ESSEX COUNTY COLLEGE

(A Component Unit of the County of Essex)

Basic Financial Statements and
Management's Discussion and Analysis and
Schedules of Expenditures of Federal Awards
and State Financial Assistance

Years Ended June 30, 2023 and 2022
(with Independent Auditors' Report Thereon)

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Essex County College
(A Component Unit of the County of Essex)

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ACCOUNTANTS AND ADVISORS

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The Board of Trustees
Essex County College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Essex County College, ("the College"), a component unit of the County of Essex, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and the Schedules listed under Required Supplementary Information – Part II 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 regarding 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedules of Expenditures of Federal Awards and State of New Jersey Financial Assistance on page 72, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Cranford, New Jersey
December 19, 2023

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, 2023 and 2022. 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, 2023 and 2022, with presentation of certain comparative information presented for the year ended June 30, 2021. 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 2023

Enrollment

During fiscal year 2023, the total credit hours reported to the state were 152,079. This represents an increase of 3.5% from fiscal year 2022, in which credit hours were 146,990.

The College charged Essex County residents $129.03 per student credit hour in fiscal years 2023 and 2022.

Non-Essex County residents and foreign students were charged $258.06 per credit hour for fiscal years 2023 and 2022.

Student Fees

The College charged a general student fee of $34.49 and $33.15 per credit hour for fiscal years 2023 and 2022, respectively. In addition, a student activity fee of $7.65 per credit hour was charged for fiscal years 2023 and 2022. The student activity fee solely supports student and administrative activities. Due to COVID-19, the college refunded part of the student activity fee.

Student Aid Programs

The College participates in federal and state funded programs. Approximately 49% of the unduplicated student enrollment received student aid assistance during fiscal years 2023 and 2022, respectively. Federal and state grants expended for student financial aid in 2023 amounted to $16,871,125 and $7,222,186, respectively, as compared to $15,761,296 and $6,682,774 for 2022.

Financial Highlights – Fiscal Year 2022

Enrollment

During fiscal year 2022, the total credit hours reported to the state were 146,990. This represents an increase of 2.3% from fiscal year 2021, in which credit hours were 143,619.

The College charged Essex County residents $129.03 and $126.50 per student credit hour in fiscal year 2022 and 2021, respectively.

Non-Essex County residents and foreign students were charged $258.06 and $253.00 per credit hour for fiscal year 2022 and 2021, respectively.

Student Fees

The College charged a general student fee of $33.15 and $32.50 per credit hour for fiscal years 2022 and 2021, respectively. In addition, a student activity fee of $7.65 and $7.50 per credit hour was charged for fiscal years 2022 and 2021, respectively. The student activity fee solely supports student and administrative activities. Due to COVID-19, the college refunded part of the student activity fee.

Student Aid Programs

The College participates in federal and state funded programs. Approximately 49% and 46% of the unduplicated student enrollment received student aid assistance during fiscal years 2022 and 2021, respectively. Federal and state grants expended for student financial aid in 2022 amounted to $15,761,296 and $6,682,774, respectively, as compared to $16,837,524 and $6,785,475 for 2021.

Overview of the Financial Statements

The 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.*

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 18 through 58 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, 2023, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $141,025,174 a $18,175,200 increase from June 30, 2022. At June 30, 2022, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $122,849,974, a $40,949,356 increase from June 30, 2021. Our analysis below focuses on the net position and changes in net position of the College's activities.

Approximately 97.8% for fiscal year 2023 and 83.3% for fiscal year 2022 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 increase of $35,586,530 in net investment in capital assets in 2023 resulted principally from depreciation of $3,193,847, offset by an increase in renovation projects and equipment purchases of $38,371,841. The increase of $8,784,789 in net investment in capital assets in 2022 resulted principally from depreciation of $3,340,078, offset by an increase in renovation projects and equipment purchases of $12,521,952.

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 15.3% and 38.4% of the total net position at June 30, 2023 and 2022, respectively. Restricted net position at June 30, 2023 decreased by $25,575,944 as a result of further spending on planned capital projects and debt service principal payments. Restricted net position at June 30, 2021 decreased by $36,758,179 as a result of capital related expenses and debt service principal payments.

Unrestricted net position represented (13.1)% and (21.7)% of the total net position at June 30, 2023 and 2022, respectively. Unrestricted net position at June 30, 2023 increased by $8,164,614, primarily from pension benefit of $8,715,032 offset by $3,006,569 decrease in OPEB benefit . Unrestricted net position at June 30, 2022 decreased by $4,593,612, primarily from cost adjustment measures offset by reduction in COVID funding.

Current assets decreased at June 30, 2023 decreased by $18,499,123, due to timing of transactions as the College's net position increased by $18,175,200. Current assets increased at June 30, 2022, due to timing of transactions as the College's net position increased by $40,949,356.

Financial Analysis of the College as a Whole *(continued)*

Current liabilities increased at June 30, 2023 by $7,637,403 substantially due to an increase in unearned grant revenue. Noncurrent liabilities increased and deferred outflows of resources decreased in the 2022 fiscal year primarily due to the increase in the net pension liability and the correlating pension deferrals. Current liabilities increased at June 30, 2022 by $3,386,224 substantially due to an increase in accounts payable and unearned grant revenue. Noncurrent liabilities and deferred outflows of resources decreased in the 2022 fiscal year primarily due to the decrease in the net pension liability and the correlating pension deferrals.

Net Position

The following represents assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2023, 2022, and 2021:

	June 30,			Percent Increase (Decrease)	
	2023	2022	2021	2023/2022	2022/2021
Current and other assets	$ 81,686,275	$ 100,185,398	$ 74,208,417	-18.5%	35.0%
Capital assets, net of depreciation	138,797,763	103,619,769	95,222,605	33.9%	8.8%
Total Assets	220,484,038	203,805,167	169,431,022	8.2%	20.3%
Deferred outflows of resources	7,583,197	7,637,530	11,172,176	-0.7%	-31.6%
Current liabilities	23,402,895	15,785,819	12,399,595	48.3%	27.3%
Noncurrent liabilities	41,456,200	40,388,756	56,242,051	2.6%	-28.2%
Total Liabilities	64,859,095	56,174,575	68,641,646	15.5%	-18.2%
Deferred inflows of resources	22,182,966	32,418,148	30,060,934	-31.6%	7.8%
Net position					
Net investment in capital assets	137,969,296	102,382,766	93,597,977	34.8%	9.4%
Restricted	21,529,643	43,293,598	6,535,419	-50.3%	562.4%
Unrestricted	(18,473,765)	(22,826,390)	(18,232,778)	19.1%	25.2%
Total Net Position	$ 141,025,174	$ 122,849,974	$ 81,900,618	14.8%	50.0%

Financial Analysis of the College as a Whole *(continued)*

Changes in Net Position

The following represents the College's changes in net position for the years ended June 30, 2023, 2022 and 2021:

	Year Ended June 30			Percent Increase (Decrease)	
	2023	2022	2021	2023/2022	2022/2021
Operating Revenues					
Tuition and fees, net	$ 25,410,835	$ 24,676,680	$ 24,358,292	3.0%	1.3%
Grants and contributions	15,185,601	12,710,595	16,499,086	19.5%	-23.0%
Other operating revenue	3,228,079	3,042,292	2,362,371	6.1%	28.8%
Total Operating Revenues	43,824,515	40,429,567	43,219,749	8.4%	-6.5%
Operating Expenses					
Total operating expenses before depreciation	86,263,314	88,954,471	86,359,067	-3.0%	3.0%
Depreciation	3,193,847	3,340,078	3,395,640	-4.4%	-1.6%
Total Operating Expenses	89,457,161	92,294,549	89,754,707	-3.1%	2.8%
Operating Loss	(45,632,646)	(51,864,982)	(46,534,958)	-12.0%	11.5%
Nonoperating Revenues (Expenses), Net	63,807,846	92,814,338	75,641,220	-31.3%	22.7%
Change in Net Position	18,175,200	40,949,356	29,106,262	-55.6%	40.7%
Total Net Position, Beginning of Year	122,849,974	81,900,618	52,794,356	50.0%	55.1%
Total Net Position, End of Year	$ 141,025,174	$ 122,849,974	$ 81,900,618	14.8%	50.0%

Tuition and fees revenue, net of waivers and appeals, increased in 2023 by 3.0% due to an increase of 3.5% in credit hours and no increase in Tuition and Fees. Tuition and fees revenue, net of waivers and appeals, increased in 2022 by 1.3% due to an increase of 2.3% in credit hours and no increase in Tuition and Fees.

Financial Analysis of the College as a Whole *(continued)*

Revenues

The College had operating, non-operating and other revenues, in the amounts of $107,660,701, $134,075,359 and $118,956,669 in 2023, 2022 and 2021 respectively. The following percentages represent the sources of operating, non-operating and other revenues that each has contributed over the past three years:

	2023	2022	2021
Operating Revenues			
Tuition and fees	58.0 %	61.0 %	56.4 %
Federal grants	10.2	8.9	17.1
State grants	20.2	18.2	17.6
County and local grants	4.2	4.4	3.5
Charges for services	3.4	2.7	2.5
Other revenues	4.0	4.8	2.9
Total Operating Revenues	100.0 %	100.0 %	100.0 %
Nonoperating Revenues			
State appropriations	18.6 %	28.3 %	16.7 %
County appropriations	27.7	26.2	24.8
Pell grants	29.6	16.2	20.2
Pandemic related financial assistance	6.9	26.0	31.2
Interest and investment income (loss)	1.2	-	-
Unrealized (loss) gain on investments	(0.2)	(0.4)	0.9
Special funding for other postemployment benefits	0.3	3.7	6.2
Pension benefit	15.9		
Gain on sale of asset	-	-	-
Total Nonoperating Revenues	100.0 %	100.0 %	100.0 %

The College had an increase of $3,394,948 in operating revenues with increase of $734,155 in tuition and fees as well as an increase in both federal and state grants of $927,366 and $1,474,655, respectively. Nonoperating revenues decreased as pandemic related financial assistance decreased by $20,576,364 and county and state appropriations decreased by $16,861,754.

Financial Analysis of the College as a Whole *(continued)*

Expenses

The College expended its resources, in the amounts of $89,485,501, $93,126,003 and $89,850,407 in 2023, 2022 and 2021 among the following categories:

	2023	2022	2021
Operating Expenses			
Instruction	25.3 %	19.1 %	21.9 %
Public Service	2.0	1.1	2.1
Academic Support	2.0	1.8	2.5
Student Services	11.4	22.1	16.7
Institutional Support	18.3	21.8	20.4
Operation of Plant	9.0	7.0	7.9
Scholarships and Fellowships	28.1	23.5	24.7
Depreciation	3.9	3.6	3.8
Total Operating Expenses	100.0 %	100.0 %	100.0 %
Nonoperating Expenses			
Interest expense	100.0 %	9.0 %	100.0 %
Loss on sale of asset	-	91.0	-
Total Nonoperating Expenses	100.0 %	100.0 %	100.0 %

The foregoing represents the percentage of each expense category as compared to total expenses. Student Services and Institutional Support decreased due to lesser expenditures provided from COVID funding. Scholarships and fellowships increased $1,658,601 due to additional award activity.

In 2022, Instruction, Public Service, Academic Support, and Scholarships and Fellowships decreased due to cost adjustment measures and lesser expenditures provided from COVID funding.

Grants and Contracts

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

For fiscal years 2023, 2022, and 2021, the College received the following funding from grants and contracts:

Financial Analysis of the College as a Whole *(continued)*

	Year Ended June 30			Percent Increase (Decrease)	
	2023	2022	2021	2023/2022	2022/2021
Federal	$ 24,550,660	$ 43,128,489	$ 46,305,067	-43.1%	-6.9%
State	8,834,800	7,360,145	7,596,524	20.0%	-3.1%
County and local	1,715,226	1,704,217	1,439,231	0.6%	18.4%
Total	$ 35,100,686	$ 52,192,851	$ 55,340,822	-32.7%	-5.7%

Funding for grants and contracts for 2023 decreased by 32.7%, principally due to a decrease in pandemic related grants such as the higher education emergency relief funds. Funding for grants and contracts for 2022 decreased by 5.7%, principally due to a decrease in student financial assistance as well as pandemic relating grants such as the coronavirus relief fund.

Capital Assets

Capital assets 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, 2023, 2022, and 2021, and percentage increase or decrease from the prior year:

	June 30			% Increase (Decrease)	
	2023	2022	2021	2023/2022	2022/2021
Land, non depreciable	$ 2,516,647	$ 2,516,647	$ 2,516,647	0.0%	0.0%
Construction in progress, non depreciable	46,051,584	10,849,795	621,795	324.4%	1644.9%
Land improvements	753,476	125,955	120,508	498.2%	4.5%
Buildings and building improvements	85,145,765	86,558,420	88,558,116	-1.6%	-2.3%
Equipment	4,235,209	3,458,592	3,275,948	22.5%	5.6%
Library books	95,082	110,360	129,591	-13.8%	-14.8%
Total	$ 138,797,763	$ 103,619,769	$ 95,222,605	33.9%	8.8%

Construction in progress increased due to the ongoing construction of the West Essex campus. The decrease in buildings and building improvements represents purchases being less than depreciation expense.

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

Financial Analysis of the College as a Whole *(continued)*

Long-Term Liabilities

The following table summarizes the long-term liabilities at June 30 for fiscal years 2023, 2022 and 2021:

	June 30			% Increase (Decrease)	
	2023	2022	2021	2023/2022	2022/2021
Bonds payable	$ 859,647	1,269,974	$ 1,660,301	-32.3%	-23.5%
Financed purchase payable	-	18,991	37,067	-100.0%	-48.8%
Obligation for post employment benefits other than pensions	10,904,111	12,257,010	16,318,244	-11.0%	-24.9%
Net pension liability	30,127,089	27,301,746	38,634,845	10.3%	-29.3%
Total	$ 41,890,847	$ 40,847,721	$ 56,650,457	2.6%	-27.9%

The decrease in financed purchase payable and bonds payable, net is due to the payment of principal on debt and premium amortization during the 2023 fiscal year.

The increase in the net pension liability and the decrease in the obligation for post employment benefits other than pensions are due to changes in the underlying assumptions used in the calculation of the liability.

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, federal, 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 2023 fiscal year, non-capital State appropriations remained unchanged while capital State appropriations decreased by $16,302,114 as compared to 2022, while non-capital County appropriations increased by $500,000 and capital County appropriations decreased by $1,059,640 as compared to 2022. In addition, credit hours have increased by 3.5% during 2023 fiscal year as compared to 2022.

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 Chief Financial Officer, Office of Comptroller at Essex County College, 303 University Avenue, Newark, New Jersey 07102.

Essex County College
(A Component Unit of the County of Essex)

Statements of Net Position

	June 30, 2023	June 30, 2022
ASSETS		
Unrestricted cash and cash equivalents	$ 40,385,418	$ 43,262,450
Cash held by bond trustee - NJEFA	529,161	538,926
Restricted cash and cash equivalents	5,841,044	5,368,733
Investments	3,206,854	3,073,629
Accounts Receivable:		
Tuition and fees, net of allowance of $3,305,824 and $2,065,096 in 2023 and 2022 respectively	747,311	476,038
Grants	2,037,981	3,434,964
State and county	25,419,995	39,526,019
Other, net of allowance of $765,976 and $980,734 in 2023 and 2022, respectively	1,552,528	2,527,504
Leases	1,902,804	1,921,843
Inventories	15,937	15,937
Prepaid expenses	47,242	39,355
Total Current Assets	81,686,275	100,185,398
NONCURRENT ASSETS		
Capital assets, nondepreciable	48,568,231	13,366,442
Capital assets, net of accumulated depreciation	90,229,532	90,253,327
Total Noncurrent Assets	138,797,763	103,619,769
Total Assets	220,484,038	203,805,167
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	4,207,229	3,396,580
Other postemployment benefits deferrals	3,344,788	4,188,988
Deferred loss on refunding	31,180	51,962
Total Deferred Outflows of Resources	$ 7,583,197	$ 7,637,530

See accompanying notes to basic financial statements

Essex County College
(A Component Unit of the County of Essex)

Statements of Net Position
(Continued)

	June 30, 2023	June 30, 2022
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 6,910,269	$ 8,302,703
Accrued payroll and taxes	2,525,974	4,171,104
Unearned revenue - NJEFA	527,744	538,916
Unearned tuition and fee revenue	228,862	158,350
Unearned grant revenue	11,760,685	1,401,110
Other liabilities	1,014,714	754,671
Financed purchase payable	-	18,991
Bonds payable	425,327	410,327
Total Current Liabilities	23,393,575	15,756,172
NONCURRENT LIABILITIES		
Bonds payable	434,320	859,647
Net other postemployment benefit liability	10,904,111	12,257,010
Net pension liability	30,127,089	27,301,746
Total Noncurrent Liabilities	41,465,520	40,418,403
Total Liabilities	64,859,095	56,174,575
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	13,383,803	23,913,517
Other postemployment benefits deferrals	6,919,609	6,594,556
Lease deferrals	1,879,554	1,910,075
Total Deferred Inflows of Resources	22,182,966	32,418,148
NET POSITION		
Net investment in capital assets	137,969,296	102,382,766
Restricted for		
Grants, contracts and other governmental agreements	16,584,683	12,528,715
Capital outlays	-	29,672,416
Scholarships	4,944,960	4,904,456
Unrestricted (deficit)	(18,473,765)	(26,638,379)
Total Net Position	$ 141,025,174	$ 122,849,974

See accompanying notes to basic financial statements

Essex County College
(A Component Unit of the County of Essex)

Statements of Revenues, Expenses and Changes in Net Position

	Years Ended June 30, 2023	Years Ended June 30, 2022
OPERATING REVENUES		
Tuition and fees, net of waivers and appeals of $2,995,867 and $2,511,223 in 2023 and 2022, respectively	$ 25,410,835	$ 24,676,680
Federal grants	4,515,145	3,587,779
State grants	8,834,800	7,360,145
County and local grants	1,715,226	1,704,217
Private contributions	120,430	58,454
Charges for services	1,485,240	1,088,656
Other revenues	1,742,839	1,953,636
Total Operating Revenues	43,824,515	40,429,567
OPERATING EXPENSES		
Instruction	23,296,197	17,665,835
Public service	1,878,538	1,017,955
Academic support	1,905,125	1,640,404
Student services	10,119,171	20,386,237
Institutional support	17,260,233	20,081,614
Plant operations	8,464,035	6,481,012
Scholarships and fellowships	23,340,015	21,681,414
Depreciation	3,193,847	3,340,078
Total Operating Expenses	89,457,161	92,294,549
OPERATING LOSS	(45,632,646)	(51,864,982)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	10,178,770	26,480,884
County appropriations	24,000,000	24,559,640
Pell grants	16,243,818	15,172,649
Pandemic related financial assistance	3,791,697	24,368,061
Interest and investment income	634,921	29,878
Unrealized loss on investments	(137,021)	(380,858)
Pension benefit	8,715,032	
OPEB benefit	408,969	3,415,538
Interest expense	(28,340)	(74,549)
Loss on sale of assets	-	(756,905)
Total Nonoperating Revenues (Expenses)	63,807,846	92,814,338
CHANGE IN NET POSITION	18,175,200	40,949,356
Net Position - Beginning of Year	122,849,974	81,900,618
Net Position - End of Year	$ 141,025,174	$ 122,849,974

See accompanying notes to basic financial statements

Essex County College
(A Component Unit of the County of Essex)

Statements of Cash Flows

	Years Ended June 30, 2023	Years Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees, including chargebacks	$ 25,210,074	$ 24,830,037
Tuition refunds/scholarships	(23,340,015)	(21,681,414)
Grants receivable	41,037,011	5,494,272
Grant payments	(10,433,188)	(22,066,967)
Payments to suppliers	(45,188,024)	(14,646,108)
Payments to employees	(8,698,666)	(31,309,542)
Charges for services	1,485,240	1,088,656
Other operating receipts	1,742,839	1,953,636
Net Cash Used by Operating Activities	(18,184,729)	(56,337,430)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	10,178,770	10,178,770
County appropriations	15,200,000	14,700,000
Pell grants	16,243,818	15,172,649
Pandemic related financial assistance	3,791,697	24,368,061
Net Cash Provided by Noncapital Financing Activities	45,414,285	64,419,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(38,371,841)	(11,737,242)
Proceeds from sale of assets	-	(756,905)
Minor capital appropriations - County of Essex	8,800,000	9,859,640
Minor capital appropriations - State of New Jersey	-	16,302,114
Principal payments, net	(429,318)	(408,403)
Interest payments, net	(28,340)	(74,549)
Net Cash (Used) Provided by Capital and Related Financing Activities	(30,029,499)	13,184,655
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(133,225)	-
Interest and investment income	518,682	50,660
Net Cash Provided by Investing Activities	385,457	50,660
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,414,486)	21,317,365
CASH AND CASH EQUIVALENTS		
Beginning of Year	49,170,109	27,852,744
End of Year	$ 46,755,623	$ 49,170,109

See accompanying notes to basic financial statements

Essex County College
(A Component Unit of the County of Essex)

Statements of Cash Flows
(Continued)

	Years Ended June 30, 2023	Years Ended June 30, 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (45,632,646)	$ (51,864,982)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	3,193,847	3,340,078
On-behalf payments	9,124,001	3,373,249
Changes in operating assets and liabilities		
Accounts receivable	16,206,710	(5,064,471)
Prepaid expenses	(7,887)	5,244
Unearned revenue - NJEFA	(11,172)	-
Unearned tuition and fee revenue	70,512	(159,613)
Accounts payable/accrued expenses	(2,777,521)	2,306,143
Other postemployment benefits	(1,352,899)	(4,061,234)
Pension deferrals	(11,340,363)	1,931,347
OPEB deferrals	1,169,253	3,970,252
Lease receivable	19,039	
Lease deferrals	(30,521)	30,521
Net pension liability	2,825,343	(11,333,099)
Unearned grant revenue	10,359,575	1,189,135
Net Cash Used by Operating Activities	$ (18,184,729)	$ (56,337,430)
SIGNIFICANT NONCASH TRANSACTIONS		
Special funding for other postemployment benefits	$ 408,969	$ 3,415,538

See accompanying notes to basic financial statements

1. Summary of Significant Accounting Policies

Reporting Entity

Essex County College (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 College is a component unit of the County of Essex, State of New Jersey.

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 Government Accounting Standards Board (GASB) authoritative literature in accordance with the GASB Codification.

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. 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 have been recognized as revenues of the current fiscal period.

Revenue and Expense Classification

The College distinguishes operating revenues and expenses from nonoperating 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 nonoperating 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 eligibility requirements are met.

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, liabilities, and deferred inflows of resources in the financial statements. Net position is 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.

The components of net position are detailed below:

- ***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. The College does not have any nonexpendable restricted net position.

  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.

1. Summary of Significant Accounting Policies *(continued)*

Net Position (continued)

- ***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.

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 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 - NJEFA

Cash held by bond trustee consists of amounts held on behalf of the College by the New Jersey Educational Facilities Authority (NJEFA) 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-end 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 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.

1. Summary of Significant Accounting Policies *(continued)*

Capital Assets

Capital assets include land, construction in progress, land improvements, building and building improvements, equipment and furniture and library books. 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 acquisition 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.

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

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

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. The College entered into an agreement with Follett Higher Education Group for the operation of campus stores on the Newark and West Caldwell campuses. The agreement began on March 16, 2019, and extends annually until its expiration on March 31, 2024.

Prepaid Expenses

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

1. Summary of Significant Accounting Policies *(continued)*

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, 2023 have been deferred to fiscal year 2024.

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.

Financial Dependency

Significant sources of revenue include appropriations for 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Special Funding Situation Portion of OPEB

A special funding situation exists when a nonemployer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the College) and the nonemployer (the State) is the entity with a legal obligation to make contributions directly to an OPEB plan. Therefore, for the fiscal years ended June 30, 2023 and 2022, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense.

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.

1. Summary of Significant Accounting Policies *(continued)*

Deferred Outflows/Inflows of Resources

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

Leases

The College is a lessor for a noncancellable lease of a parking deck. The College recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments to lessor accounting

Discount Rate		The College uses the lessee's estimated borrowing rate as the discount rate to discount the expected lease receipts to present value. The estimated borrowing rate is determined by assessing the credit worthiness of the lessee based on their Moody's rating on public debt. A credit spread is determined based on such rating along with comparables, market factors and other factors starting with the U.S. Treasury rate. For lessees without a Moody's rating, a non-investment grade (Ba1/Ba2) is used to develop the credit spread.
Lease Term		The lease term includes the non-cancellable period of the lease.
Lease Payments		Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee and any payment renewal option that the College is reasonably certain to exercise.

1. Summary of Significant Accounting Policies *(continued)*

The College monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources where the College is a lessor if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. The College has reviewed the GASB Statement No. 96 and have determined that it did not have an impact on the College.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. The College has reviewed the GASB Statement No. 96 and have determined that it did not have an impact on the College.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

1. Summary of Significant Accounting Policies *(continued)*

Reclassification

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

Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2023 through December __, 2023, the date that the financial statements are available to be issued. The effects of those events and transactions that provide information about conditions that existed at the statements of net position dates, 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 2023 and 2022, based on 24 semester credit hours, payable by a full-time, in-county student is $3,036; an out-of-county and out-of-state student is required to pay $6,072.

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 New Jersey Statutes Annotated (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 federal government in the form of grants and scholarship aid. Entitlement to the funds 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 2023, 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 $3,614,094 and $1,785,070, respectively, and other New Jersey student assistance grants of $1,823,022, for a grand total of $7,222,186. The College also expended student assistance from the U.S. Department of Education for Pell grants of $16,243,818, Supplemental Educational Opportunity (SEOG) grants of $323,875, and Federal Work Study of $303,432 for a grand total of $16,871,125.

During fiscal year 2022, 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 $3,274,622 and $1,748,424, respectively, and other New Jersey student assistance grants of $1,659,728, for a grand total of $6,682,774. The College also expended student assistance from the U.S. Department of Education for Pell grants of $15,172,649, Supplemental Educational Opportunity (SEOG) grants of $450,000, and Federal Work Study of $138,647 for a grand total of $15,761,296.

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, 2023 and 2022, $5,841,044 and $5,368,733, respectively, represented cash and equivalents that are restricted for these purposes. In addition, the College had $529,161 and $538,926 in cash held by bond trustee – NJEFA at June 30, 2023 and 2022, 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.

4. Cash and Equivalents and Investments (continued)

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 fund; 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, 2023, the College’s carrying value of its deposits and cash on hand was $36,803,181 and the bank balance was $37,866,613. Of the bank balance, $793,392 was covered by federal depository insurance, $37,073,221 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with GUDPA.

At June 30, 2022, the College’s carrying value of its deposits and cash on hand was $39,583,992 and the bank balance was $40,776,997. Of the bank balance, $793,408 was covered by federal depository insurance, $39,983,588 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with GUDPA.

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.

4. Cash and Equivalents and Investments (continued)

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) where in 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 nonstate agencies in primarily short-term investments. These investments include U.S. 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, 2023 and 2022 was $9,939,849 and $9,089,463, 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 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 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.

4. Cash and Equivalents and Investments (continued)

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.

The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30:

	2023	2022
Corporate stock (U.S. equities) (Level 1 inputs)	$ 490,629	$ 534,762
Mutual Funds (Level 1 inputs)	2,716,225	2,538,867
Total investments	$ 3,206,854	$ 3,073,629

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, 2023:

	Balance June 30, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Capital Assets, Not Being Depreciated					
Land	$ 2,516,647	$ -	$ -	$ -	$ 2,516,647
Construction in Progress	10,849,795	36,429,232	-	(1,227,443)	46,051,584
Total Capital Assets, Not Being Depreciated	13,366,442	36,429,232	-	(1,227,443)	48,568,231
Capital Assets, Being Depreciated					
Land improvements	1,564,967	65,780	-	658,405	2,289,152
Buildings and building improvements	131,736,220	294,294	-	569,038	132,599,552
Equipment and furniture	48,615,329	1,582,535	-	-	50,197,864
Library books	7,175,155	-	-	-	7,175,155
Total Capital Assets, Being Depreciated	189,091,671	1,942,609	-	1,227,443	192,261,723
Less Accumulated Depreciation					
Land improvements	1,439,012	96,664	-	-	1,535,676
Buildings and building improvements	45,177,800	2,275,987	-	-	47,453,787
Equipment and furniture	45,156,737	805,918	-	-	45,962,655
Library books	7,064,795	15,278	-	-	7,080,073
Total Accumulated Depreciation	98,838,344	3,193,847	-	-	102,032,191
Net Capital Assets	$ 103,619,769	$ 35,177,994	$ -	$ -	$ 138,797,763

5. Capital Assets *(continued)*

The following is a summarization of changes in capital assets for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
Capital Assets, Not Being Depreciated					
Land	$ 2,516,647	$ -	$ -	$ -	$ 2,516,647
Construction in Progress	621,795	10,255,114	-	(27,114)	10,849,795
Total Capital Assets, Not Being Depreciated	3,138,442	10,255,114	-	(27,114)	13,366,442
Capital Assets, Being Depreciated					
Land improvements	1,532,322	32,645	-	-	1,564,967
Buildings and building improvements	135,542,822	1,005,655	(4,839,371)	27,114	131,736,220
Equipment and furniture	47,411,618	1,203,711	-	-	48,615,329
Library books	7,150,327	24,828	-	-	7,175,155
Total Capital Assets, Being Depreciated	191,637,089	2,266,839	(4,839,371)	27,114	189,091,671
Less Accumulated Depreciation					
Land improvements	1,411,814	28,908	-	(1,710)	1,439,012
Buildings and building improvements	46,984,706	2,246,042	(4,082,466)	29,518	45,177,800
Equipment and furniture	44,135,670	1,021,067	-	-	45,156,737
Library books	7,020,736	44,059	-	-	7,064,795
Total Accumulated Depreciation	99,552,926	3,340,076	(4,082,466)	27,808	98,838,344
Net Capital Assets	$ 95,222,605	$ 9,181,877	$ (756,905)	$ (27,808)	$ 103,619,769

Depreciation expense for the years ended June 30, 2023 and 2022 was $3,193,847 and $3,340,076, respectively.

In July 2019, the College sold the Police Academy to the County of Essex. This included the land, land improvement, and building and building improvements. The College received proceeds of $5,850,000 which will be paid over 4 years. The College received $1,500,000 and $1,916,620 out of the $5,850,000 in 2023 and 2022, respectively. The College reported a receivable of $1,348,380 and $2,848,380 as of June 30, 2023 and 2022, respectively.

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

The college was awarded $3,000,000 and $3,537,000 in capital funding by the County of Essex for fiscal years 2023 and 2022, respectively, as part of the Chapter 12 program. It is the practice of the College to request reimbursement only for expenses made and not anticipated. Accordingly, the College was reimbursed $ 17,785,150 for award years 2011 through 2023 during fiscal year 2023. 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,	Amount
2023	$ 1,500,000
2022	9,962,248
2021	2,670,009
2020	17,878
2019	3,454,199
2018	11,178
2017	425
2016	278,069
2011	449,988
	$ 18,343,994

In addition to the County funds, there is a balance of $6,825,334 available from the State of New Jersey for Chapter 12 funding.

7. Lease Receivable

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.

The College reported leases receivable and related deferred inflows of resources of $1,902,804 and $1,879,554, respectively, at June 30, 2023. The College reported leases receivable and related deferred inflows of resources of $1,921,843 and $1,910,075, respectively, at June 30, 2022. In 2023, the College reported lease revenue of $19,039 and interest revenue of $28,961. In 2022, the College reported lease revenue of $18,753 and interest revenue of $29,247.

	2023			
Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
University Avenue Parking Garage	$ 1,902,804	$ 1,879,554	$ 19,039	$ 28,961

	2022			
Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
University Avenue Parking Garage	$ 1,921,843	$ 1,910,075	$ 18,753	$ 29,247

7. Lease Receivable

Description		**Lease Agreement Terms**
University Avenue Parking Garage		The College entered into a multi-year lease agreement beginning on February 27,1990 for the right to use the parking garage on University Ave. Based on the agreement, the College receives monthly payments through February of 2084.

The following is a schedule of future minimum receipts on the College's lease receivable as of June 20, 2023:

Years ending June 30:		
2024	$	19,329
2025		19,624
2026		19,923
2027		20,227
2028		20,535
2029 - 2033		107,466
2034 - 2038		115,911
2039 - 2043		125,019
2044 - 2048		134,842
2049 - 2053		145,438
2054 - 2058		156,866
2059 - 2063		169,192
2064 - 2068		182,486
2069 - 2073		196,825
2074 - 2078		212,291
2079 - 2083		228,972
2084 - 2088		27,858
	$	1,902,804

8. Long-Term Liabilities

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, 2023, $830,000 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, 2023, the bonds payable principal balance for the Refunding Bonds, Series 2006, is $830,000. 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:

Year Ending June 30,	Principal	Interest	Total
2024	$ 405,000	$ 32,944	$ 437,944
2025	425,000	11,156	436,156
	$ 830,000	$ 44,100	$ 874,100

Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Bonds Payable					
Series 2006	$ 1,220,000	$ -	$ 390,000	$ 830,000	$ 405,000
Unamortized bond premium	49,974	-	20,327	29,647	20,327
Total Bonds Payable	$ 1,269,974	$ -	$ 410,327	$ 859,647	$ 425,327
Financed Purchase Payable	$ 18,991	$ -	$ 18,991	$ -	$ -

9. 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 noncapital contracts at an approximate remaining commitment of $254,747 as of June 30, 2023. The contracts are for various services such as dental insurance coverage, workers' compensation, comprehensive general liability coverage, student athlete insurance coverage as well as other subscription and professional services.

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 $2,415,298 as of June 30, 2023 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, 2023, 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.

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.

10. Pension *(continued)*

The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiemployer 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.

The College also participates in an Alternative Benefit Program (ABP) which is a defined contribution pension plan and was established pursuant to P.L. 1969, c. 242 (N.J.S.A. 18A:66-167 et seq.). The ABP provides retirement, death and disability, and medical benefits to qualified members 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, 2023, amounted to $842,328 as compared to $815,697 for fiscal year 2022. From this amount, the Division reimbursed the College for contributions made for adjunct faculty for fiscal years 2023, 2022 and 2021 in the amounts of $196,961, $163,660, and $172,905, respectively.

The Division is not required to contribute the employer's contribution for non-academic job titles for members enrolled in the Alternative Benefit Program. Accordingly, the College's contributions amounted to $120,575, $127,530, and $100,335 for the years ended June 30, 2023, 2022 and 2021 respectively.

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, 2023, 2022 and 2021, amounted to $26,340, $14,141, and $6,556.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS plan are as follows:

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

Plan Membership and Contributing Employers – Substantially all full-time employees of the state of New Jersey or any county, municipality, school district, or public agency are enrolled in PERS, provided the employee is not required to be a member of another state- administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30:

	2023	2022
Inactive plan members or beneficiaries currently receiving benefits	187,372	184,775
Inactive plan members entitled to but not yet receiving benefits	723	877
Active plan members	240,961	246,776
Total	429,056	432,428

Specific Contribution Requirements and Benefit Provisions - The contribution requirements of plan members are determined by state statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.50% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Annually, employer contributions to the PERS are actuarially determined and include the College's normal contribution plus any accrued liability, which ensures adequate funding for future pension system liability. The amount of contributions recognized by PERS from the College as of June 30, 2023, 2022, and 2021 were $2,428,993, $2,601,792, and $2,472,639, 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. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

Specific Contribution Requirements and Benefit Provisions (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

At June 30, 2023 and 2022, the College reported a liability of $29,068,558 and $26,318,589, respectively, for its proportionate share of the net pension liability. 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, 2023, the College's proportion was 0.1926170104%, which was a decrease of 0.0295464218 from its proportion measured as of June 30, 2022.

For the years ended June 30, 2023 and 2022, the College recognized full accrual pension benefit of $6,059,071 and $6,766,355, respectively, in the financial statements. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

Specific Contribution Requirements and Benefit Provisions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2023		
Changes of assumptions	$ 90,064	$ 4,352,714
Difference between expected and actual experience	209,803	185,017
Changes in proportionate share	-	8,074,173
Net difference between projected and actual investment earnings on pension plan investments	1,203,121	-
College contributions subsequent to the measurement date	2,250,195	-
Total	$ 3,753,183	$ 12,611,904

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2022		
Changes of assumptions	$ 137,067	$ 9,369,588
Difference between expected and actual experience	415,078	188,410
Changes in proportionate share	-	6,408,087
Net difference between projected and actual investment earnings on pension plan investments	-	6,933,008
College contributions subsequent to the measurement date	2,428,993	-
Total	$ 2,981,138	$ 22,899,093

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

A balance of $2,250,195 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,	Amount
2024	$ (4,300,849)
2025	(1,848,410)
2026	(5,114,718)
2027	186,409
2028	(31,348)
	$ (11,108,916)

Actuarial Assumptions – The College's net pension liability as of June 30, 2022 measurement date (based on July 1, 2021 actuarial valuation) and June 30, 2021 measurement date (based on July 1, 2020 actuarial valuation) were determined using the following assumptions:

	June 30, 2022
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through	All future years 3.25 16.25% based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%

	June 30, 2021
Inflation rate	2.75%
Salary increases 2026:	
Through 2026	3.25 - 15.25% based on age
Thereafter	3.25 - 15.25% based on age
Investment rate of return	7.00%

For the June 30, 2022 measurement date, pre-retirement mortality rates were based on Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and June 30, 2021 measurement dates) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and New Jersey Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the PERS target asset allocations as of June 30, 2022 and 2021 measurement date are summarized in the following table:

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	100.00%		100.00%	

10. Pension *(continued)*

Public Employees' Retirement System (PERS) (continued)

Discount Rate

The discount rate used to measure the total pension liabilities was 7.00% for PERS as of the June 30, 2022 and 2021 measurement dates. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the collective net pension liability of the plans as of June 30, 2022 and 2021 measurement dates calculated using the discount rate as disclosed above, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability (asset)	$ 37,344,582	$ 29,068,558	$ 22,025,328

	2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability (asset)	$ 35,840,581	$ 26,318,589	$ 18,237,829

10. Pension *(continued)*

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, the fiduciary net position of PERS and additions to or deductions from PERS's fiduciary net position have been determined on the same basis as they are reported in the PERS's financial statements. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about PERS' fiduciary net position is available in the PERS Annual Comprehensive Financial Report, which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System is a cost-sharing, multiemployer defined benefit pension plan as defined in GASB Statement No. 68. The plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS plan are as follows:

Plan Membership and Contributing Employers

Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2022 and 2021:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefits	47,518	46,571
Inactive plan members entitled to but not yet receiving benefits	60	67
Active plan members	42,188	42,432
Total	89,766	89,070

In addition to the State, who is the sole payor of regular employer contributions to the fund, PFRS's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and who are legally responsible to continue to pay towards their incurred liability.

10. Pension *(continued)*

Significant Legislation

For the State contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the state to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

Specific Contribution Requirements and Benefit Provisions

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. College contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

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 end June 30, 2023, 2022, and 2021, amounted to $99,081, $120,272, and $153,508, respectively.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving 10 years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

10. Pension *(continued)*

Police and Firemen's Retirement System (PFRS) (continued)

Specific Contribution Requirements and Benefit Provisions (continued)

At June 30, 2023 and 2022, the College reported a liability of $1,058,531 and $983,157, respectively, for its proportionate share of the net pension liability. 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, 2022, the College's proportion was 0.0092477600%, which was a decrease of 0.0042032739% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the College recognized full accrual pension expense of $(106,673) and $(86,132), respectively, in the financial statements. At June 30, 2022 and 2021 measurement date, 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
June 30, 2023		
Changes of assumptions	$ 2,901	$ 133,248
Difference between expected and actual experience	47,912	64,849
Changes in proportionate share	207,283	573,802
Net difference between projected and actual investment earnings on pension plan investments	96,930	-
College contributions subsequent to the measurement date	99,081	-
Total	$ 454,107	$ 771,899

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2022		
Changes of assumptions	$ 5,231	$ 294,648
Difference between expected and actual experience	11,217	117,772
Changes in proportionate share	278,760	183,049
Net difference between projected and actual investment earnings on pension plan investments	-	418,955
College contributions subsequent to the measurement date	120,272	-
Total	$ 415,480	$ 1,014,424

10. Pension *(continued)*

Police and Firemen's Retirement System (PFRS) (continued)

$99,081 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,	Amount
2024	$ (152,846)
2025	(91,374)
2026	(87,079)
2027	6,820
2028	(76,478)
Thereafter	(15,916)
	$ (416,873)

Actuarial Assumptions – The College's net pension liability as of June 30, 2022 measurement date (based on July 1, 2021 actuarial valuation) and June 30, 2021 measurement date (based on July 1, 2020 actuarial valuation) were determined using the following assumptions:

	June 30, 2022
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through	All future years 3.25 16.25% based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%

	June 30, 2021
Inflation rate	2.75%
Salary increases 2026:	
Through 2026	3.25 - 15.25% based on age
Thereafter	3.25 - 15.25% based on age
Investment rate of return	7.00%

10. Pension (continued)

Police and Firemen's Retirement System (PFRS) (continued)

Mortality Rates

For the June 30, 2022 measurement date, employee mortality rates were based on the PubS-2010 amount - weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, post-retirement mortality rates were based on the PubS-2010 amount - weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount - weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

Long-Term Rate of Return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and June 30, 2021 measurement dates) 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The actuarial assumptions used in the July 1, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

10. Pension (continued)

Police and Firemen's Retirement System (PFRS) (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the PFRS target asset allocations as of June 30, 2022 and 2021 measurement date are summarized in the following table:

	June 30, 2022		June 30, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
Total	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liabilities was 7.00% for PFRS as of the June 30, 2022 and 2021 measurement dates. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for local employers. Based on the assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

10. Pension *(continued)*

Police and Firemen's Retirement System (PFRS) (continued)

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 calculated using the discount rate of 7.00% as of June 30, 2022 and 2021, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00% in 2022 and 2021) or one percentage point higher (8.00% in 2022 and 2021) than the current rate.

	2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 1,452,419	$ 1,058,531	$ 730,617

	2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
College's proportionate share of the net pension liability	$ 1,492,893	$ 983,157	$ 558,857

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, the fiduciary net position of PFRS and additions to or deductions from PFRS's fiduciary net position have been determined on the same basis as they are reported in the PFRS's financial statements. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about PFRS' fiduciary net position is available in the PFRS Comprehensive Annual Financial Report, which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

10. Pension *(continued)*

Police and Firemen's Retirement System (PFRS) (continued)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the state if certain circumstances occurred. The amount contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the state is treated as a nonemployer contributing entity. The nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the College as of June 30, 2022 and 2021 measurement dates are 0.00924763% and 0.0134510339% respectively, and the nonemployer contributing entities' contribution for the years ended June 30, 2022 and 2021 was $23,453 and $24,020, respectively. The State's proportionate share of the net pension liability attributable to the College for the years ended June 30, 2022 and 2021 was $188,388 and $276,513, respectively.

11. Post-Retirement Health Coverage

Other postemployment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave.

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired state employees and retired educational employees.

11. Post-Retirement Health Coverage *(continued)*

SEHBP

At June 30, 2022 and 2021, the College did not report a liability related to the School Employees' Health Benefit Program (SEHBP) due to a special funding situation. The state of New Jersey (the State) is responsible for the employer contributions and the total OPEB liability resulting from a special funding situation. Therefore, for the fiscal year ended June 30, 2022 and 2021, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense and is not required to record its share of the unfunded OPEB liability but instead, that liability is recorded by the State. The amount recognized by the College as its proportionate share of the OPEB liability, the related State support, and the total portion of the OPEB liability that was associated with the College were as follows:

	2022	2021
State's Proportionate Share of the OPEB Liability	$ 96,192,464	$ 112,322,193
College's Proportionate Share of the OPEB Liability	-	-
Total	$ 96,192,464	$ 112,322,193

The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the College recognized OPEB expenses of $225,323 and $3,415,538, respectively and revenues of $225,323 and $3,415,538, respectively for support provided by the State. Due to the special funding situation noted above related to the SEHBP, the College did not report deferred outflows of resources and deferred inflows of resources related to the SEHBP.

Plan Description: The School Employees' Health Benefit Program (SEHBP) is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions.

The SEHBP provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The state of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for the SEHBP. The employer contributions for the participating local education employers are legally required to be funded by the state of New Jersey in accordance with N.J.S.A 52:14-17.32f.

11. Post-Retirement Health Coverage *(continued)*

According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: Teachers' Pensions and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L, 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible. The SEHBP does not issue a stand-alone financial report but is reported in the State's Annual Comprehensive Financial Report (ACFR). The ACFR is an audited financial statement and is available at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial Assumptions and Other Inputs: The State's liability associated with the College at June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to the measurement date of June 30, 2022. The State's liability associated with the College at June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021.

	2022
Discount Rate	3.54%
Salary Increases:	
TPAF/ABP	2.75 to 4.25% based on years of service
PERS	2.75% to 6.55% based on years of service
PFRS	3.25 to 16.25% based on years of service

	2021
Inflation Rate	2.50%
Discount Rate	2.16%
Salary Increases:	
Through 2026	1.55 - 15.25%
Thereafter	2.75 - 7.00%

The discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on years of service.

11. Post-Retirement Health Coverage *(continued)*

The June 30, 2021 valuation used pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2021. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

The June 30, 2020 valuation used pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2021. Disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS, and PFRS, respectively.

Health Care Trend Assumptions: For the June 30, 2021 pre-Medicare medical benefits valuation, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

For the June 30, 2020 pre-Medicare medical benefits valuation, the trend rate is initially 5.65% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate is 5.79% for PPO and 5.98% for HMO for fiscal year 2022 through 2023. The rates used for 2024and 2025 are 13.79% for PPO and 15.49% for HMO, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

11. Post-Retirement Health Coverage *(continued)*

In addition to the postemployment health benefit plan offered by the State, the College provides a single employer postemployment health benefits plan for the surviving spouse of a retiree that has satisfied the plan eligibility requirements. GASB has 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 postemployment 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 20 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 $115,825 and $110,311 for fiscal years 2023 and 2022, respectively. The College pays 100% of the cost of the surviving spouses’ Medicare Part B premium. The cost for these premiums amounted to $3,810 and $3,780 for fiscal years 2023 and 2022, respectively.

11. Post-Retirement Health Coverage *(continued)*

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Inflation of 2.70%.
- Salary increases of 3.50% (including 1.30% wage inflation)
- Long – term expected asset return for current measurement date of 4.00%
- Mortality Table Pub-2010 General Employees Headcount-Weighted Mortality Table projected fully generationally using the MP-2021 mortality improvement scale.
- Health Care Cost Trends: Actual trend from 2022 to 2023, followed by 6.50% from 2023 to 2024, decreasing to an ultimate rate of 4.14% by 2075

The assumptions include a discount rate of 4.13%. The investment return assumption (discount rate) is determined by the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that are being partially funded. The target asset allocation and long-term expected real rate of return for the College is not disclosed due to the plan asset amounts being immaterial.

The following presents the College's net OPEB liability at June 30, 2023, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.13% decreasing to 3.13%) or one percentage point higher (4.13% increasing to 5.13%) than the current healthcare cost trend rates (4.13%).

Sensitivity of the College's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease	Current Trend Rate Healthcare Cost	1% Increase
2023	$ 9,175,184	$ 10,904,111	$ 13,110,674

11. Post-Retirement Health Coverage *(continued)*

Actuarial Assumptions and Other Inputs (continued)

The following presents the College's net OPEB liability at June 30, 2022, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.54% decreasing to 2.54%) or one percentage point higher (3.54% increasing to 4.54%) than the current healthcare cost trend rates (3.54%).

Sensitivity of the College's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease	Current Trend Rate Healthcare Cost	1% Increase
2022	$ 10,191,893	$ 12,257,010	$ 14,932,188

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Investment Earnings	$ 8,029	
Difference between Expected and Actual Experience	434,881	$ 2,657,765
Changes in Assumptions	2,901,878	4,261,844
Total	$ 3,344,788	$ 6,919,609

At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Investment Earnings	$ 11,558	$ -
Difference between Expected and Actual Experience	507,361	2,603,286
Changes in Assumptions	3,670,069	3,991,270
Total	$ 4,188,988	$ 6,594,556

11. Post-Retirement Health Coverage *(continued)*

Actuarial Assumptions and Other Inputs (continued)

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

Years Ended June 30,	Amortization
2024	$ (754,482)
2025	(556,671)
2026	(303,374)
2027	(304,763)
2028	(760,193)
Thereafter	(895,338)
Total	$ (3,574,821)

12. 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, 2023 amounted to $379,268 as compared to $44,526 for fiscal year 2022.

For fiscal years 2023 and 2022, 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 2023. At June 30, 2023 and 2022, net position in the College's unemployment fund was $980,751 and $955,912, respectively.

13. Restricted and Unrestricted Net Position

Net position is restricted by third parties for the following purposes at June 30:

	June 30, 2023	June 30, 2022
Grants, contracts, governmental agreements and other	$ 16,584,683	$ 12,528,715
Capital outlays - Chapter 12 funding	-	29,672,416
Scholarships	4,944,960	4,904,456
Total	$ 21,529,643	$ 47,105,587

Unrestricted net position at June 30 is comprised of the following:

	June 30, 2023	June 30, 2022
Designated		
Retirement of bond indebtedness	$ 2,415,298	$ 2,342,676
Undesignated		
Cumulative impact of GASB 68 on net position	(38,894,319)	(47,609,351)
Cumulative impact of GASB 75 on net position	(14,478,932)	(14,662,578)
Undesignated other	32,484,188	33,290,874
Total Unrestricted	$ (18,473,765)	$ (26,638,379)

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Essex County College
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of Proportionate Share of SEHBP OPEB Liability and Contributions*
June 30, 2023

	2023	2022	2021	2020	2019	2018
SEHBP - Local Education Group						
College's Proportion of the OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
College's Proportionate Share of the OPEB Liability	$ -	$ -	$ -	$ -	$ -	$ -
State's Proportionate Share of the OPEB Liability of the College	96,192,464	112,322,193	133,868,594	85,724,908	90,905,061	118,799,279
Total	$ 96,192,464	$ 112,322,193	$ 133,868,594	$ 85,724,908	$ 90,905,061	$ 118,799,279
College's Covered Employee Payroll	$ 23,226,202	$ 22,408,320	$ 22,466,557	$ 25,654,143	$ 26,334,688	$ 27,015,480
College's Proportionate Share of the OPEB Liability as a percentage of its Covered Employee Payroll	24.15%	19.95%	16.78%	29.93%	28.97%	22.74%
Plan Fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data become available.

Essex County College
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of Changes in Employer's Net OPEB Liability and Related Ratios*
June 30, 2023

	Measurement Year Ending June 30, 2023	Measurement Year Ending June 30, 2022	Measurement Year Ending June 30, 2021	Measurement Year Ending June 30, 2020	Measurement Year Ending June 30, 2019	Measurement Year Ending June 30, 2018	Measurement Year Ending June 30, 2017
Total OPEB Liability							
Service cost	$ 250,290	$ 391,348	$ 458,225	$ 362,149	$ 241,162	$ 243,542	$ 320,503
Interest	447,128	334,292	346,856	520,107	592,521	581,518	529,446
Benefit payments	(119,845)	(110,972)	(116,938)	(100,800)	(97,629)	(129,423)	(117,112)
Changes of benefit terms	-	-	-	(3,634,777)	-	-	
Expected and actual experience	(760,328)	579,841	(809,566)	(81,313)	(2,453,260)	-	
Assumption changes	(1,163,463)	(5,237,446)	1,309,442	3,723,736	1,105,082	(1,886,075)	(3,060,216)
Net Change in Total Pension Liability	(1,346,218)	(4,042,937)	1,188,019	789,102	(612,124)	(1,190,438)	(2,327,379)
Total OPEB Liability - Beginning	12,439,857	16,482,794	15,294,775	14,505,673	15,117,797	16,308,235	18,635,614
Total OPEB Liability - Ending (a)	$ 11,093,639	$ 12,439,857	$ 16,482,794	$ 15,294,775	$ 14,505,673	$ 15,117,797	$ 16,308,235
Plan Fiduciary Net Position							
Contribution - Employer	$ 119,845	$ 110,972	$ 116,938	$ 100,800	$ 97,629	$ 129,423	$ 117,112
Other additions	-	17,920					
Net investment income	6,681	377	111	2,748	3,951	2,283	955
Administrative expenses	-	-	-	(8,960)	(8,960)	-	-
Benefit payments	(119,845)	(110,972)	(116,938)	(100,800)	(97,629)	(129,423)	(117,112)
Net Change in Plan Fiduciary Net Position	6,681	18,297	111	(6,212)	(5,009)	2,283	955
Plan Fiduciary Net Position - Beginning	182,847	164,550	164,439	170,651	175,660	173,377	172,422
Plan Fiduciary Net Position - Ending (b)	$ 189,528	$ 182,847	$ 164,550	$ 164,439	$ 170,651	$ 175,660	$ 173,377
Net OPEB Liability (a-b)	$ 10,904,111	$ 12,257,010	$ 16,318,244	$ 15,130,336	$ 14,335,022	$ 14,942,137	$ 16,134,858
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.71%	1.47%	1.00%	1.08%	1.18%	1.16%	1.06%
Covered Payroll	$ 23,226,202	$ 22,408,320	$ 25,529,244	$ 24,333,609	$ 27,983,567	$ 28,767,442	$ 28,815,026
Net OPEB Liability as a Percentage of Covered Payroll	47.76%	55.51%	64.56%	62.85%	51.84%	52.55%	56.60%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data become available.

Essex County College
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of Employer Contributions - OPEB*
June 30, 2023

Measurement Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	$ 117,112	$ 117,112	-	$ 28,815,026	0.41%
2018	129,423	129,423	-	28,767,442	0.45%
2019	97,629	97,629	-	27,983,567	0.35%
2020	100,800	100,800	-	24,333,609	0.41%
2021	116,938	116,938	-	25,529,244	0.46%
2022	110,972	110,972	-	22,408,320	0.50%
2023	119,845	119,845	-	23,226,202	0.52%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Essex County College
(A Component Unit of the County of Essex)

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,	College's Proportion of the Net Pension Liability (Asset) Local Group (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) Local Group
2023	0.1926170104%	$ 29,068,558	$ 14,498,780	200.49%	62.91%
2022	0.2221634322%	26,318,589	14,749,095	178.44%	70.33%
2021	0.2260286108%	36,859,355	14,734,859	250.15%	58.32%
2020	0.2453273017%	44,204,458	16,374,010	269.97%	56.27%
2019	0.2585783610%	50,912,884	16,080,307	316.62%	53.60%
2018	0.2799350208%	65,164,398	17,753,061	367.06%	48.10%
2017	0.3009215420%	89,124,330	18,716,496	476.18%	40.14%
2016	0.2959678807%	66,438,858	20,731,354	320.48%	47.93%
2015	0.2826643339%	52,922,494	20,429,420	259.05%	48.62%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

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

Notes to Required Supplementary Information

Benefit Changes
There were none.

Changes of Assumptions
There were none.

Essex County College
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of College Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	$ 2,550,195	$ 2,428,993	$ 2,601,792	$ 2,472,642	$ 2,391,562	$ 2,578,787	$ 2,619,812	$ 2,673,344	$ 2,544,530
Contributions in relation to the contractually required contribution	(2,550,195)	(2,428,993)	(2,601,792)	(2,472,642)	(2,391,562)	(2,578,787)	(2,619,812)	(2,673,344)	(2,544,530)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 14,498,780	$ 14,749,095	$ 14,734,859	$ 16,374,010	$ 16,080,307	$ 17,753,061	$ 18,716,496	$ 20,731,354	$ 20,429,420
Contributions as a percentage of covered-employee payroll	17.59%	16.47%	17.66%	15.10%	14.87%	14.53%	14.00%	12.90%	12.46%

*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
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of The College's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System (PFRS)
Last Ten Fiscal Years*

Year Ended June 30,	College's Proportion of the Net Pension Liability (Asset) Local Group (a)	College's Proportionate Share of the Net Pension Liability (Asset) (b)	College's Covered Payroll (c)	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) Local Group
2023	0.0092477600%	$ 1,058,531	$ 179,357	590.18%	68.33%
2022	0.0134510339%	983,157	149,668	656.89%	77.26%
2021	0.0137407810%	1,775,490	198,179	895.90%	63.52%
2020	0.0110907657%	1,357,268	391,441	346.74%	65.00%
2019	0.0117365093%	1,588,549	354,426	448.20%	62.48%
2018	0.0136608450%	2,108,970	296,633	710.97%	58.60%
2017	0.0138670883%	2,648,969	270,194	980.40%	52.01%
2016	0.0099512722%	1,657,535	321,980	514.79%	56.31%
2015	0.0118202912%	1,486,883	305,353	486.94%	62.14%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

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

Notes to Required Supplementary Information

Benefit Changes
There were none.

Changes of Assumptions
There were none.

Essex County College
(A Component Unit of the County of Essex)

Required Supplementary Information
Schedule of College Contributions
Police and Firemen's Retirement System (PFRS)
Last Ten Fiscal Years*

Year Ended June 30,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	College's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2023	$ 99,081	$ 99,081	$ -	$ 179,357	55.24%
2022	120,272	120,272	-	149,668	80.36%
2021	156,767	156,767	-	198,179	79.10%
2020	153,508	153,508	-	391,441	39.22%
2019	112,029	112,029	-	354,426	31.61%
2018	114,771	114,771	-	296,633	38.69%
2017	120,901	120,901	-	270,194	44.75%
2016	113,064	113,064	-	321,980	35.12%
2015	80,889	80,889	-	305,353	26.49%

* Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Essex County College
(A Component Unit of the County of Essex)

Combining Schedule of Net Position - All Funds
June 30, 2023

	General Fund	Grants and Contracts	Scholarship and Student Grants in Aid	Capital Outlays	Retirement of Bond Indebtedness	Concessions and Gym	Other	Combining Total
ASSETS								
Unrestricted cash and equivalents	$ 36,785,856	$ -	$ -	$ -	$ 3,599,562	$ -	$ -	$ 40,385,418
Cash held by bond trustee-NJEFA	529,161	-	-	-	-	-	-	529,161
Restricted cash and cash equivalents	-	-	4,134,090	1,331,591	-	-	375,363	5,841,044
Investments	3,193,855	-	12,935	64	-	-	-	3,206,854
Accounts Receivable		-	-	-	-	-	-	
Tuition and fees, net	747,311	-	-	-	-	-	-	747,311
Grants	910,102	1,053,539	74,340	-	-	-	-	2,037,981
State and county	10,693	187,789	52,185	25,169,328	-	-	-	25,419,995
Other, net	1,533,408	-	11,167	-	-	-	7,953	1,552,528
Leases	1,902,804	-	-	-	-	-	-	1,902,804
Internal balances	2,529,258	12,923,857	776,166	(15,247,115)	(1,184,264)	(2,823,123)	3,025,221	-
Inventories	-	-	-	-	-	15,937	-	15,937
Prepaid expenses	44,809	2,433	-	-	-	-	-	47,242
Capital assets, nondepreciable	48,568,231	-	-	-	-	-	-	48,568,231
Capital assets, net of accumulated depreciation	90,229,532	-	-	-	-	-	-	90,229,532
Total Assets	186,985,020	14,167,618	5,060,883	11,253,868	2,415,298	(2,807,186)	3,408,537	220,484,038
DEFERRED OUTFLOWS OF RESOURCES								
Pension deferrals	4,207,229	-	-	-	-	-	-	4,207,229
Other postemployment benefits deferrals	-	-	-	-	-	-	3,344,788	3,344,788
Deferred loss on refunding	-	-	-	31,180	-	-	-	31,180
Total Deferred Outflows of Resources	4,207,229	-	-	31,180	-	-	3,344,788	7,583,197
LIABILITIES								
Accounts payable	5,794,556	861,312	31,461	182,776	-	-	40,164	6,910,269
Accrued payroll and taxes	2,481,894	35,895	530	-	-	1,767	5,888	2,525,974
Unearned revenue - NJEFA	527,744	-	-	-	-	-	-	527,744
Unearned tuition and fee revenue	228,862	-	-	-	-	-	-	228,862
Unearned grant revenue	-	1,249,175	-	10,511,510	-	-	-	11,760,685
Other liabilities	841,336	-	83,932	17,672	-	71,688	86	1,014,714
Bonds payable	-	-	-	859,647	-	-	-	859,647
Net other postemployment benefit liability	-	-	-	-	-	-	10,904,111	10,904,111
Net pension liability	30,127,089	-	-	-	-	-	-	30,127,089
Total Liabilities	40,001,481	2,146,382	115,923	11,571,605	-	73,455	10,950,249	64,859,095
DEFERRED INFLOWS OF RESOURCES								
Pension deferrals	13,383,803	-	-	-	-	-	-	13,383,803
Other postemployment benefits deferrals	-	-	-	-	-	-	6,919,609	6,919,609
Deferred inflow from leases	1,879,554	-	-	-	-	-	-	1,879,554
Total Deferred Inflows of Resources	15,263,357	-	-	-	-	-	6,919,609	22,182,966
NET POSITION								
Net investment in capital assets	137,969,296	-	-	-	-	-	-	137,969,296
Restricted	-	12,021,236	4,944,960	-	-	-	4,563,447	21,529,643
Unrestricted (deficit)	(2,041,885)	-	-	(286,557)	2,415,298	(2,880,641)	(15,679,980)	(18,473,765)
Total Net Position	$ 135,927,411	$ 12,021,236	$ 4,944,960	$ (286,557)	$ 2,415,298	$ (2,880,641)	$ (11,116,533)	$ 141,025,174

See independent auditors' report

Essex County College
(A Component Unit of the County of Essex)

Combining Schedule of Revenues, Expenses and Changes in Net Position - All Funds
June 30, 2023

	General Fund	Grants and Contracts	Scholarship and Student Grants in Aid	Capital Outlays	Retirement of Bond Indebtedness	Concessions and Gym	Other	Combining Total
OPERATING REVENUES								
Tuition and fees, net	$ 25,410,835	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,410,835
Federal grants	36,765	3,851,073	627,307	-	-	-	-	4,515,145
State grants	-	2,404,356	6,430,444	-	-	-	-	8,834,800
County and local grants	-	1,708,201	7,025	-	-	-	-	1,715,226
Private contributions	36,430	19,818	64,182	-	-	-	-	120,430
Charges for services	120,145	15,864	-	-	-	662	1,348,569	1,485,240
Other revenues	1,742,499	-	334	-	-	-	6	1,742,839
Total Operating Revenues	27,346,674	7,999,312	7,129,292	-	-	662	1,348,575	43,824,515
OPERATING EXPENSES								
Instruction	19,057,596	4,093,534	1,200	16,985	-	3,024	123,858	23,296,197
Public service	1,777,217	91,971	9,350	-	-	-	-	1,878,538
Academic support	1,759,067	146,058	-	-	-	-	-	1,905,125
Student services	5,336,467	3,643,707	317,767	1,697	-	-	819,533	10,119,171
Institutional support	17,101,907	120,049	-	-	33,486	231	4,560	17,260,233
Operation of plant	8,464,035	-	-	-	-	-	-	8,464,035
Scholarships and fellowships	-	-	23,004,845	-	-	-	335,170	23,340,015
Depreciation	3,193,847	-	-	-	-	-	-	3,193,847
Debt service								
Principal	(390,000)	-	-	390,000	-	-	-	-
Capital outlay								
Capital expenses	(38,371,841)	-	-	38,371,841	-	-	-	-
Total Operating Expenses	17,928,295	8,095,319	23,333,162	38,780,523	33,486	3,255	1,283,121	89,457,161
OPERATING INCOME (LOSS)	9,418,379	(96,007)	(16,203,870)	(38,780,523)	(33,486)	(2,593)	65,454	(45,632,646)
NONOPERATING REVENUES (EXPENSES)								
State appropriations	10,178,770	-	-		-	-	-	10,178,770
County appropriations	15,200,000	-	-	8,800,000	-	-	-	24,000,000
Pell grants	-	-	16,243,818	-	-	-	-	16,243,818
Pandemic related financial assistance	-	3,791,697		-	-	-	-	3,791,697
Interest and investment income	366,847	111,178	898	29,108	126,890	-	-	634,921
Unrealized loss on investments	(136,679)	-	(342)	-	-	-	-	(137,021)
Pension benefit	8,715,032	-	-	-	-	-	-	8,715,032
OPEB benefit	225,323	-	-	-	-	-	183,646	408,969
Interest expense	-	-	-	(7,558)	(20,782)	-	-	(28,340)
Total Nonoperating Revenues (Expenses)	34,549,293	3,902,875	16,244,374	8,821,550	106,108	-	183,646	63,807,846
CHANGE IN NET POSITION	43,967,672	3,806,868	40,504	(29,958,973)	72,622	(2,593)	249,100	18,175,200
Net Position - Beginning of Year	91,959,739	8,214,368	4,904,456	29,672,416	2,342,676	(2,878,048)	(11,365,633)	122,849,974
Net Position - End of Year	$ 135,927,411	$ 12,021,236	$ 4,944,960	$ (286,557)	$ 2,415,298	$ (2,880,641)	$ (11,116,533)	$ 141,025,174

See independent auditors' report

Essex County College
(A Component Unit of the County of Essex)

Schedule of Net Position
Concessions and Gym
June 30, 2023

	Concessions and Gym
ASSETS	
Inventories	$ 15,937
Total Assets	15,937
LIABILITIES	
Accrued payroll	1,767
Other liabilities	71,688
Interfund payable	2,823,123
Total Liabilities	2,896,578
NET POSITION	
Unrestricted (deficit)	(2,880,641)
Total Net Position (Deficit)	$ (2,880,641)

See independent auditors' report

Essex County College
(A Component Unit of the County of Essex)

Schedule of Revenues, Expenses and Changes in Net Position
Concessions and Gym
June 30, 2023
(See Independent Auditors' Report)

	Concessions and Gym
OPERATING REVENUES	
Charges for services	$ 662
Total Operating Revenues	662
OPERATING EXPENSES	
Cost of goods sold	3,255
Total Operating Expenses	3,255
CHANGE IN NET POSITION	(2,593)
Net Position - Beginning of Year	(2,878,048)
Net Position - End of Year	$ (2,880,641)

Essex County College
(A Component Unit of the County of Essex)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass - Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Direct Awards				
United States Department of Education				
Student Financial Assistance Cluster				
Federal Work - Study Program - P033A002560	84.033	N/A	$ 303,432	$ -
Federal Pell Grant Program - P063P002345	84.063	N/A	16,243,818	-
Federal Supplemental Educational Opportunity Grant - P007A002560	84.007	N/A	323,875	-
Total Student Financial Assistance Cluster			16,871,125	-
CARES Act: Higher Education Emergency Relief Funds (HEERF)				
CARES Act Emergency Relief Fund - Students	84.425E	N/A	1,245,384	-
CARES Act Emergency Relief Fund - Institution	84.425F	N/A	1,245,384	-
Total CARES Act: Higher Education Emergency Relief Funds (HEERF)			2,490,768	-
Total Direct Awards			19,361,893	-
Pass - Through Programs				
National Aeronautics and Space Administration - Passed Through				
Rutgers University				
S-STEM Grant	43.008	N/A	64,574	-
NCAS-NASA Grant	43.008	N/A	19,819	-
Total National Aeronautics and Space Administration			84,393	-
United States Department of Labor - Passed Through				
New Jersey Department of Labor & Workforce Development				
New Jersey Prep Health Care	17.268	N/A	191,476	-
Total United States Department of Labor			191,476	-
United States Department of Education - Passed Through				
New Jersey Department of Education				
Carl Perkins Voc. Ed. Grant - PKPP7130-19	84.048A	216000928	603,144	-
Total Carl Perkins Vocational Education Grant			603,144	-
Adult Basic Education				
ABE Grant Level I & II - ABS-FY20006	84.002	216000928	2,432,958	-
Total Adult Basic Education			2,432,958	-
Total United States Department of Education			3,036,102	-
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	59,841	-
Total United States Department of Agriculture			59,841	-
United States Department of Health and Human Services -				
Passed Through New Jersey Department of Human Services				
Social Services Block Grant - CC10129	93.667	216000928	539,103	-
Total United States Department of Health and Human Services			539,103	-
Total Passed-Through Programs			3,910,915	-
Total Expenditures of Federal Awards			$ 23,272,808	$ -

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

Essex County College
(A Component Unit of the County of Essex)

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2023

Funding Source / State Contract No. / Program	Grant/Account or Other I.D. Number	Grant Period	Grant Amount	Life to Date Amount	Current Year Expenditures
STATE STUDENT FINANCIAL AID CLUSTER					
Higher Education Student Assistance Authority					
Tuition Aid Grant	100-074-2405-007	07/01/22 - 06/30/23	$ 3,614,094	$ 3,614,094	$ 3,614,094
Governor's Urban Scholars Program	100-074-2405-278	07/01/22 - 06/30/23	2,000	2,000	2,000
Community College Opportunity Grant	100-074-2405	07/01/22 - 06/30/23	1,804,528	1,804,528	1,804,528
NJ STARS	100-074-2405-313	07/01/22 - 06/30/23	16,494	16,494	16,494
Total Higher Education Student Assistance Authority			5,437,116	5,437,116	5,437,116
New Jersey Commission on Higher Education					
Educational Opportunity Fund Article IV	100-050-5400-177, 100-074-2601-001, 100-074-2401-001	07/01/22 - 06/30/23	787,430	787,430	787,430
Educational Opportunity Fund Article IV - Summer	100-050-5400-177, 100-074-2601-001, 100-074-2401-001	07/01/22 - 06/30/23	4,311	4,311	4,311
Educational Opportunity Fund Article III - Winter Intersession	100-050-5400-177, 100-074-2601-001, 100-074-2401-001	07/01/22 - 06/30/23	61,535	61,535	61,535
Educational Opportunity Fund Article III	100-050-5400-177, 100-074-2601-001, 100-074-2401-001	07/01/22 - 06/30/23	841,165	841,165	841,165
Educational Opportunity Fund Article III - Summer	100-050-5400-177, 100-074-2601-001, 100-074-2401-001	07/01/22 - 06/30/23	90,629	90,629	90,629
Total New Jersey Commission on Higher Education			1,785,070	1,785,070	1,785,070
Total State Student Financial Aid Cluster			7,222,186	7,222,186	7,222,186
New Jersey Commission on Higher Education					
State Aid for College Assistance	100-082-2155-015	07/01/22 - 06/30/23	10,178,770	10,178,770	10,178,770
College Readiness Now	100-074-2400-055	07/01/22 - 06/30/23	53,396	53,396	53,396
Some College, No Degree Grant	100-074-2405-	07/01/22 - 06/30/23	22,630	22,630	22,630
Community College Opportunity Grant	100-074-2405-	07/01/22 - 06/30/23	284,323	284,323	284,323
Center for Adult Transition Grant	100-074-2405-	07/01/22 - 06/30/23	250,000	250,000	250,000
Career Accelerator Internship Grant	100-074-2405-	07/01/22 - 06/30/23	13,614	13,614	13,614
Hunger Free Campus Grant Program	100-074-2405-	09/01/22 - 08/31/23	100,535	64,505	64,505
Total New Jersey Commission on Higher Education			10,903,268	10,867,238	10,867,238
New Jersey Department of Human Services					
Division of Youth and Family Services	23ANG-M	07/01/22 - 06/30/23	91,971	91,971	91,971
CDC-ARP Stabilization Grant	DFD 0000013067	07/01/22 - 06/30/23	120,795	120,795	120,795
Total New Jersey Department of Human Services			212,766	212,766	212,766
New Jersey Department of Agriculture					
Youth Enrichment Program Summer Food	2022-07-1103	07/08/22 - 08/15/22	16,716	16,716	16,716
Total New Jersey Department of Agriculture			16,716	16,716	16,716
New Jersey Department of Health					
NJDOH New Jersey PDG Grant Program	N/A	07/01/22 - 06/30/23	219,123	219,123	219,123
Total New Jersey Department of Health			219,123	219,123	219,123
New Jersey Department of Treasury					
Alternate Benefit Program	100-082-2155-017	07/01/22 - 06/30/23	842,328	842,328	842,328
Total New Jersey Department of Treasury			842,328	842,328	842,328
New Jersey Department of Community Affairs					
Uniform Construction Code Grant	8015-100-022-8015 036-F311-6130		39,698	39,698	39,698
Total New Jersey Department of Community Affairs			39,698	39,698	39,698
New Jersey Office of the Secretary of Higher Education					
Mentoring, Alignment, Preparedness, Support Grant - OMIC	9125	07/01/21 - 06/30/23	1,000,000	623,700	443,958
Building Our Future Bond Act - HSN Simulation Lab	021-02	4/29/13 - project completion	696,217	17,882	1,463
Building Our Future Bond Act - Information Commons	021-03	4/29/13 - project completion	4,836,050	4,165,072	35,550
Building Our Future Bond Act - WEC Restructuring	021-04	4/29/13 - project completion	10,498,003	12,069,256	3,112,937
Building Our Future Bond Act - Foundation for Instructional	021-05	4/29/13 - project completion	3,073,221	2,907,414	26,651
Total New Jersey Office of the Secretary of Higher Education			20,103,491	19,783,324	3,620,559
Total Expenditures of State Financial Assistance			$ 39,559,576	$ 39,203,379	$ 23,040,614

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

Essex County College
(A Component Unit of the County of Essex)

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2023

1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") have been prepared in the format required under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Office of Management and Budget Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The purpose of these Schedules is to present a summary of those activities of the College for the year ended June 30, 2023 which have been financed by the Federal government and State of New Jersey. For purposes of these Schedules, Federal awards and State of New Jersey awards 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, they are not intended to, and do not, present the financial position, changes in net position or the current funds revenues, expenditures, cash flows, and other changes of the College in conformity with generally accepted accounting principles.

2. Indirect Cost Rate

The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Alternative Benefit Program

During the year ended June 30, 2023, the State of New Jersey, Department of Treasury made payments on behalf of the College to the Alternate Benefit Program of $842,328. 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, 2023. The June 30, 2023 benefit reimbursement for faculty is included in the accompanying schedule of expenditures of state financial assistance.

4. Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the College did not provide federal awards to subrecipients.

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"), a component unit of the County of Essex, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Essex County College's basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 entity'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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 19, 2023

Report on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by the Uniform Guidance 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

Opinion on Each Major Federal and State Program

We have audited Essex County College (the "College")'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2023. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal and State Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular Letter 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 19, 2023

Essex County College
(A Component Unit of the County of Essex)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ Yes __x__ No
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ Yes __x__ None reported

3. Noncompliance material to financial statements noted? ______ Yes __x__ No

Federal Awards Section

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ Yes __x__ No
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ Yes __x__ None reported

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

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ Yes __x__ No

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063	Student Financial Assistance Cluster
84.425E, 84.425F	CARES Act: Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs $750,000

- Auditee qualified as low-risk auditee? ______ Yes __x__ No

Part I – Summary of Auditors' Results (continued)

State Financial Assistance Section

1. Internal control over major state programs

   - Material weakness(es) identified? ______ Yes __x__ No
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ Yes __x__ None reported

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

3. Any audit findings disclosed that are required to be reported in accordance with the NJ OMB 15-08? ______ Yes __x__ No

Identification of Major State Programs

GMIS/Program Number(s)	Name of State Program or Cluster
100-050-5400-177, 100-074-2601-001, 100-074-2401-001	Educational Opportunity Fund Article IV
100-082-2155-015	State Aid for College Assistance
021-02, 021-03, 021-04, 021-05	Building Our Future Bond Act

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low-risk auditee? ______ Yes __x__ No

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) or New Jersey State OMB Circular 15-08.

Essex County College
(A Component Unit of the County of Essex)

Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

2022-001

Statement of Condition: During our testing, we noted 13 of 40 student enrollment status changes were not reported to NSLDS on a timely basis.

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