits other than pensions	3,594,274	2,918,026	2,555,974	23.2	14.2
Net pension liability	54,409,377	-	-	100.0	-
Total	$ 61,749,801	$ 7,130,114	$ 7,073,891	766.0	0.8

The decrease in Due to the County of Essex, capital lease payable and bonds payable, net is due to the payment of principal on debt during the 2015 fiscal year.

The increase in the obligation for post-employment benefits other than pensions is mainly due to the addition to the liability of current year's annual required contribution in accordance with GASB 45.

The increase in the net pension liability is due to the implementation of GASBs 68 and 71.

Additional information on the College's long-term liabilities can be found in Note 7 to the basic financial statements.

Economic Factors Affecting the College/Future Outlook

The College is substantially funded by tuition, fees, and state and county aid. Tuition and fees can be affected either by a decrease in enrollment or a decrease in the availability of financial aid funds from the federal and state governments. Appropriations from the state and county may remain level or be reduced in a slow or stagnant economy. During the 2015 fiscal year, state aid increased slightly by $199,959 as compared to 2014. In addition, credit hours have decreased over the past few years and are not expected to increase significantly over the next few years.

Contacting Essex County College's Management

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College's finances and to show the College's accountability for money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Comptroller and Chief Financial Officer, Office of Comptroller at Essex County College, 303 University Avenue, Newark, New Jersey 07102.

ESSEX COUNTY COLLEGE

STATEMENTS OF NET POSITION

	June 30, 2015	June 30, 2014
ASSETS		
Current assets:		
Unrestricted cash and equivalents	$ 20,372,100	$ 21,145,822
Cash held by bond trustee-NJEFA	3,578,033	4,054,502
Restricted cash and equivalents	3,665,371	4,624,782
Investments	2,363,760	2,359,177
Accounts receivable:		
Tuition and fees, net of allowance of $2,046,706 and $1,726,026 in 2015 and 2014, respectively	625,711	1,018,647
Grants	3,685,407	3,124,380
State and county	8,874,978	9,465,761
Other, net of allowance of $772,906 and $984,125 in 2015 and 2014, respectively	1,045,886	828,982
Inventories	1,250,258	1,640,031
Prepaid expenses	152,476	53,559
Total current assets	45,613,980	48,315,643
Noncurrent assets:		
Capital assets, nondepreciable	4,309,103	3,796,647
Capital assets, net of accumulated depreciation	92,960,833	94,503,835
Total noncurrent assets	97,269,936	98,300,482
Total assets	142,883,916	146,616,125
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	5,332,466	-
Deferred loss on refunding	197,436	218,218
Total deferred outflows of resources	5,529,902	218,218
LIABILITIES		
Current liabilities:		
Accounts payable	3,991,455	4,151,233
Accrued payroll and payroll taxes payable	2,752,856	2,729,053
Accrued compensated absences	145,702	93,244
Unearned revenue-NJEFA	3,449,146	3,915,004
Unearned tuition and fee revenue	489,289	359,472
Unearned grant revenue	227,645	384,762
Other liabilities	3,648,294	3,547,157
Due to the County of Essex	-	180,000
Capital lease payable	13,500	10,611
Bonds payable, net	285,327	275,327
Total current liabilities	15,003,214	15,645,863
Noncurrent liabilities:		
Long-term portion of bonds payable, net	3,331,936	3,617,263
Long-term portion of capital lease payable	115,387	128,887
Obligation for postemployment benefits other than pensions	3,594,274	2,918,026
Net pension liability	54,409,377	-
Total noncurrent liabilities	61,450,974	6,664,176
Total liabilities	76,454,188	22,310,039
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	3,305,624	-
Total deferred inflows of resources	3,305,624	-
NET POSITION		
Net investment in capital assets	93,721,222	94,446,110
Restricted for:		
Grants, contracts and other governmental agreements	2,220,504	2,178,063
Capital outlays	10,659,975	8,734,271
Scholarships	1,331,531	1,158,668
Unrestricted (deficit)	(39,279,226)	18,007,192
Total net position	$ 68,654,006	$ 124,524,304

See accompanying notes to basic financial statements.

ESSEX COUNTY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30, 2015	Year Ended June 30, 2014
OPERATING REVENUES:		
Tuition and fees, net of waivers and appeals of $3,122,518 and $3,022,337 in 2015 and 2014, respectively	$ 38,426,045	$ 39,752,471
Federal grants	35,145,993	37,594,155
State grants	8,011,518	8,304,046
County and local grants	3,108,665	3,227,043
Private contributions	286,812	71,804
Charges for services	6,505,230	7,052,120
Other revenues	1,749,923	1,356,122
Total operating revenues	93,234,186	97,357,761
OPERATING EXPENSES:		
Instruction	30,591,058	31,576,061
Public service	4,192,583	4,629,007
Academic support	3,204,182	3,525,986
Student services	8,169,845	8,643,280
Institutional support	23,967,644	24,968,872
Operation of plant	10,801,327	11,136,173
Scholarships and fellowships	38,280,755	41,117,283
Depreciation	3,559,407	3,599,421
Total operating expenses	122,766,801	129,196,083
OPERATING LOSS	(29,532,615)	(31,838,322)
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	11,985,845	11,785,886
County appropriations	11,350,000	11,350,000
Interest and investment income	40,212	13,698
Unrealized (loss) gain on investments	(24,800)	319,919
Interest expense	(186,961)	(243,249)
Loss on disposal of assets	-	(348,329)
Total nonoperating revenues (expenses)	23,164,296	22,877,925
LOSS BEFORE OTHER REVENUES	(6,368,319)	(8,960,397)
OTHER REVENUES:		
State and county appropriations-capital	2,501,595	2,501,870
DECREASE IN NET POSITION	(3,866,724)	(6,458,527)
NET POSITION, BEGINNING OF YEAR	124,524,304	130,982,831
RESTATEMENT FOR JULY 1, 2014, PENSION LIABILITY AND RELATED EXPENSE	(52,003,574)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	72,520,730	130,982,831
NET POSITION, END OF YEAR	$ 68,654,006	$ 124,524,304

See accompanying notes to basic financial statements.

ESSEX COUNTY COLLEGE

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees, including chargebacks	$ 38,948,798	$ 39,598,304
Tuition refunds/scholarships	(38,280,755)	(41,117,283)
Grants received	44,583,104	55,397,556
Grant payments	(8,386,782)	(8,367,483)
Restricted cash and cash equivalents	959,411	963,662
Payments to suppliers	(28,404,147)	(30,451,584)
Payments to employees	(43,010,632)	(45,165,646)
Charges for services	6,505,230	7,052,120
Other operating (disbursements) receipts	1,625,120	1,150,586
Net cash used in operating activities	(25,460,653)	(20,939,768)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	11,985,845	11,785,886
County appropriations	12,758,857	11,643,857
Net cash provided by noncapital financing activities	24,744,702	23,429,743
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(2,528,861)	(5,202,306)
Minor capital appropriations received from County of Essex	1,747,925	2,050,382
Minor capital appropriations received from State of New Jersey	1,344,453	441,001
Principal payments	(435,611)	(425,000)
Interest payments	(196,506)	(242,794)
Net cash used in capital and related financing activities	(68,600)	(3,378,717)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	(29,383)	299,876
Interest and investment income	40,212	13,698
Net cash provided by investing activities	10,829	313,574
Net (decrease) in cash and equivalents	(773,722)	(575,168)
Cash and equivalents at beginning of year	21,145,822	21,720,990
Cash and equivalents at end of year	$ 20,372,100	$ 21,145,822
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (29,532,615)	$ (31,838,322)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,559,407	3,599,421
Changes in operating assets and liabilities:		
Accounts receivable	(1,793,852)	5,776,850
Restricted cash and cash equivalents	959,411	963,662
Cash held by bond trustee - NJEFA	476,469	-
Inventories	389,773	(114,553)
Prepaid expenses	(89,881)	35,801
Unearned revenue - NJEFA	(465,858)	-
Unearned tuition and fee revenue	129,817	(83,452)
Accounts payable/accrued expenses	387,545	327,013
Obligation for postemployment benefits other than pensions	676,248	362,052
Unearned grant revenue	(157,117)	31,760
	$ (25,460,653)	$ (20,939,768)

See accompanying notes to basic financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

The College was established in 1966 by the State of New Jersey under State Statute 18A:64A. The Board of Trustees is the College's ruling body which establishes the policies and procedures by which the College is governed. The College has no component units that are required to be included within the reporting entity.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities and the accounts are maintained on the accrual basis of accounting. The College's reports are based on all applicable GASB authoritative literature in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The College reports its financial statements as a business-type activity, as defined by GASB Statements No. 34 and 35. Business – type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Tuition, County, and State appropriations, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Revenue and Expense Classification

The College distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. The principal operating revenues of the College are tuition, fees, charges for services and grants received from federal, state, county and private sources. Operating expenses include administrative expenses and other expenses related to providing educational services and depreciation.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarship expense and are recognized in the periods earned. Student tuition and fees collected for courses that are held subsequent to year end are recorded as unearned tuition and fees in the accompanying financial statements.

Grants and contribution revenue is comprised mainly of revenues received from grants from the State of New Jersey and the Federal government and local sources and are recognized as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as unearned grant revenue in the accompanying financial statements.

Revenue from state and county appropriations, including Chapter 12 and other capital funds, is recognized in the fiscal years during which the State of New Jersey and the County of Essex appropriate the funds to the College.

Net Position

Net position represents the difference between assets, deferred outflows of resources and liabilities in the financial statements. Net investment in capital assets consists of capital assets net of accumulated depreciation, and any related debt associated with the capital assets. Net positions are reported as restricted in the financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

GASB Statements No. 34, 35 and 63 established standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- ***Net investment in capital assets:*** Capital assets, net of accumulated depreciation attributable to the acquisition, construction, or improvement of those assets and any debt associated with the acquisition of the capital assets.

- ***Restricted:***

  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the College.

  Expendable – Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire by the passage of time.

- ***Unrestricted:*** Net position not subject to externally imposed stipulations that may be designated for specific purposes by action of management, the President or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

1. Summary of Significant Accounting Policies (continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Cash and Equivalents

Cash and equivalents consist of cash on hand, demand deposits, and short-term, highly-liquid investments that are readily convertible to known amounts of cash and that have original maturities of three months or less at the date of purchase or acquisition.

Cash held by Bond Trustee

Cash held by bond trustee consists of amounts held on behalf of the College by the New Jersey Educational Facilities Authority for the Higher Education Equipment Leasing Fund and the Higher Education Technology Infrastructure Fund program.

Investments

Investments consist of various stock donated to the College, certificates of deposit and open-ended mutual funds. Investments are recorded at fair value. Interest income is included in the change in net position in the accompanying statements of revenues, expenses and changes in net position.

Accounts Receivable

The College grants credit to students, substantially all of whom are county residents. Outstanding credit balances, net of an allowance for uncollectible amounts, are reported as tuition and fees accounts receivable.

Allowance for Uncollectible Amounts

The College establishes a reserve for uncollectible receivables for all outstanding balances over 90 days old, partially offset by amounts expected to be subsequently collected based on historical collection data.

Capital Assets

Capital assets include land, land improvements, building and building improvements, vehicles, property, plant, equipment, library books and reference media. Capital assets are defined by the College as assets with an initial unit cost of $500 or more and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed or completed.

1. Summary of Significant Accounting Policies (continued)

Capital assets of the College are depreciated using the straight-line method over the following useful lives:

Assets	Years
Land improvements	10
Building:	
New construction	50-75
Purchased	25 and 35
Library books	8
Equipment:	
Cafeteria	10
Office	7
Audio and visual	6
Vehicles	7
Furniture	20
Computer technology:	
Student labs	4
Administrative	3 - 5

Inventories

Inventories consist primarily of textbooks and merchandise held for resale by the bookstore and is stated at the lower of cost (first-in, first-out method) or market. The costs are recorded as expenses as the inventory is consumed.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses in the financial statements.

Unearned Revenue

Unearned revenue consists primarily of amounts received from the NJEFA funds, which have not yet been earned under the terms of the agreement. Unearned revenue also consists of student tuition and fee revenues received that are related to the period after June 30, 2015 have been deferred to fiscal year 2016.

Contract revenue and amounts received from grants in excess of grant expenses have been classified as unearned grant revenue.

Long-Term Obligations

Long-term obligations are due more than one year from the date of the statements of net position.

1. Summary of Significant Accounting Policies (continued)

Financial Dependency

Significant sources of revenue include appropriations from the State of New Jersey and the County of Essex. The College is economically dependent on these appropriations to carry on its operations.

Estimates and Uncertainties

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the collectability of receivables, capital asset useful lives, depreciation methods, net pension liability and the value of the OPEB liability.

Compensated Absences

Employees accrue vacation leave based upon time employed subject to certain restrictions at the close of each fiscal year. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the College recorded a liability for accrued vacation leave of $145,702 and $93,244 as of June 30, 2015 and 2014, respectively. Certain managerial and executive employees may accrue a maximum of 30 days excluding the President and the Executive Vice President/Provost, who have no limitation. Collective bargaining employees must receive approval to accrue vacation leave at the close of the fiscal year excluding the counselors and librarians, who may accrue up to a maximum of 35 days. The College is not obligated to accrue sick leave credits for managerial and executive employees and employees covered by collective bargaining agreements.

Other Postemployment Benefits

The College follows the guidance of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement established guidance for the financial reporting of other postemployment benefits (OPEB) cost over a period that approximates employees' years of service and provides information about actuarially calculated liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The College has evaluated the cost of providing health insurance coverage using an independent actuarial evaluation of qualifying surviving spouses as the impact of implementing GASB No. 45. The College has elected an open amortization period.

Chargeback

Chargeback to other counties represents the amount the College charges the other counties in which out-of-county students reside for their portion of the College's operating expenses, as provided in the laws and by the criteria and procedures specified by the State of New Jersey Commission on Higher Education.

Years ended June 30, 2015 and 2014

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the College has two items that qualify for reporting in this category, deferred amounts related to pensions and the deferred loss of the refunding of debt. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category, deferred amounts related to pensions.

Recently Adopted Accounting Standard

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and intraperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, Accounting for Pensions by State and Local Government Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* ("GASB 71"). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68.

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standard (continued)

The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

GASB Pronouncements to be Implemented in the 2016 Fiscal Year

In February, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The College has not completed the process of evaluating the impact that will result from adopting GASB No. 72.

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2015 through March 1, 2016, the date that the financial statements were available to be issued. The effects of those events and transactions that provide additional pertinent information about conditions that existed at June 30, 2015, have been recognized and disclosed in the accompanying financial statements.

2. Support of the College

The State supports the College's education and general operations through funding based upon the formula developed under the provisions of P.L. 1981 C.329.

Additional support is provided by the County of Essex and from tuition income. The annual tuition income for 2015 and 2014, based on 24 semester credit hours, payable by a full-time in-county student is $2,604, an out-of-county and out-of-state student is required to pay $5,208.

The Board of School Estimate (consisting of three members of the Board of Chosen Freeholders and two members of the College's Board of Trustees) adopts a budget for each fiscal year ending June 30 and levies the amount necessary to be raised during that fiscal year by the County of Essex Board of Chosen Freeholders. The County generates the necessary revenue through local property taxes.

In addition, the provisions of N.J.S.A. 18A:64A-20 provide for additional funding of the College's general operations by the Board of School Estimate, if an emergency or unanticipated need arises.

3. Student Financial Aid

The College receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants and scholarship aid. Entitlement to the fund is generally conditional upon compliance with terms and conditions of the related agreements and applicable regulations, including the expenditure of funds for eligible purposes.

During fiscal year 2015, the College expended student assistance in the form of New Jersey Tuition Aid Grant (TAG) and Education Opportunity Fund (EOF) Programs in the amounts of $5,828,180 and $1,691,884, respectively, and other New Jersey student assistance grants of $107,046, for a grand total of $7,627,110. The College also expended student assistance from the U.S. Department of Education for Pell grants of $30,185,894, SEOG grants of $250,000, and Federal Work Study of $489,516, for a grand total of $30,925,410.

During fiscal year 2014, the College expended student assistance in the form of New Jersey Tuition Aid Grant (TAG) and Education Opportunity Fund (EOF) Programs in the amounts of $6,227,294 and $1,591,953, respectively, and other New Jersey student assistance grants of $81,611, for a grand total of $7,900,858. The College also expended student assistance from the U.S. Department of Education for Pell grants of $32,630,715, SEOG grants of $250,000, and Federal Work Study of $480,105, for a grand total of $33,360,820.

4. Cash and Equivalents and Investments

Cash and equivalents consist primarily of cash on deposit with banks and short-term certificates of deposit.

A portion of the cash and equivalents balance is restricted by third parties for various grants and scholarships. At June 30, 2015 and 2014, $3,665,371 and $4,624,782, respectively, represented cash and equivalents that are restricted for these purposes. In addition, the College had $3,578,033 and $4,054,502 in cash held by bond trustee – NJEFA (New Jersey Educational Facilities Authority) at June 30, 2015 and 2014, respectively.

Deposits

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), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

Additionally, the College deposits public funds in public depositories protected from loss under the provisions of the New Jersey Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

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

At June 30, 2015, the College's carrying value of its deposits and cash on hand was $15,008,203 and the bank balance was $15,693,481. Of the bank balance, $532,651 was covered by federal depository insurance and $15,160,830 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with GUDPA.

4. Cash and Equivalents and Investments (continued)

Deposits (continued)

At June 30, 2014, the College's carrying value of its deposits and cash on hand was $16,752,305 and the bank balance was $17,641,584. Of the bank balance, $532,118 was covered by federal depository insurance and $17,109,466 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with GUDPA.

GASB Statement No. 40 *Deposit and Investment Risk Disclosures* requires that the College disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the College would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the 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 name of the College.

The College does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. The College's deposits were fully collateralized by funds and held by the financial institution, but not in the name of the College. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

The College has limited the investment of assets to obligations of the U.S. Government or its agencies, investments in certain certificates of deposit of commercial banks which are members of the Federal Reserve System, investments in New Jersey Cash Management Fund (NJCMF) and direct and general obligations of any state which meets the minimum requirements of its policy.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the College's deposits and investments may not be returned to it. The College does not have a policy for custodial credit risk for its investments.

The College participates in the State of New Jersey Cash Management Fund ("NJCMF") wherein amounts also contributed by other State entities are combined into a large-scale investment program. The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: US Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

The carrying amount of cash and equivalents in the State of New Jersey Cash Management Fund as of June 30, 2015 and 2014 was $9,020,753 and $9,014,974, respectively, which represented the amount on deposit with the Fund.

These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to

4. Cash and Equivalents and Investments (continued)

investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer.

Credit Risk: The College does not have an investment policy regarding the management of credit risk. GASB No. 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. Government or investments guaranteed by the U.S. Government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The College does not have a policy to limit interest rate risk; however, its practice is typically to invest in investments with short maturities.

Concentration of Credit Risk: This is the risk associated with the amount of investments the College has with any one issuer. The College places no limit on the amount the College may invest in any one issuer.

Investments, which are recorded at fair value, are comprised of the following as of June 30, 2015 and 2014:

	2015	2014
Corporate stock (U.S. equities)	$ 411,460	$ 419,588
Mutual Funds	1,952,300	1,939,589
Total investments	$ 2,363,760	$ 2,359,177

The U.S. equities and open-end mutual fund portfolios consist of donations made by individuals many years ago that have been maintained within the donated investment portfolio to further the mission of the College and stock distributions from companies that provided group term life insurance but changed from mutual to stock companies.

5. Capital Assets

The following is a summarization of changes in capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	$ 3,796,647	$ -	$ -	$ 3,796,647
Construction in Progress	-	512,456	-	512,456
Total capital assets, not being depreciated	3,796,647	512,456	-	4,309,103
Capital assets, being depreciated:				
Land improvements	1,325,167	2,925		1,328,092
Buildings and building improvements	124,419,918	465,687		124,885,605
Equipment and furniture	40,499,748	1,317,545	23,918	41,793,375
Library books	6,868,374	230,248	45,695	7,052,927
Total capital assets, being depreciated	173,113,207	2,016,405	69,613	175,059,999
Less accumulated depreciation:				
Land improvements	1,265,446	11,402		1,276,848
Buildings and building improvements	35,084,124	2,071,832		37,155,956
Equipment and furniture	36,117,799	1,255,363	23,918	37,349,244
Library books	6,142,003	220,810	45,695	6,317,118
Total accumulated depreciation	78,609,372	3,559,407	69,613	82,099,166
Total capital assets, being depreciated, net	94,503,835	(1,543,002)	-	92,960,833
Net capital assets	$ 98,300,482	$ (1,030,546)	$ -	$ 97,269,936

5. Capital Assets (continued)

The following is a summarization of changes in capital assets for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	$ 3,796,647	$ -	$ -	$ 3,796,647
Total capital assets, not being depreciated	3,796,647	-	-	3,796,647
Capital assets, being depreciated:				
Land improvements	1,325,167	-	-	1,325,167
Buildings and building improvements	122,043,801	3,063,117	687,000	124,419,918
Equipment and furniture	39,207,653	1,912,712	620,617	40,499,748
Library books	6,689,897	226,477	48,000	6,868,374
Total capital assets, being depreciated	169,266,518	5,202,306	1,355,617	173,113,207
Less accumulated depreciation:				
Land improvements	1,254,105	11,341	-	1,265,446
Buildings and building improvements	33,370,311	2,052,559	338,746	35,084,124
Equipment and furniture	35,452,629	1,285,712	620,542	36,117,799
Library books	5,940,194	249,809	48,000	6,142,003
Total accumulated depreciation	76,017,239	3,599,421	1,007,288	78,609,372
Total capital assets, being depreciated, net	93,249,279	1,602,885	348,329	94,503,835
Net capital assets	$ 97,045,926	$ 1,602,885	$ 348,329	$ 98,300,482

Depreciation expense for the years ended June 30, 2015 and 2014 was $3,559,407 and $3,599,421, respectively. Commitments outstanding on construction and other projects amounted to $958,867 and $780,560 as of June 30, 2015 and 2014, respectively.

6. Accounts Receivable – County of Essex and State of New Jersey

The College was awarded $1,250,000 in capital funding by the County of Essex for fiscal years 2015 and 2014, respectively. It is the practice of the College to request reimbursement only for expenses made and not anticipated. Accordingly, the College was reimbursed $337,473 for award years 2010 through 2013 during fiscal year 2015. The following balances remain available from the County of Essex for minor capital awards not including the State portion of Chapter 12 funds:

Fiscal year ended June 30, 2015:	
2015	$ 1,633,443
2014	1,250,000
2013	205,848
2012	2,050,806
2010	34,292
	$ 5,174,389

In addition to the County funds, there is a balance of $3,677,045 available from the State of New Jersey for Chapter 12 funding.

7. Long-Term Liabilities

Building – Student Center

In November 1994, the College borrowed $5,605,000 from the Essex County Improvement Authority (ECIA) to build an 18,000 square foot student center facility. To the extent that dedicated revenues in any year are insufficient to pay all amounts payable under this loan agreement, dedicated student fee revenues will be increased to eliminate any such deficiency. Payment of principal and interest on the bonds are additionally secured by a guarantee ordinance of the County, fully guaranteeing the principal and interest on the bonds.

Interest costs were capitalized during construction to the extent not offset by interest earned from the bond proceeds invested. Total interest costs associated with the Student Center amounted to $186,506 and $199,631 in 2015 and 2014, respectively. Interest costs were not capitalized in 2015 or 2014 due to completion of construction in prior years.

7. Long-Term Liabilities (continued)

2006 Series Bonds

In September 2006, the ECIA, on behalf of the College, issued $4,690,000 of Guaranteed Revenue Bonds, Series 2006, to redeem $4,760,000 of the $5,485,000 Series 1996. Net proceeds from the sale of the bonds were deposited to an escrow account amounted to $4,980,964. Principal and interest for these defeased securities will be paid through the bond escrow fund. At June 30, 2015, $3,425,000 of debt remains outstanding. The bonds are secured by certain revenues of the College as defined in the original loan agreement and are additionally secured by a full, unconditional and irrevocable guaranty of the County in accordance with a guaranty ordinance adopted by the Essex County Board of Freeholders.

At June 30, 2015, the bonds payable principal balance for the Refunding Bonds, Series 2006, is $3,425,000. The loan agreement has a 30-year term and will be fully satisfied on December 1, 2024. The annual rate of interest chargeable to the College is 5.25%. Fiscal year principal and interest payments are as follows:

Fiscal year	Principal	Interest	Total
2016	$ 265,000	$ 172,856	$ 437,856
2017	285,000	158,419	443,419
2018	295,000	143,194	438,194
2019	315,000	127,181	442,181
2020	330,000	110,250	440,250
2021-2025	1,935,000	264,207	2,199,207
	$ 3,425,000	$ 976,107	$ 4,401,107

7. Long-Term Liabilities (continued)

Equipment Leasing Fund – Capital Lease Payable

In January 2014, the College, along with other Colleges and Universities, entered into a lease agreement with the New Jersey Educational Facilities Authority (NJEFA), as lessor, to issue bonds to finance the costs of acquiring and installing higher education equipment for lease to the College.

The State's Equipment Leasing Fund (ELF) provides funds to support the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for public and private institutions of higher education.

The total amount of equipment to be financed is $640,967. The College's basic rent as set forth in the loan schedule is equal to approximately 28% of the debt service on the bonds, consisting of principal of $139,498 and interest of $39,962. In addition, the College is required to pay program expenses and administrative fees over the life of the lease.

The bonds issued by the NJEFA are tax exempt and require annual and semiannual principal and interest payments, respectively, which commence on November 1, 2014 for interest and May 1, 2015 for principal. Final payment to include principal, interest, and other expenses is due on May 1, 2023.

The lease agreement will terminate at the conclusion of final payment and title to the project will be transferred to the College.

As of June 30, 2015, the capital lease payable principal balance is $128,887. The agreement is for a ten year term and will be fully satisfied on May 1, 2023. The annual rate of interest chargeable to the College is 5%. Fiscal year principal and interest payments are as follows:

Fiscal year	Principal	Interest	Total
2016	$ 13,500	$ 6,444	$ 19,944
2017	14,176	5,770	19,946
2018	14,886	5,060	19,946
2019	15,629	4,316	19,945
2020	16,407	3,534	19,941
2021 - 2023	54,289	5,519	59,808
	$ 128,887	$ 30,643	$ 159,530

7. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Bonds payable:					
Series 2006	$ 3,680,000	$ -	$ 255,000	$ 3,425,000	$ 265,000
Unamortized bond premium	212,590	-	20,327	192,263	20,327
Total bonds payable	$ 3,892,590	$ -	$ 275,327	$ 3,617,263	$ 285,327
Obligation for postemployment benefits other than pensions	$ 2,918,026	$ 689,267	$ 13,019	$ 3,594,274	$ -
Due to County of Essex	$ 180,000	$ -	$ 180,000	$ -	$ -
Capital lease payable	$ 139,438	$ -	$ 10,611	$ 128,827	$ 13,500

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
Bonds payable:					
Series 2006	$ 3,925,000	$ -	$ 245,000	$ 3,680,000	$ 255,000
Unamortized bond premium	232,917	-	20,327	212,590	20,327
Total bonds payable	$ 4,157,917	$ -	$ 265,327	$ 3,892,590	$ 275,327
Obligation for postemployment benefits other than pensions	$ 2,555,974	$ 485,401	$ 123,349	$ 2,918,026	$ -
Due to County of Essex	$ 360,000	$ -	$ 180,000	$ 180,000	$ 180,000
Capital lease payable	$ -	$ 139,498	$ -	$ 139,498	$ 10,611

8. Commitments and Contingencies

The College is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

The College purchases commercial insurance to insure against loss. There have been no significant reductions in insurance coverage from the prior year and there have been no settlements in the current or prior three years that exceeded insurance coverage.

The College has awarded various contracts at a cost of $60,000 for gasoline for the fleet of vehicles, continued dental coverage at a cost of $591,053, solid waste management at a cost of $125,000, and preventative maintenance agreement at a cost of $1,145,049. In addition, contracts were awarded for the licensing and maintenance of information technology software in the amount of $790,249. Insurance agreements were approved for workers compensation, comprehensive general liability, and student athlete insurance at a cost of $780,924. Other major professional contracts were awarded at a cost of $457,500.

In 2014, the College, along with other colleges and universities, was awarded multiple grants under the State of New Jersey's Building our Future Bond Act ($14,993,738) as well as the NJEFA's Higher Education Technology Infrastructure Fund ($3,413,535). The College did not incur any debt with respect to these new grant agreements, however, the College will be required to provide matching funds equal to 25% for the Building our Future Bond Act grant and matching funds equal to the grant amount for the Higher Education Technology Infrastructure Fund. The College has designated unrestricted net position in the amount of $8,292,309 as of June 30, 2015 to meet its local matching obligation.

The College receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2015, management estimates that adjustments, if any, as a result of any such audits would not have a material adverse effect on the College's financial statements.

9. Leases

On February 26, 1990, the College leased land to a corporation for the construction of a 600-car parking garage. The 15-year lease expired in 2005 and the renewal option extended the lease an additional 15 years. The remaining renewal options can extend the lease an additional 120 years. Rent revenue received is included in unearned revenue and is being amortized over the life of the lease. The College receives rent of 2.5% of net parking revenues, subject to offset against a cumulative base amount of $1,000,000 of revenue for the term of the initial 15-year lease.

Pursuant to this agreement, the College, in May 2015 and 2014, received payments of $25,000 representing additional rent for the twelve-month periods ending April 30, 2015 and 2014. The College received base rent for the kitchen facilities of $55,000 and $51,133 for fiscal years 2015 and 2014, respectively.

9. Leases (continued)

This contract does not include a provision for additional rent based on sales in excess of a specific volume.

The College also received $80,929 and $143,212 in rent and commissions for space allocated to vendors for vending machines for fiscal years 2015 and 2014, respectively.

10. Pension

The College participates in the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). The Division of Pensions and Benefits within the Department of Treasury, State of New Jersey (State) is the administrator of the funds and charges the College annually for its respective contributions. The following collective bargaining groups are covered under the PERS and PFRS plans: Faculty, Administrators, Professionals, Office Workers, Physical Plant, and Security.

The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each participating entity in the state and, therefore, the actuarial data for the College is not available. The Division of Pensions and Benefits issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

PERS members were required to contribute 6.64% as of July 2012 of their annual covered salary (increased to 6.78%, 6.92%, 7.06%, 7.20%, 7.34% and 7.50% each July from 2013 through 2018). The College is required to contribute at an actuarially determined rate. The rate for the FY 14/15 was 6.92% through June 2015. The College's actuarially determined contributions to PERS for the years ended June 30, 2015, 2014 and 2013 were $2,544,530, $2,330,244, and $2,326,042, respectively, equal to the required contributions for each year. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

The College's contribution to the PFRS plan was reduced also by the Pension Security Legislation Act of 1997 and Chapter 44, P.L. 2001 signed into law on March 29, 2001. Accordingly, contributions for the PFRS plan for the years ended June 30, 2015, 2014 and 2013, amounted to $80,889, $90,788, and $82,111, respectively.

The College also participates in an Alternative Benefit Program under which the Division of Pensions and Benefits makes the employer's contribution for the College. The contributions made by the Division on behalf of the College for the year ended June 30, 2015 amounted to $1,203,473 as compared to $942,484 for fiscal year 2014. In addition, the Division reimbursed the College for contributions made for adjunct faculty for fiscal years 2015, 2014 and 2013 in the amounts of $235,583, $242,437, and $226,437, respectively, for a grand total of $704,457.

The Division is not required to contribute the employer's contribution for nonacademic job titles for members enrolled in the Alternative Benefit Program. Accordingly, the College's contributions amounted to $118,633, $84,025, and $68,404 for the years ended June 30, 2015, 2014 and 2013, respectively.

10. Pension (continued)

The College is required by contract with certain managerial and executive employees to contribute to specific pension plans. The College's contributions for the years ended June 30, 2015, 2014 and 2013, amounted to $31,372, $19,326, and $22,287, respectively.

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

Public Employee's Retirement System (PERS)

At June 30, 2015, the College reported a liability of $52,922,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. 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 governmental entities, actuarially determined. At June 30, 2014, the College's proportion was 0.2826643339 percent, which was an increase of 0.0054262946 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the College recognized full accrual pension expense of $2,880,729 in the financial statements. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,664,167	
Net difference between projected and actual earnings on pension plan investments	-	$ 3,153,893
Changes in proportion and differences between College contributions and proportionate share of contributions	876,037	-
College contributions subsequent to the measurement date	2,544,530	-
	$ 5,084,734	$ 3,153,893

$2,544,530 is reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (321,524)
2017	(321,524)
2018	(321,524)
2019	(321,525)
2020	466,949
Thereafter	205,459
	$ (613,689)

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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 the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	100.00%	

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate

The following presents the College's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above 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-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
College's proportionate share of the net pension liability	$ 66,578,300	$ 52,922,494	$ 41,455,093

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	$	1,452,705,538
Collective deferred inflows of resources	$	2,146,719,012
Collective net pension liability	$	18,722,735,003
College's Proportion		0.2826643339%

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is $968,532,408.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Public Employees' Retirement System (PERS) to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed $1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the College reported a liability of $1,486,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. 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 governmental entities, actuarially determined. At June 30, 2014, the College's proportion was 0.0118202912 percent, which was an increase of 0.0009966332 from its proportion measured as of June 30, 2013.

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the College recognized full accrual pension expense of $123,651 in the financial statements. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 55,823	
Net difference between projected and actual earnings on pension plan investments	-	$ 151,731
Changes in proportion and differences between College contributions and proportionate share of contributions	111,020	-
College contributions subsequent to the measurement date	80,889	-
	$ 247,732	$ 151,731

$80,889 is reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ (5,662)
2017	(5,662)
2018	(5,662)
2019	(5,661)
2020	32,271
Thereafter	5,488
	$ 15,112

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.01%
Salary increases	
2012-2021	3.95 - 8.62% based on age
Thereafter	4.95 - 9.62% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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 the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	100.00%	

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.32% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate

The following presents the College's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above 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-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	At 1% Decrease (5.32%)	At Current Discount Rate (6.32%)	At 1% Increase (7.32%)
College's proportionate share of the net pension liability	$ 1,797,584	$ 1,486,883	$ 1,231,037

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Firemen's Retirement System.

Additional Information

Collective balances at June 30, 2014 are as follows:

Collective deferred outflows of resources	$	544,495,815
Collective deferred inflows of resources	$	1,371,441,797
Collective net pension liability	$	23,132,564,233
College's Proportion		0.0118202912%

10. Pension (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is $1,036,470,326.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.17 years.

Other Postemployment Benefits Other Than Pensions – College Plan

In addition to the post-employment health benefit plan offered by the State, the College provides a single employer post-employment health benefits plan for the surviving spouse of a retiree that has satisfied the plan eligibility requirements. The College follows the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service.

Plan description: The College's post-employment retirement healthcare benefit plan provides health benefits to all surviving spouses of a retiree that has satisfied the plan eligibility requirements. To be considered eligible for the plan, the retiree must have attained 25 years of service, the last 15 of which must be with the College, and reached the age of 55. Retirees that have retired due to ordinary or accidental disability do not have to meet the years of service requirement. The College is currently providing benefits for sixteen surviving spouses under this plan.

The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The College administers the Plan through the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits and has the authority to establish and amend the benefits provisions offered. The Plan is not a separate entity or trust and does not issue stand-alone financial statements.

Funding policy: The cost of retiree health care coverage is provided through a 0.2% base salary reduction from the members of the Faculty and Administrative collective bargaining groups. These base salary reductions are then transmitted to the restricted fund to pay for the monthly invoices received from the State of New Jersey for the surviving spouses of former retirees. The annual cost for the state invoices amounted to $77,073 and $78,085 for fiscal years 2015 and 2014, respectively. The College pays 100% of the cost of the surviving spouses' Medicare Part B premium. The cost for these premiums amounted to $2,770 and $3,627 for fiscal years 2015 and 2014, respectively.

10. Pension (continued)

Other Postemployment Benefits Other Than Pensions – College Plan (continued)

Annual OPEB cost and net OPEB obligation. The College's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the Projected Unit Credit Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years, which represents the estimated remaining life of the Plan. For the fiscal year ended June 30, 2014, the College's annual OPEB cost (expense) of $580,513 was $12,448 more than the ARC due to interest on the unfunded ARC, and an adjustment to the ARC. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the College's net OPEB obligation to the Plan for the year ended June 30, 2015:

Annual Required Contribution (ARC)	$ 568,065
Interest on unfunded ARC	121,071
Adjustment to the ARC	(108,623)
Annual OPEB Cost	580,513
Less: Contributions Made/Funded	13,019
Unfunded ARC	567,494
Net OPEB obligation - beginning of year	3,026,780
Net OPEB obligation - end of year	$ 3,594,274

The College's annual OPEB cost, the percentage of annual OPEB cost, contributions to the Plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, 2014 and 2013 were as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Actual * College Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 580,513	$ 13,019	2.2 %	$ 3,594,274
2014	485,401	14,595	3.0	3,026,780
2013	483,448	8,704	1.8	2,555,974

*Actual retiree payments for Medicare Part B reimbursements and trust Contributions, for the periods 7/1/14 – 6/30/15, 7/1/13 – 6/30/14 and 7/1/12 – 6/30/13.

10. Pension (continued)

Other Postemployment Benefits Other Than Pensions – College Plan (continued)

Funded status and funding progress. As of July 1, 2014, the date of the most recent actuarial valuation, the accrued liability for benefits was $7,786,286; the unfunded actuarial accrued liability (UAAL) was $7,614,393. The covered payroll (annual payroll of active employees covered by the plan) was $32,055,009 and the ratio of the UAAL to the covered payroll was 23.8%. The value of the assets in the fund as of June 30, 2015 is $171,893 (based on the latest actuarial valuation).

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information as it becomes available and will shows whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

Methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs paid by the employer to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in estimated accrued liabilities and the estimated value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, 2012 and 2014 valuations, the Projected Unit Credit Cost Method were used. The service cost was determined for each active employee as the Actuarial Present Value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each individual's service between the date of hire and date of full benefit eligibility.

The assumptions include a discount rate of 4.0%, an annual healthcare cost trend rate of 5.2% for medical and prescription drugs grading down to an ultimate rate of 4.2%. Males are assumed to be three years older than females. Married actives are assumed to choose family coverage at retirement. It is assumed that 55% of future retirees are married. It is also assumed that 100% of retirees who currently have healthcare coverage will continue with the same coverage. Actives, upon retirement, will be assumed to have a blend of coverage based on PPO and Traditional plans offered by the College, based on prior claim data.

The amortization cost for the Unfunded Actuarial Accrued Liability is a level percentage of payroll for a period of thirty years, with an assumption that payroll increases by 3.5% per year. The College has elected an open amortization period.

11. State Unemployment Insurance

The College pays for State Unemployment Insurance by the benefit reimbursement method. Under the benefit reimbursement method, the College is required to maintain a designated fund consisting of worker and employer contributions for the specific purpose of reimbursing the Employment Security Agency for unemployment benefits paid to former employees. Employee contributions are used to fund workers' health care, unemployment and workforce programs.

Claims incurred for the year ended June 30, 2015 amounted to $284,945 as compared to $294,235 for fiscal year 2014.

For fiscal years 2015 and 2014, the College did not charge unemployment claims exclusive of grant credits, to the designated fund. Based on current experience, the College elected to make no contribution to the fund for fiscal year 2015. At June 30, 2015 and 2014, net position in the College's unemployment fund was $665,156 and $556,188, respectively.

12. Restricted and Unrestricted Net Position

Net position is restricted by third parties for the following purposes at June 30, 2015 and 2014:

	June 30,	
	2015	2014
Grants, contracts, governmental agreements and other	$ 2,220,504	$ 2,178,063
Capital outlays - Chapter 12 funding	10,659,975	8,734,271
Scholarships	1,331,531	1,158,668
	$ 14,212,010	$ 12,071,002

Unrestricted net position at June 30, 2015 and 2014 is comprised of the following:

	June 30,	
	2015	2014
Designated:		
Capital outlays-State bond projects	$ 8,292,309	$ 8,590,908
Capital outlays-other projects	-	970,494
Scholarships	3,831,086	4,084,651
Subsequent year's budget	-	1,021,823
Retirement of bond indebtedness	3,006,908	3,191,776
Undesignated:		
Effect of GASB 68 implementation	(57,034,796)	-
Undesignated	2,625,267	147,540
Total unrestricted	$ (39,279,226)	$ 18,007,192

Note 13 - Change in Accounting Principle / Restatement

Effective in the fiscal year ended June 30, 2015, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68.*

The implementation of the Statements required a restatement of prior year net position in the financial statements.

Beginning Net Position - June 30, 2014	$ 124,524,304
Adjustments:	
Recognition of Net Pension Liability	(52,003,574)
Beginning Net Position - June 30, 2014 (as restated)	$ 72,520,730

ESSEX COUNTY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTRETIREMENT HEALTH PLAN

YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
July 1, 2014	$ 171,893	$ 7,786,286	$ 7,614,393	2.2%	$ 32,055,009	23.8%
July 1, 2012	207,308	6,773,705	6,566,397	3.0	33,339,051	19.7
July 1, 2010	220,995	7,279,170	7,058,175	3.0	29,960,072	23.6

ESSEX COUNTY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

POSTRETIREMENT HEALTH PLAN

YEAR ENDED JUNE 30, 2015

Fiscal Year Ended June 30,	Employer Contributions
2015	$ 13,019
2014	14,595
2013	8,704

ESSEX COUNTY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Last Ten Fiscal Years*

	Year Ended June 30, 2015
College's proportion of the net pension liability (asset) - Local Group	0.2826643339%
College's proportionate share of the net pension liability (asset)	$ 52,922,494
College's covered-employee payroll	$ 19,939,489
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	265.42%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	52.08%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

ESSEX COUNTY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Last Ten Fiscal Years*

	Year Ended June 30, 2015
Contractually required contribution	$ 2,544,530
Contributions in relation to the contractually required contribution	(2,544,530)
Contribution deficiency (excess)	$ -
College's covered-employee payroll	$ 19,939,489
Contributions as a percentage of covered-employee payroll	12.76%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

ESSEX COUNTY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)

Last Ten Fiscal Years*

	Year Ended June 30, 2015
College's proportion of the net pension liability (asset) - Local Group	0.0118202912%
College's proportionate share of the net pension liability (asset)	$ 1,486,883
College's covered-employee payroll	$ 305,353
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	486.94%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.41%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.45% as of June 30, 2013 to 6.32% as of June 30, 2014.

ESSEX COUNTY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COLLEGE CONTRIBUTIONS
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)

Last Ten Fiscal Years*

		Year Ended June 30, 2015
Contractually required contribution	$	80,889
Contributions in relation to the contractually required contribution		(80,889)
Contribution deficiency (excess)	$	-
College's covered-employee payroll	$	305,353
Contributions as a percentage of covered-employee payroll		26.49%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

ESSEX COUNTY COLLEGE

COMBINING SCHEDULE OF NET POSITION - ALL FUNDS

SUPPLEMENTARY INFORMATION

June 30, 2015

	General Fund	Grants and Contracts	Scholarships and Student Grants in Aid	Capital Outlays	Retirement of Bond Indebtedness	Bookstore	Concessions and Gym	Other	Total
Assets									
Unrestricted cash and equivalents	$ 17,098,534				$ 3,266,724	$ 6,842			$ 20,372,100
Cash held by bond trustee-NJEFA	3,578,033								3,578,033
Restricted cash and equivalents			$ 2,122,956	$ 1,206,509				$ 335,906	3,665,371
Investments	2,154,921		13,849	6				194,984	2,363,760
Accounts receivable:									
Tuition and fees, net	625,711								625,711
Grants		$ 3,392,031	293,376						3,685,407
State and county			23,544	8,851,434					8,874,978
Other, net	912,862	565	13,806			74,753		43,900	1,045,886
Internal balances	(18,966,764)	(2,527,426)	2,820,891	12,652,004	(259,816)	6,481,380	$ (2,601,582)	2,401,313	-
Inventories						1,234,321	15,937		1,250,258
Prepaid expenses	146,455		525					5,496	152,476
Capital assets, nondepreciable	4,309,103								4,309,103
Capital assets, net of accumulated depreciation	92,960,833								92,960,833
Total assets	102,819,688	865,170	5,288,947	22,709,953	3,006,908	7,797,296	(2,585,645)	2,981,599	142,883,916
Deferred outflows of resources									
Pension deferrals	5,332,466								5,332,466
Deferred loss on refunding	197,436								197,436
Total deferred outflows of resources	5,529,902	-	-	-	-	-	-	-	5,529,902
Liabilities									
Accounts payable	3,170,637	574,065	69,085	122,734		6,697		48,237	3,991,455
Accrued payroll	2,672,918	63,460				580		2,037	2,738,995
Payroll taxes payable	13,861								13,861
Accrued compensated absences	145,702								145,702
Unearned revenue-NJEFA	3,449,146								3,449,146
Unearned tuition and fee revenue	489,289								489,289
Unearned grant revenue		227,645							227,645
Other liabilities	3,485,241		57,245	17,672		86,797	1,253	86	3,648,294
Bonds payable				3,617,263					3,617,263
Capital lease payable	128,887								128,887
Obligation for postemployment benefits other than pensions	75,734							3,518,540	3,594,274
Net pension liability	54,409,377								54,409,377
Total liabilities	68,040,792	865,170	126,330	3,757,669	-	94,074	1,253	3,568,900	76,454,188
Deferred inflows of resources									
Pension deferrals	3,305,624	-	-	-	-	-	-	-	3,305,624
Total deferred inflows of resources	3,305,624	-	-	-	-	-	-	-	3,305,624
Net Position									
Net investment in capital assets	93,721,222								93,721,222
Restricted			1,331,531	10,659,975				2,220,504	14,212,010
Unrestricted (deficit)	(56,718,048)		3,831,086	8,292,309	3,006,908	7,703,222	(2,586,898)	(2,807,805)	(39,279,226)
Total net position	$ 37,003,174	$ -	$ 5,162,617	$ 18,952,284	$ 3,006,908	$ 7,703,222	$ (2,586,898)	$ (587,301)	$ 68,654,006

ESSEX COUNTY COLLEGE

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ALL FUNDS

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2015

	General Fund	Grants and Contracts	Scholarships and Student Grants in Aid	Capital Outlays	Retirement of Bond Indebtedness	Bookstore	Concessions and Gym	Other	Total
Operating revenues:									
Tuition and fees, net	$ 38,426,045								$ 38,426,045
Federal grants	124,754	$ 4,095,829	$ 30,925,410						35,145,993
State grants		992,238	7,019,280						8,011,518
County and local grants		3,108,665							3,108,665
Private contributions			286,812						286,812
Charges for services						$ 4,528,493	$ 28,077	$ 1,948,660	6,505,230
Other revenues	1,599,818					824		149,281	1,749,923
Total operating revenues	40,150,617	8,196,732	38,231,502	-	-	4,529,317	28,077	2,097,941	93,234,186
Operating expenses:									
Instruction	25,380,522	5,210,536							30,591,058
Public service	4,100,612	91,971							4,192,583
Academic support	2,050,544	1,153,638							3,204,182
Student services	4,719,234	1,723,605	32,933					1,694,073	8,169,845
Institutional support	18,825,769	16,982				4,275,610	75,104	774,179	23,967,644
Operation of plant	10,801,327								10,801,327
Scholarships and fellowships			38,280,755						38,280,755
Depreciation	3,559,407								3,559,407
Debt service:									
Principal	(445,611)			$ 445,611					-
Capital outlay:									
Capital expenses	(2,528,861)			2,528,861					-
Total operating expenses	66,462,943	8,196,732	38,313,688	2,974,472	-	4,275,610	75,104	2,468,252	122,766,801
Operating (loss) income	(26,312,326)	-	(82,186)	(2,974,472)	-	253,707	(47,027)	(370,311)	(29,532,615)
Nonoperating revenues (expenses):									
State appropriations	11,985,845								11,985,845
County appropriations	11,350,000								11,350,000
Interest and investment income	35,625		1,721	773	$ 2,093				40,212
Interest expense					(186,961)				(186,961)
Unrealized (loss) on investments			(237)					(24,563)	(24,800)
Total nonoperating revenues (expenses)	23,371,470	-	1,484	773	(184,868)	-	-	(24,563)	23,164,296
(Loss)/Income before other revenues	(2,940,856)	-	(80,702)	(2,973,699)	(184,868)	253,707	(47,027)	(394,874)	(6,368,319)
Other revenues:									
State and county appropriations-capital				2,501,595					2,501,595
Total other revenues	-	-	-	2,501,595	-	-	-	-	2,501,595
Change in net position	(2,940,856)	-	(80,702)	(472,104)	(184,868)	253,707	(47,027)	(394,874)	(3,866,724)
Total net position – beginning (deficit)	93,076,319	-	5,243,319	18,295,673	3,191,776	7,449,515	(2,539,871)	(192,427)	124,524,304
Restatement for July 1, 2014, pension liability and related expense	(52,003,574)								(52,003,574)
Total net position – beginning (deficit), as restated	41,072,745	-	5,243,319	18,295,673	3,191,776	7,449,515	(2,539,871)	(192,427)	72,520,730
Transfers	(1,128,715)			1,128,715					-
Total net position – ending (deficit)	$ 37,003,174	$ -	$ 5,162,617	$ 18,952,284	$ 3,006,908	$ 7,703,222	$ (2,586,898)	$ (587,301)	$ 68,654,006

ESSEX COUNTY COLLEGE

SCHEDULE OF NET POSITION

BOOKSTORE, CONCESSIONS AND GYM

SUPPLEMENTARY INFORMATION

June 30, 2015

	Bookstore	Concessions and Gym	Totals
Assets			
Current assets:			
Unrestricted cash and equivalents	$ 6,842	$ -	$ 6,842
Accounts receivable, net	74,753	-	74,753
Inventories	1,234,321	15,937	1,250,258
Internal balances	6,481,380	(2,601,582)	3,879,798
Total assets	7,797,296	(2,585,645)	5,211,651
Liabilities			
Current liabilities:			
Accounts payable	6,697	-	6,697
Accrued payroll	580	-	580
Other liabilities	86,797	1,253	88,050
Total liabilities	94,074	1,253	95,327
Net position			
Unrestricted (deficit)	7,703,222	(2,586,898)	5,116,324
Total net position (deficit)	$ 7,703,222	$ (2,586,898)	$ 5,116,324

ESSEX COUNTY COLLEGE

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

BOOKSTORE, CONCESSIONS AND GYM

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2015

	Bookstore	Concessions and Gym	Totals
Operating revenues:			
Charges for services	$ 4,528,493	$ 28,077	$ 4,556,570
Other revenues	824	-	824
Total operating revenues	4,529,317	28,077	4,557,394
Operating expenses:			
Cost of goods sold	3,708,050	983	3,709,033
Salaries	358,153	61,190	419,343
Employee benefits	104,791	12,931	117,722
General supplies and materials	2,982	-	2,982
Other direct expenses	101,634	-	101,634
Total operating expenses	4,275,610	75,104	4,350,714
Change in net position	253,707	(47,027)	206,680
Total net position (deficit), beginning of year	7,449,515	(2,539,871)	4,909,644
Total net position (deficit), end of year	$ 7,703,222	$ (2,586,898)	$ 5,116,324

ESSEX COUNTY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

Funding Source/Federal Contract No./Program	Federal CFDA Number	Pass - Through Entity Identifying Number	Grant Period	Total 2015 Reported Expenditures
Direct Awards				
United States Department of Education:				
Student Financial Assistance Cluster:				
Federal Work-Study Program - P033A002560	84.033	N/A	07/01/14 - 06/30/15	$ 489,516
Federal Pell Grant Program - P063P002345	84.063	N/A	07/01/14 - 06/30/15	30,185,894
Federal Supplemental Educational Opportunity Grants - P007A002560	84.007	N/A	07/01/14 - 06/30/15	250,000
Total Student Financial Assistance Cluster				30,925,410
Trio - Cluster:				
Student Support Services - P - 042A101094-14	84.042	N/A	09/01/13 - 08/31/14	53,863
Student Support Services - P - 042A101094-15	84.042	N/A	09/01/14 - 08/31/15	340,662
Total Trio - Cluster				394,525
PBI Grant - P031P110026-14	84.031P	N/A	10/01/13 - 09/30/14	75,116
PBI Grant - P031P110026-15	84.031P	N/A	10/01/14 - 09/30/15	118,298
Total United States Department of Education				31,513,349
United States National Science Foundation:				
Research and Development Cluster:				
Garden State - Louis Stokes Alliance for Minority Participation Grant - HRD-0902132-12	47.076	N/A	07/01/12 - 06/30/15	10,445
Total National Science Foundation				10,445
Total Direct Awards				31,523,794
Pass - Through Programs:				
United States Department of Labor - Passed Through				
New Jersey Department of Labor & Workforce Development:				
Trade Adjustment Assistance Community College and Career Training:				
Newark Area Industry Linked Information Technology	17.282	216000928	10/01/13 - 09/30/17	764,084
Leveraging, Integrating, Networking & Coordinating Supplies	17.282	216000928	10/01/13 - 09/30/17	234,081
New Jersey Prep Health Tech	17.282	216000928	10/01/13 - 09/30/17	131,100
Total Trade Adjustment Assistance Community College and Career Training				1,129,265
Training to Empower, Advance, and Maintain (TEAM)	17.270	216000928	07/01/14 - 09/30/17	113,730
Total United States Department of Labor - Passed Through New Jersey Department of Labor & Workforce Development				1,242,995
United States Department of Education - Passed Through				
New Jersey Department of Education:				
Carl Perkins Voc. Ed. Grant - PKPP7130-15	84.048A	216000928	07/01/14 - 06/30/15	356,618
Adult Basic Education:				
ABE Grant Level I & II - ABS-FY15006	84.002	216000928	07/01/14 - 06/30/15	1,446,360
ABE Grant Level III - ABS-FY15006	84.002	216000928	07/01/14 - 06/30/15	10,670
Total Adult Basic Education				1,457,030
United States Department of Agriculture - Passed Through				
New Jersey Commission on Higher Education:				
Day Care Center - Child Care Food program - 03-15-160	10.558	216000928	07/01/14 - 06/30/15	51,569
United States Department of Health and Human Services - Passed Through				
New Jersey Department of Human Services:				
Child Development Center - CC10129	93.667	216000928	07/01/14 - 06/30/15	232,774
United States Department of Health and Human Services - Passed Through				
Bergen Community College:				
Affordable Care Act (ACA) Health Profession Opportunity	93.093	216000928	07/01/14 - 09/30/15	485,557
United States Department of Homeland Security - Passed Through				
New Jersey Department of Homeland Security & Preparedness				
Urban Areas Security Initiative - EMW-2013-SS-00032-S01	97.008	216000928	09/01/13 - 06/30/15	156,458
Total Pass-Through Programs				3,983,001
Total Federal Grant Expenditures				$ 35,506,795

N/A - Not Applicable

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

ESSEX COUNTY COLLEGE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

Funding Source/State Contract No./Program	Grant Period	Grant Amount	Total 2015 Reported Expenditures	Total 2015 Cash Received
State Student Financial Aid Cluster:				
Higher Education Student Assistance Authority:				
Tuition Aid Grant - 2237	07/01/14 - 06/30/15	$ 5,828,180	$ 5,828,180	$ 5,828,180
Urban Scholars Program - 2237	07/01/14 - 06/30/15	12,500	12,500	12,500
NJ STARS	07/01/14 - 06/30/15	78,072	78,072	80,109
Total Higher Education Student Assistance Authority		5,918,752	5,918,752	5,920,789
New Jersey Commission on Higher Education:				
Educational Opportunity Fund - 2237	07/01/14 - 06/30/15	607,830	607,830	607,830
Educational Opportunity Fund Article III - 2237	07/01/14 - 06/30/15	1,032,219	1,032,219	1,032,219
Educational Opportunity Fund Article III - Summer	07/01/14 - 06/30/15	51,835	51,835	46,990
Gear Up Scholarships	07/01/14 - 06/30/15	16,474	16,474	16,474
Total New Jersey Commission on Higher Education		1,708,358	1,708,358	1,703,513
Total State Student Financial Aid Cluster		7,627,110	7,627,110	7,624,302
New Jersey Commission on Higher Education:				
State Aid for College Assistance - 100-082-2155-015	07/01/14 - 06/30/15	11,985,845	11,985,845	11,985,845
College Readiness Now Grant	12/01/13 - 08/08/14	43,926	43,926	8,785
Student Success Innovation Grant	05/01/15 - 08/31/15	500	-	500
Total New Jersey Commission on Higher Education		12,030,271	12,029,771	11,995,130
New Jersey Department of Law and Public Safety:				
Law Enforcement Officers Training and Equipment Fund	04/25/12 - 10/31/14	79,630	48,248	-
Law Enforcement Officers Training and Equipment Fund	04/25/13 - 10/31/14	51,467	31,864	-
Law Enforcement Officers Training and Equipment Fund	04/25/14 - 10/31/15	61,796	-	61,796
Total New Jersey Department of Law and Public Safety		192,893	80,112	61,796
New Jersey Department of Human Services:				
Division of Youth and Family Services - 15ANG-M	07/01/14 - 06/30/15	91,971	91,971	91,971
Total New Jersey Department of Human Services		91,971	91,971	91,971
New Jersey Department of Agriculture:				
Youth Enrichment Program Summer Food - 2014-07-1103	07/08/14 - 08/15/14	10,619	10,619	10,619
Total New Jersey Department of Agriculture		10,619	10,619	10,619
New Jersey Department of Labor and Workforce Development:				
Literacy 4 Jersey Consortium Grant - L4J-FY13-004	01/01/13 - 12/31/14	154,600	86,799	-
Literacy 4 Jersey Consortium Grant - L4J-FY15-004	01/01/15 - 12/31/15	3,550	-	3,550
Training Inc. - Workforce Development	06/01/14 - 12/31/14	4,125	4,125	4,125
Total New Jersey Department of Vocational Rehabilitation		162,275	90,924	7,675
New Jersey Department of Treasury:				
Alternate Benefit Program	07/01/14 - 06/30/15	1,073,719	1,073,719	1,446,167
Total New Jersey Department of Treasury		1,073,719	1,073,719	1,446,167
New Jersey Division of Highway Traffic Safety:				
CTSP Grant	10/01/13 - 09/30/14	75,000	19,966	19,966
CTSP Grant	10/01/14 - 09/30/15	75,000	57,508	44,082
Total New Jersey Division of Highway Traffic Safety		150,000	77,474	64,048
New Jersey Office of the Secretary of Higher Education:				
Building Our Future Bond Act - West Essex Campus Restructuring 021-04	4/29/13 - project completion	5,013,628	301,971	229,403
Building Our Future Bond Act - First Year Success - Specialized Classrooms for Rapid Completion of Developmental Coursework 021-01	4/29/13 - project completion	5,484,375	30,581	-
Building Our Future Bond Act - Information Commons 021-03	4/29/13 - project completion	4,495,735	87,267	-
Total New Jersey Office of the Secretary of Higher Education		14,993,738	419,819	229,403
Total State Grant Expenditures		$ 36,332,596	$ 21,501,519	$ 21,531,111

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Essex County College

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

June 30, 2015

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Essex County College (the "College") and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Therefore, some amounts presented in theses schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the purposes of these schedules, Federal Awards and State Financial Assistance include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations and other non-cash assistance. Because these schedules present only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position, changes in net position and other changes of the College in conformity with generally accepted accounting principles.

The accounting practices followed by the College in preparing the accompanying schedules are as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance for Federal Awards). Under the Uniform Guidance for Federal Awards, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

3. Alternate Benefit Program

During the year ended June 30, 2015, the State of New Jersey, Department of Treasury made payments on behalf of the College to the Alternate Benefit Program of $1,073,719. These benefits are reimbursed by the State of New Jersey at the rate of 8% for faculty and staff involved in the student instruction process, all other disbursements for other staff are reflected in the accompanying basic financial statements for the year ended June 30, 2015. The June 30, 2015 benefit reimbursement for faculty is included in the accompanying schedule of expenditures of state financial assistance.

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 Board of Trustees
Essex County College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Essex County College (the "College"), which comprise the statements of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 1, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

College's Response to Finding 2015-001

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Wiss & Company

WISS & COMPANY, LLP

Iselin, New Jersey
March 1, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 15-08

Independent Auditors' Report

The Board of Trustees
Essex County College

Report on Compliance for Each Major Federal and State Program

We have audited Essex County College's (the "College") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and State of New Jersey ("state") programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey Department of Treasury's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Those standards, OMB Circular A-133 and New Jersey 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 year ended June 30, 2015.

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 OMB Circular A-133 and New Jersey OMB Circular 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.

Purpose of this Report

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 OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

Wiss & Company

WISS & COMPANY, LLP

Iselin, New Jersey
March 1, 2016

Essex County College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

Part I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___Yes _X_ No

Significant deficiency(ies) identified? _X_ Yes ____ None reported

Noncompliance material to financial statements noted? ___Yes _X_ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ____Yes _X_ No

Significant deficiency(ies) identified? ____Yes _X_ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? ____ Yes _X_ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (PELL)
84.007	Supplemental Educational Opportunity Grant (SEOG)
84.048A	Carl Perkins Vocational Education Grant
	TAACCCT Cluster:
17.282	Leveraging, Integrating, Networking & Coordinating Supplies
17.282	Newark Area Industry Linked Information Technology
17.282	New Jersey Prep Health Tech
84.002	Adult Education - Basic Grants

Dollar threshold used to distinguish between Type A and Type B programs: $1,065,203

Auditee qualified as low-risk auditee? ___Yes _X_ No

Essex County College

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

Part I - Summary of Auditors' Results (continued)

State Awards

Internal control over major programs:

Material weakness(es) identified?	____Yes _X_ No
Significant deficiency(ies) identified?	____Yes _X_ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular 15-08?	____Yes _X_ No

Identification of major programs:

GMIS/State Grant Number	Name of State Program or Cluster
100-082-2155-015	State Aid for College Assistance - New Jersey Commission on Higher Education
N/A	Building Our Future Bond Act

Dollar threshold used to distinguish between Type A and Type B programs:	$645,045
Auditee qualified as low-risk auditee?	____ Yes _X_ No

Part II – Schedule of Financial Statement Findings

2015-001 Expense Reimbursement Process – Athletics Department (Significant Deficiency)

Criteria: The adherence to established internal controls in place over expenses incurred that are not processed through the purchasing process of the College should allow for the amount of the withdrawal from the bank account for use for athletic events to be reconciled to the corroborating evidence to support each event or function attended.

Condition: Withdrawals were made by personnel in the Athletics Department using debit cards as permitted by the College. At the end of each month, the bank account was reconciled, however, evidence to support the entire amount of the withdrawal was not always submitted resulting in unidentified differences between the actual withdrawals made and the supporting documentation provided to the College. The Athletics Department personnel submitted corroborating evidence for expenses incurred for amounts that in many instances, were less than the amount that was withdrawn from the account. The Athletics Department was also required to return any unused funds to the Bursar. The College did not identify such instances when the expense was incurred, as the debit card internal control procedures in place to reconcile the total amount withdrawn to the supporting evidence for each event were not followed. In addition, a thorough review and reconciliation, rather than test checking, of all receipts to all withdrawals was not conducted monthly. The College did however conduct an annual reconciliation before the end of the fiscal year, whereby discrepancies were identified.

Context: Internal control procedures over the use and reconciliation of debit card usage were not followed and as a result, instances were not identified due to lack of adherence to debit card internal controls The Comptroller identified and reported the issue during a monthly review of the account and took immediate and decisive action to prevent future issues.

Cause and Effect: Due to the lack of adherence to internal controls over the use of debit cards and related reconciliations during the year, the College could not timely or readily identify that funds withdrawn exceeded supporting documentation.

Recommendation: We suggest the College strengthen controls over the use of athletic funds to require that the monthly bank reconciliation process include a reconciliation with preparer and reviewer signoffs of the withdrawals to the supporting evidence for each event. The College should also consider changing the process to eliminate the use of debit cards.

Views of responsible officials and planned corrective action: The College itself identified the lack of adherence to long-standing internal controls over the use of debit cards during the 2015 fiscal year and took immediate corrective action and eliminated the use of debit cards and enforced stronger internal controls that require all expenses related to athletic events be reconciled and agreed to the evidence to support the expenses of the event attended. In addition, athletic expenses are currently being processed through the College's standard purchasing process. All accounting staff were trained to properly audit and reconcile supporting documents and receipts, as well as staff will be required to attend workshops or seminars on bank reconciliations, internal controls and risk assessments.

Part III – Schedule of Federal and State Award Findings

None identified.

Essex County College

Summary Schedule of Prior Year Audit Findings

Year Ended June 30, 2015

2014-001

Statement of Condition: The College used Perkins funds to provide services for participating students that the College provided with non-Federal funds for nonparticipating students. In addition, the College had a deficiency in internal controls in that it was unable to prevent or detect the supplanting of funds.

Status: The College took corrective action related to this finding and the findings were not repeated in current year.