(A Component Unit of the County of Essex)

# ESSEX COUNTY COLLEGE

STUDENTS FIRST


## BASIC FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS AND SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

**YEARS ENDED JUNE 30, 2025 AND 2024**
(with Independent Auditors' Report Thereon)

# 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, 2025 and 2024
(with Independent Auditors' Report Thereon)

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

**Table of Contents**
**Years Ended June 30, 2025 and 2024**

## Independent Auditors' Report

**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, 2025 and 2024, 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, 2025 and 2024, 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.

**Emphasis of Matter – Change in Accounting Policy**

We draw attention to Note 1 in the notes to financial statements which disclose the effects of the College's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

***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.

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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 pages 71 and 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 March 13, 2026, 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
March 13, 2026

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, 2025 and 2024. 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, 2025 and 2024, with presentation of certain comparative information presented for the year ended June 30, 2023. 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 2025

*Enrollment*

During fiscal year 2025, the total credit hours reported to the state were 160,028. This represents an increase of 6.53% from fiscal year 2024, in which credit hours were 152,095.

The College charged Essex County residents $136.92 and $134.24 per student credit hour in fiscal years 2025 and 2024, respectively.

Non-Essex County residents and foreign students were charged $273.86 and $268.49 per credit hour for fiscal years 2025 and 2024, respectively.

*Student Fees*

The College charged a general student fee of $34.49 and $34.49 per credit hour for fiscal years 2025 and 2024, respectively. In addition, a student activity fee of $7.65 and $7.65 per credit hour was charged for fiscal years 2025 and 2024. The student activity fee solely supports student and administrative activities.

*Student Aid Programs*

The College participates in federal and state funded programs. Approximately 60% and 49% of the unduplicated student enrollment received student aid assistance during fiscal years 2025 and 2024. Federal and state grants expended for student financial aid in 2025 amounted to $21,528,760 and $8,616,310, respectively, as compared to $18,100,208 and $7,747,579 for 2024.

## Financial Highlights – Fiscal Year 2024

*Enrollment*

During fiscal year 2024, the total credit hours reported to the state were 152,095. This represents an increase of 0.01% from fiscal year 2023, in which credit hours were 152,079.

The College charged Essex County residents $134.24 and $131.61 per student credit hour in fiscal years 2024 and 2023, respectively.

Non-Essex County residents and foreign students were charged $268.49 and $263.22 per credit hour for fiscal years 2024 and 2023, respectively.

*Student Fees*

The College charged a general student fee of $34.49 and $33.81 per credit hour for fiscal years 2024 and 2023, respectively. In addition, a student activity fee of $7.65 per credit hour was charged for fiscal years 2024 and 2023. The student activity fee solely supports student and administrative activities.

*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 2024 and 2023. Federal and state grants expended for student financial aid in 2024 amounted to $18,100,208 and $7,747,579, respectively, as compared to $16,871,125 and $7,222,186 for 2023.

## 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 57 of this report.

### Financial Analysis of the College as a Whole

Net position may serve over time as a useful indicator of a College's financial position. At June 30, 2025, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $169,159,075, a $7,841,536 increase from June 30, 2024. At June 30, 2024, the College's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $161,317,539, a $20,292,365 increase from June 30, 2023. Our analysis below focuses on the net position and changes in net position of the College's activities.

Approximately 85.8% for fiscal year 2025 and 88.8% for fiscal year 2024 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 $1,872,014 in net investment in capital assets in 2025 resulted principally from depreciation of $4,728,696, offset by an increase in renovation projects and equipment purchases of $6,186,108. The increase of $5,311,575 in net investment in capital assets in 2024 resulted principally from depreciation of $4,420,225, offset by an increase in renovation projects and equipment purchases of $9,317,933.

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 12.7% and 13.1% of the total net position at June 30, 2025 and 2024, respectively. Restricted net position at June 30, 2025 decreased by $383,416 as a result of further spending on planned capital projects, debt service principal payments partially offset by increased grant and scholarship activity. Restricted net position at June 30, 2024 decreased by $470,409 as a result of further spending on planned capital projects and debt service principal payments.

Unrestricted net position represented 1.5% and (1.9)% of the total net position at June 30, 2025 and 2024, respectively. Unrestricted net position at June 30, 2025 increased by $5,586,106, primarily due to increased operating revenues of $5,825,859, a pension benefit of $4,630,720, and an OPEB benefit of $456,491, partially offset by higher expenses in Instruction, Public Service, Academic Support, Operation of Plant, and Scholarships and Fellowships. Unrestricted net position at June 30, 2024 increased by $15,451,199, primarily due to the receipt of a minor capital/Chapter 12 appropriation of $10,510,087, a pension benefit of $6,296,144, and an OPEB benefit of $5,226,655, partially offset by higher expenses in Public Service, Academic Support, Institutional Support, and Operation of Plant.

Current assets increased by $793,927 at June 30, 2025, primarily due to a $3,016,104 increase in cash and cash equivalents, a $3,796,919 increase in investments, and a $968,993 increase in tuition and fees receivable, partially offset by a $3,529,403 decrease in State and county receivables and a $2,675,287 decrease in other receivables. Current assets decreased by $3,515,260 at June 30, 2024, primarily due to the timing of transactions, despite the College's net position increasing by $20,292,365.

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

Current liabilities decreased primarily due to reductions in accrued payroll and related taxes, unearned revenue related to NJEFA programs, and unearned grant revenue. These decreases reflect the recognition of previously unearned revenues as related expenditures were incurred, as well as timing differences in payroll accruals at year-end. In addition, the current portion of bonds payable declined due to scheduled principal repayments made during the fiscal year. Noncurrent liabilities decreased as both the net other post-employment benefits (OPEB) liability, and the net pension liability declined. Deferred inflows of resources increased primarily due to higher OPEB-related deferrals. Current liabilities decreased by $12,237,261 at June 30, 2024, primarily due to decreases in unearned revenue, accounts payable, and accrued payroll and taxes. Noncurrent liabilities and deferred outflows of resources increased in fiscal year 2024 primarily due to changes in the net pension liability and the related 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, 2025, 2024, and 2023:

| | June 30, | | | Percent Increase (Decrease) | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2025/2024 | 2024/2023 |
| Current and other assets | $ 78,964,942 | $ 78,171,015 | $ 81,686,275 | 1.0% | -4.3% |
| Capital assets, net of depreciation | 145,152,885 | 143,695,473 | 138,797,763 | 1.0% | 3.5% |
| Total Assets | 224,117,827 | 221,866,488 | 220,484,038 | 1.0% | 0.6% |
| Deferred outflows of resources | 6,595,164 | 7,655,560 | 7,583,197 | -13.9% | 1.0% |
| Current liabilities | 10,488,420 | 11,156,314 | 23,393,575 | -6.0% | -52.3% |
| Noncurrent liabilities | 35,445,879 | 42,145,649 | 41,465,520 | -15.9% | 1.6% |
| Total Liabilities | 45,934,299 | 53,301,963 | 64,859,095 | -13.8% | -17.8% |
| Deferred inflows of resources | 15,619,617 | 14,902,546 | 22,182,966 | 4.8% | -32.8% |
| Net position | | | | | |
| Net investment in capital assets | 145,152,885 | 143,280,871 | 137,969,296 | 1.3% | 3.8% |
| Restricted | 21,442,650 | 21,059,234 | 21,529,643 | 1.8% | -2.2% |
| Unrestricted | 2,563,540 | (3,022,566) | (18,473,765) | 184.8% | -83.6% |
| Total Net Position | $ 169,159,075 | $ 161,317,539 | $ 141,025,174 | 4.9% | 14.4% |

## 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, 2025, 2024 and 2023:

| | Year Ended June 30 | | | Percent Increase (Decrease) | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2025/2024 | 2024/2023 |
| Operating Revenues | | | | | |
| Tuition and fees, net | $ 30,594,829 | $ 25,782,644 | $ 25,410,835 | 18.7% | 1.5% |
| Grants and contributions | 16,041,531 | 14,419,697 | 15,185,601 | 11.2% | -5.0% |
| Other operating revenue | 4,870,363 | 5,478,523 | 3,228,079 | -11.1% | 69.7% |
| Total Operating Revenues | 51,506,723 | 45,680,864 | 43,824,515 | 12.8% | 4.2% |
| Operating Expenses | | | | | |
| Total operating expenses before depreciation | 95,422,127 | 87,313,911 | 86,263,314 | 9.3% | 1.2% |
| Depreciation | 4,728,696 | 4,420,225 | 3,193,847 | 7.0% | 38.4% |
| Total Operating Expenses | 100,150,823 | 91,734,136 | 89,457,161 | 9.2% | 2.5% |
| Operating Loss | (48,644,100) | (46,053,272) | (45,632,646) | 5.6% | 0.9% |
| Nonoperating Revenues (Expenses), Net | 56,485,636 | 66,345,637 | 63,807,846 | -14.9% | 4.0% |
| Change in Net Position | 7,841,536 | 20,292,365 | 18,175,200 | -61.4% | 11.6% |
| Total Net Position, Beginning of Year | 161,317,539 | 141,025,174 | 122,849,974 | 14.4% | 14.8% |
| Total Net Position, End of Year | $ 169,159,075 | $ 161,317,539 | $ 141,025,174 | 4.9% | 14.4% |

Tuition and fees revenue, net of waivers and appeals, increased by 18.7% in fiscal year 2025, primarily due to an approximate 5% increase in enrollment. Tuition and fees revenue, net of waivers and appeals, increased by 1.5% in fiscal year 2024, primarily due to increases in tuition and fee rates, as enrollment remained relatively flat compared to the prior year, increasing by only 0.01% from fiscal year 2023.

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

*Revenues*

The College had operating, non-operating and other revenues, in the amounts of $108,003,515, $112,029,798 and $107,660,701 in 2025, 2024 and 2023 respectively. The following percentages represent the sources of operating, non-operating and other revenues that each has contributed over the past three years:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Operating Revenues** | | | |
| Tuition and fees | 59.4 % | 56.5 % | 58.0 % |
| Federal grants | 10.2 | 9.5 | 10.2 |
| State grants | 17.9 | 19.8 | 20.2 |
| County and local grants | 3.0 | 2.3 | 4.2 |
| Charges for services | 2.6 | 2.5 | 3.4 |
| Other revenues | 6.9 | 9.4 | 4.0 |
| Total Operating Revenues | 100.0 % | 100.0 % | 100.0 % |
| **Nonoperating Revenues** | | | |
| State appropriations | 22.3 % | 16.5 % | 16.0 % |
| County appropriations | 30.5 | 38.8 | 37.6 |
| Pell grants | 36.7 | 26.3 | 25.5 |
| Pandemic related financial assistance | - | - | 5.9 |
| Interest and investment income | 1.2 | 1.1 | 1.0 |
| Unrealized (loss) gain on investments | 0.2 | (0.1) | (0.2) |
| Special funding for other postemployment benefits | 0.8 | 7.9 | 0.6 |
| Pension benefit | 8.3 | 9.5 | 13.6 |
| Total Nonoperating Revenues | 100.0 % | 100.0 % | 100.0 % |

The College experienced an increase of $5,825,859 in operating revenues, primarily driven by a $4,812,185 increase in tuition and fees and a $871,461 increase in federal grants. State grants, county and local grants, and charges for services also experienced increases in related revenues.

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

*Expenses*

The College expended its resources, in the amounts of $100,161,979, $91,737,433 and $89,485,501 in 2025, 2024 and 2023 among the following categories:

| | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | |
| Instruction | 23.5 | % | 21.8 | % | 26.0 | % |
| Public Service | 2.4 | | 2.2 | | 2.1 | |
| Academic Support | 2.2 | | 2.1 | | 2.1 | |
| Student Services | 9.9 | | 10.1 | | 11.3 | |
| Institutional Support | 19.2 | | 22.6 | | 19.3 | |
| Operation of Plant | 9.4 | | 9.4 | | 9.5 | |
| Scholarships and Fellowships | 28.7 | | 27.0 | | 26.1 | |
| Depreciation | 4.7 | | 4.8 | | 3.6 | |
| Total Operating Expenses | 100.0 | % | 100.0 | % | 100.0 | % |
| **Nonoperating Expenses** | | | | | | |
| Interest expense | 100.0 | % | 100.0 | % | 100.0 | % |
| Loss on sale of asset | - | | - | | - | |
| Total Nonoperating Expenses | 100.0 | % | 100.0 | % | 100.0 | % |

The table above presents each expense category as a percentage of total expenses. Total expenses increased by $8,424,516 in fiscal year 2025 compared to fiscal year 2024, primarily due to increases of $3,529,734 in Instruction, $3,968,764 in Scholarships and Fellowships, and $758,288 in Operation of Plant. The increase in Scholarships and Fellowships was primarily attributable to increased federal Pell Grant activity and additional State student aid awards associated with higher enrollment.

In fiscal year 2024, total expenses increased compared to fiscal year 2023. Student Services decreased due to lower costs associated with student activities and grants and contracts, while Scholarships and Fellowships increased by $1,394,511 as a result of additional award activity.

*Grants and Contracts*

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

For fiscal years 2025, 2024, and 2023, 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) | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2025/2024 | 2024/2023 |
| Federal | $ 25,985,727 | $ 21,817,383 | $ 24,550,660 | 19.1% | -11.1% |
| State | 9,238,472 | 9,019,231 | 8,834,800 | 2.4% | 2.1% |
| County and local | 1,529,919 | 994,771 | 1,715,226 | 53.8% | -42.0% |
| Total | $ 36,754,118 | $ 31,831,385 | $ 35,100,686 | 15.5% | -9.3% |

Funding for grants and contracts increased by 15.5% in fiscal year 2025, primarily due to an increase in federal student financial assistance as overall enrollment increased. Funding for grants and contracts decreased by 9.3% in fiscal year 2024, primarily due to a reduction in pandemic-related grants, including Higher Education Emergency Relief Funds (HEERF).

*Capital Assets*

Capital asset purchases are funded through a combination of State and County capital appropriations, grants, and the College's available resources. The following presents the capital assets, net of accumulated depreciation as of June 30, 2025, 2024, and 2023, and percentage increase or decrease from the prior year:

| | June 30 | | | % Increase (Decrease) | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2025/2024 | 2024/2023 |
| Land, non depreciable | $ 2,516,647 | $ 2,516,647 | $ 2,516,647 | 0.0% | 0.0% |
| Construction in progress, non depreciable | 2,945,797 | 841,060 | 46,051,584 | 250.2% | -98.2% |
| Land improvements | 1,000,875 | 1,021,366 | 753,476 | -2.0% | 35.6% |
| Buildings and building improvements | 131,315,147 | 132,681,566 | 85,145,765 | -1.0% | 55.8% |
| Equipment | 7,309,892 | 6,555,028 | 4,235,209 | 11.5% | 54.8% |
| Library books | 64,527 | 79,806 | 95,082 | -19.1% | -16.1% |
| Total | $ 145,152,885 | $ 143,695,473 | $ 138,797,763 | 1.0% | 3.5% |

Construction in Progress increased in fiscal year 2025 due to ongoing capital improvement projects, including facility upgrades and infrastructure enhancements that had not yet been placed into service as of year-end. Equipment also increased as a result of investments in instructional technology, classroom and laboratory upgrades, and administrative support equipment to enhance academic programs and operational efficiency.

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 2025, 2024 and 2023:

| | June 30 | | | % Increase (Decrease) | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2025/2024 | 2024/2023 |
| Bonds payable | $ - | 425,000 | $ 859,647 | -100.0% | -50.6% |
| Obligation for post employment benefits other than pensions | 9,889,531 | 13,686,033 | 10,904,111 | -27.7% | 25.5% |
| Net pension liability | 25,556,348 | 28,459,616 | 30,127,089 | -10.2% | -5.5% |
| Total | $ 35,445,879 | $ 42,570,649 | $ 41,890,847 | -16.7% | 1.6% |

The decrease in bonds payable, net is due to the payment of principal on debt and premium amortization during the 2025 fiscal year.

The decrease in the net pension liability and the obligation for post-employment benefits other than pensions (OPEB) is primarily attributable to changes in the actuarial assumptions used in measuring the respective liabilities.

Additional information on the College's long-term liabilities can be found in Notes 8, 10 and 11 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 fiscal year 2025, noncapital State appropriations increased by $81,164, while noncapital County appropriations increased by $500,000. Capital County appropriations decreased by $8,960,087 compared to fiscal year 2024. In addition, credit hours increased by 6.53% in fiscal year 2025 compared to fiscal year 2024. Management continues to monitor enrollment trends, state funding levels, and federal student financial aid programs, as these factors have a significant impact on the College's financial position and operating results.

## 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, 2025 | June 30, 2024 |
|---|---|---|
| **ASSETS** | | |
| Unrestricted cash and cash equivalents | $ 22,673,552 | $ 19,727,546 |
| Cash held by bond trustee - NJEFA | 268,407 | 405,288 |
| Restricted cash and cash equivalents | 6,575,470 | 6,368,491 |
| Investments | 22,595,215 | 18,798,296 |
| Accounts Receivable: | | |
| Tuition and fees, net of allowance of $5,763,381 and $5,136,517 in 2025 and 2024 respectively | 2,103,992 | 1,134,999 |
| Grants | 1,342,658 | 2,110,829 |
| State and county | 21,252,140 | 24,781,543 |
| Other, net of allowance of $787,957 and $805,289 in 2025 and 2024, respectively | 171,372 | 2,846,659 |
| Leases | 1,863,851 | 1,883,475 |
| Inventories | 15,937 | 15,937 |
| Prepaid expenses | 102,348 | 97,952 |
| Total Current Assets | 78,964,942 | 78,171,015 |
| **NONCURRENT ASSETS** | | |
| Capital assets, nondepreciable | 5,462,444 | 3,357,707 |
| Capital assets, net of accumulated depreciation | 139,690,441 | 140,337,766 |
| Total Noncurrent Assets | 145,152,885 | 143,695,473 |
| Total Assets | 224,117,827 | 221,866,488 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension deferrals | 3,113,451 | 3,016,123 |
| Other postemployment benefits deferrals | 3,481,713 | 4,629,039 |
| Deferred loss on refunding | - | 10,398 |
| Total Deferred Outflows of Resources | $ 6,595,164 | $ 7,655,560 |

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, 2025 | June 30, 2024 |
|---|---|---|
| **LIABILITIES AND NET POSITION** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 4,690,040 | $ 4,617,677 |
| Accrued payroll and taxes | 839,347 | 875,054 |
| Unearned revenue - NJEFA | 237,983 | 474,494 |
| Unearned tuition and fee revenue | 839,126 | 345,098 |
| Unearned grant revenue | 1,076,186 | 2,008,636 |
| Other liabilities | 2,603,836 | 2,229,008 |
| Compensated absences payable | 201,902 | 181,347 |
| Bonds payable | - | 425,000 |
| Total Current Liabilities | 10,488,420 | 11,156,314 |
| **NONCURRENT LIABILITIES** | | |
| Net other postemployment benefit liability | 9,889,531 | 13,686,033 |
| Net pension liability | 25,556,348 | 28,459,616 |
| Total Noncurrent Liabilities | 35,445,879 | 42,145,649 |
| Total Liabilities | 45,934,299 | 53,301,963 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension deferrals | 5,805,957 | 7,564,026 |
| Other postemployment benefits deferrals | 7,995,146 | 5,489,487 |
| Lease deferrals | 1,818,514 | 1,849,033 |
| Total Deferred Inflows of Resources | 15,619,617 | 14,902,546 |
| **NET POSITION** | | |
| Net investment in capital assets | 145,152,885 | 143,280,871 |
| Restricted for | | |
| Grants, contracts and other governmental agreements | 15,941,673 | 16,011,660 |
| Scholarships | 5,500,977 | 5,047,574 |
| Unrestricted (deficit) | 2,563,540 | (3,022,566) |
| Total Net Position | $ 169,159,075 | $ 161,317,539 |

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, 2025 | Years Ended June 30, 2024 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Tuition and fees, net of waivers and appeals of $3,606,315 and $3,409,933 in 2025 and 2024, respectively | $ 30,594,829 | $ 25,782,644 |
| Federal grants | 5,235,963 | 4,364,502 |
| State grants | 9,238,472 | 9,019,231 |
| County and local grants | 1,529,919 | 994,771 |
| Private contributions | 37,177 | 41,193 |
| Charges for services | 1,301,426 | 1,163,595 |
| Other revenues | 3,568,937 | 4,314,928 |
| Total Operating Revenues | 51,506,723 | 45,680,864 |
| **OPERATING EXPENSES** | | |
| Instruction | 23,533,045 | 20,003,311 |
| Public service | 2,417,938 | 1,990,650 |
| Academic support | 2,204,099 | 1,950,403 |
| Student services | 9,920,790 | 9,295,732 |
| Institutional support | 19,244,923 | 20,699,535 |
| Plant operations | 9,398,042 | 8,639,754 |
| Scholarships and fellowships | 28,703,290 | 24,734,526 |
| Depreciation | 4,728,696 | 4,420,225 |
| Total Operating Expenses | 100,150,823 | 91,734,136 |
| **OPERATING LOSS** | (48,644,100) | (46,053,272) |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| State appropriations | 12,587,964 | 10,956,800 |
| County appropriations | 17,250,000 | 25,710,087 |
| Pell grants | 20,749,764 | 17,452,881 |
| Interest and investment income | 696,144 | 755,482 |
| Unrealized gain (loss) on investments | 125,709 | (49,115) |
| Pension benefit | 4,630,720 | 6,296,144 |
| OPEB benefit | 456,491 | 5,226,655 |
| Interest expense | (11,156) | (3,297) |
| Total Nonoperating Revenues (Expenses) | 56,485,636 | 66,345,637 |
| **CHANGE IN NET POSITION** | 7,841,536 | 20,292,365 |
| Net Position - Beginning of Year | 161,317,539 | 141,025,174 |
| Net Position - End of Year | $ 169,159,075 | $ 161,317,539 |

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, 2025 | Years Ended June 30, 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Tuition and fees, including chargebacks | $ 30,119,864 | $ 25,511,192 |
| Tuition refunds/scholarships | (28,703,290) | (24,734,526) |
| Grants receivable | 19,170,144 | 5,180,002 |
| Grant payments | (8,004,496) | (10,568,099) |
| Payments to suppliers | (50,535,095) | (44,392,391) |
| Payments to employees | (4,902,182) | (6,228,595) |
| Charges for services | 1,301,426 | 1,163,595 |
| Other operating receipts | 3,568,937 | 4,314,928 |
| Net Cash Used by Operating Activities | (37,984,692) | (49,753,894) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| State appropriations | 11,037,964 | 10,956,800 |
| County appropriations | 15,700,000 | 15,200,000 |
| Pell grants | 20,749,764 | 17,452,881 |
| Net Cash Provided by Noncapital Financing Activities | 47,487,728 | 43,609,681 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Purchase of capital assets | (6,186,108) | (9,317,935) |
| Minor capital/Chapter 12 appropriations - County of Essex | 1,550,000 | 10,510,087 |
| Minor capital appropriations - State of New Jersey | 1,550,000 | - |
| Principal payments, net | (425,000) | (434,647) |
| Interest payments, net | (11,156) | (3,297) |
| Net Cash Provided by (Used by) Capital and Related Financing Activities | (3,522,264) | 754,208 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchases of investments | (3,796,919) | (15,591,442) |
| Interest and investment income | 832,251 | 727,149 |
| Net Cash (Used by) Provided by Investing Activities | (2,964,668) | (14,864,293) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 3,016,104 | (20,254,298) |
| **CASH AND CASH EQUIVALENTS** | | |
| Beginning of Year | 26,501,325 | 46,755,623 |
| End of Year | $ 29,517,429 | $ 26,501,325 |

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, 2025 | Years Ended June 30, 2024 |
|---|---|---|
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES** | | |
| Operating loss | $ (48,644,100) | $ (46,053,272) |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Depreciation | 4,728,696 | 4,420,225 |
| On-behalf payments | 5,087,211 | 11,522,799 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 6,003,868 | (1,116,215) |
| Prepaid expenses | (4,396) | (50,710) |
| Unearned revenue - NJEFA | (236,511) | (53,250) |
| Unearned tuition and fee revenue | 494,028 | 116,236 |
| Accounts payable/accrued expenses | 432,039 | (2,547,871) |
| Other postemployment benefits | (3,796,502) | 2,781,922 |
| Pension deferrals | (1,855,397) | (4,628,671) |
| OPEB deferrals | 3,652,985 | (2,714,373) |
| Lease receivable | 19,624 | 19,329 |
| Lease deferrals | (30,519) | (30,521) |
| Net pension liability | (2,903,268) | (1,667,473) |
| Unearned grant revenue | (932,450) | (9,752,049) |
| Net Cash Used by Operating Activities | $ (37,984,692) | $ (49,753,894) |
| **SIGNIFICANT NONCASH TRANSACTIONS** | | |
| Special funding for other postemployment benefits | $ 456,491 | $ 5,226,655 |

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 Governmental 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) and (liabilities + 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 acquisition. 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: | |
| Cafeteria | 10 Years |
| Office | 7 Years |
| Audio and visual | 6 Years |
| Vehicles | 7 Years |
| Computer technology: | |
| Student labs | 4 Years |
| Administrative | 3 to 5 Years |
| Furniture | 20 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 was extended annually until its expiration on March 31, 2024. On May 20, 2024, the College entered into an agreement with Red Shelf for a three-year term for the operation of purchasing online textbooks on the Newark and West Caldwell campuses.

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

### Prepaid Expenses

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

### Unearned Revenue

Unearned revenue consists primarily of amounts received from the NJEFA funds, which have not yet been earned under the terms of the agreement. Unearned revenue also consists of student tuition and fee revenues received that are related to the period after June 30, 2025 that have been deferred to fiscal year 2026.

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, 2025 and 2024, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense.

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

### 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.

### 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 qualify 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.

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

*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. |

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.

### Compensated Absences

The liability for compensated absences represents vacation and sick time (“leave”/ “leave days”) and related salary payments which have been earned for services previously rendered by employees in accordance with the College’s various collective bargaining agreements. These benefits accumulate, may be carried over to subsequent years, and are deemed more likely than not (by management) to be used for time off or otherwise paid or settled in the future. The liability is calculated based on each employee’s rate of pay and the number of unused leave days accumulated as of year-end, management’s assumption that the likelihood of future use (either by use during employment or settlement upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The College utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences.

As of June 30, 2025, a liability existed for compensated absences in the amount of $201,902.

The College implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, during fiscal year 2025. Management evaluated the impact of the standard on the prior year financial statements and determined that the effect was not material. Accordingly, the prior year compensated absences liability was not restated.

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

### Recently Issued Accounting Pronouncements

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other tangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

### Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2025 through March 13, 2026, 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 2025 and 2024, based on 24 semester credit hours, payable by a full-time, in-county student is $3,286 and $3,222, respectively; an out-of-county and out-of-state student is required to pay $6,573 and $6,444, respectively.

The Board of School Estimate (consisting of the County Executive, two members of the County Board of Commissioners 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 Commissioners. 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 2025, 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 $4,590,471 and $2,275,251, respectively, and other New Jersey student assistance grants of $1,750,588, for a grand total of $8,616,130. The College also expended student assistance from the U.S. Department of Education for Pell grants of $20,749,764, Supplemental Educational Opportunity (SEOG) grants of $359,569, and Federal Work Study of $419,427 for a grand total of $21,528,760.

During fiscal year 2024, 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 $3,926,172 and $1,938,450, respectively, and other New Jersey student assistance grants of $1,882,957, for a grand total of $7,747,579. The College also expended student assistance from the U.S. Department of Education for Pell grants of $17,452,881, Supplemental Educational Opportunity (SEOG) grants of $276,754, and Federal Work Study of $370,573 for a grand total of $18,100,208.

## 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, 2025 and 2024, $6,575,470 and $6,368,491, respectively, represented cash and equivalents that are restricted for these purposes. In addition, the College had $268,407 and $405,288 in cash held by bond trustee – NJEFA at June 30, 2025 and 2024, respectively.

### *Deposits*

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

The market value of the collateral must equal 5% of the average daily balance of public 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.

## 4. Cash and Equivalents and Investments *(continued)*

At June 30, 2025, the College's carrying value of its deposits and cash on hand was $18,529,921 and the bank balance was $19,903,936. Of the bank balance, $793,659 was covered by federal depository insurance and $19,110,277 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the Governmental Unit Deposit Protection Act (GUDPA).

At June 30, 2024, the College's carrying value of its deposits and cash on hand was $16,021,626 and the bank balance was $17,617,247. Of the bank balance, $793,576 was covered by federal depository insurance, $16,823,671 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.

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.

## 4. Cash and Equivalents and Investments *(continued)*

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, 2025 and 2024 was $10,973,732 and $10,479,700, 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.

*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:

| | 2025 | 2024 |
|---|---|---|
| Corporate stock (U.S. equities) (Level 1 inputs) | $ 618,757 | $ 563,614 |
| Mutual Funds (Level 1 inputs) | 21,976,459 | 18,234,682 |
| Total investments | $22,595,216 | $18,798,296 |

## 4. Cash and Equivalents and Investments *(continued)*

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, 2025:

| | Balance June 30, 2024 | Additions | Transfers | Balance June 30, 2025 |
|---|---|---|---|---|
| **Capital Assets, Not Being Depreciated** | | | | |
| Land | $ 2,516,647 | $ - | $ - | $ 2,516,647 |
| Construction in Progress | 841,060 | 2,910,615 | (805,878) | 2,945,797 |
| Total Capital Assets, Not Being Depreciated | 3,357,707 | 2,910,615 | (805,878) | 5,462,444 |
| **Capital Assets, Being Depreciated** | | | | |
| Land improvements | 2,669,511 | 30,700 | 66,900 | 2,767,111 |
| Buildings and building improvements | 183,122,391 | 918,396 | 738,978 | 184,779,765 |
| Equipment and furniture | 53,823,123 | 2,326,397 | - | 56,149,520 |
| Library books | 7,175,157 | - | - | 7,175,157 |
| Total Capital Assets, Being Depreciated | 246,790,182 | 3,275,493 | 805,878 | 250,871,553 |
| **Less Accumulated Depreciation** | | | | |
| Land improvements | 1,648,145 | 118,091 | - | 1,766,236 |
| Buildings and building improvements | 50,440,825 | 3,023,793 | - | 53,464,618 |
| Equipment and furniture | 47,268,095 | 1,571,533 | - | 48,839,628 |
| Library books | 7,095,351 | 15,279 | - | 7,110,630 |
| Total Accumulated Depreciation | 106,452,416 | 4,728,696 | - | 111,181,112 |
| Net Capital Assets | $ 143,695,473 | $ 1,457,412 | $ - | $ 145,152,885 |

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

Notes To Basic Financial Statements
Years Ended June 30, 2025 and 2024

## 5. Capital Assets

The following is a summarization of changes in capital assets for the year ended June 30, 2024:

| | Balance June 30, 2023 | Additions | Transfers | Balance June 30, 2024 |
|---|---|---|---|---|
| **Capital Assets, Not Being Depreciated** | | | | |
| Land | $ 2,516,647 | $ - | $ - | $ 2,516,647 |
| Construction in Progress | 46,051,584 | 742,603 | (45,953,127) | 841,060 |
| Total Capital Assets, Not Being Depreciated | 48,568,231 | 742,603 | (45,953,127) | 3,357,707 |
| **Capital Assets, Being Depreciated** | | | | |
| Land improvements | 2,289,152 | 88,506 | 291,853 | 2,669,511 |
| Buildings and building improvements | 132,599,552 | 4,861,565 | 45,661,274 | 183,122,391 |
| Equipment and furniture | 50,197,864 | 3,625,259 | - | 53,823,123 |
| Library books | 7,175,157 | - | - | 7,175,157 |
| Total Capital Assets, Being Depreciated | 192,261,725 | 8,575,330 | 45,953,127 | 246,790,182 |
| **Less Accumulated Depreciation** | | | | |
| Land improvements | 1,535,676 | 112,469 | - | 1,648,145 |
| Buildings and building improvements | 47,453,787 | 2,987,038 | - | 50,440,825 |
| Equipment and furniture | 45,962,655 | 1,305,440 | - | 47,268,095 |
| Library books | 7,080,073 | 15,278 | - | 7,095,351 |
| Total Accumulated Depreciation | 102,032,191 | 4,420,225 | - | 106,452,416 |
| Net Capital Assets | $ 138,797,765 | $ 4,897,708 | $ - | $ 143,695,473 |

Depreciation expense for the years ended June 30, 2024 and 2023 was $4,728,695 and $4,420,225, respectively.

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

The College was awarded $3,100,000 and $3,900,000 in capital funding by the County of Essex for fiscal years 2025 and 2024, 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 $ 4,954,239 for award years 2011 through 2024 during fiscal year 2025. The following balances remain available from the County of Essex for minor capital/Chapter 12 awards not including the state portion of Chapter 12 funds:

| Fiscal Year Ended June 30, | Amount |
|---|---|
| 2025 | $ 1,550,000 |
| 2024 | 1,950,000 |
| 2023 | 1,517,355 |
| 2022 | 5,009,422 |
| 2021 | 1,270,456 |
| 2019 | 1,474,133 |
| 2016 | 256,132 |
| 2011 | 400,501 |
| | $ 13,427,999 |

In addition to the County funds, there is a balance of $7,401,801 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 $1,863,851 and $1,818,514, respectively, at June 30, 2025. The College reported leases receivable and related deferred inflows of resources of $1,883,475 and $1,849,033, respectively, at June 30, 2024. In 2025, the College reported lease revenue of $19,624 and interest revenue of $25,713. In 2024, the College reported lease revenue of $19,329 and interest revenue of $15,113.

| | 2025 | | | |
|---|---|---|---|---|
| Description | Lease Receivable | Deferred Inflows of Resources | Lease Revenue | Lease Interest Revenue |
| University Avenue Parking Garage | $ 1,863,851 | $ 1,818,514 | $ 19,624 | $ 25,713 |

| | 2024 | | | |
|---|---|---|---|---|
| Description | Lease Receivable | Deferred Inflows of Resources | Lease Revenue | Lease Interest Revenue |
| University Avenue Parking Garage | $ 1,883,475 | $ 1,849,033 | $ 19,329 | $ 15,113 |

## 7. Lease Receivable *(continued)*

| **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 annual payments through February of 2084. |

The following is a schedule of future minimum receipts on the College's lease receivable as of June 30, 2025:

| Years ending June 30: | | |
|---|---|---|
| 2026 | $ | 19,923 |
| 2027 | | 20,227 |
| 2028 | | 20,535 |
| 2029 | | 20,848 |
| 2030 | | 21,166 |
| 2031 - 2035 | | 110,768 |
| 2036 - 2040 | | 119,471 |
| 2041 - 2045 | | 128,859 |
| 2046 - 2050 | | 138,984 |
| 2051 - 2055 | | 149,905 |
| 2056 - 2060 | | 161,684 |
| 2061 - 2065 | | 174,389 |
| 2066 - 2070 | | 188,092 |
| 2071 - 2075 | | 202,872 |
| 2076 - 2080 | | 218,813 |
| 2081 - 2084 | | 167,315 |
| | $ | 1,863,851 |

## 8. Long-Term Liabilities

*2006 Series Bonds*

In September 2006, the Essex County Improvement Authority (ECIA), on behalf of the College, issued $4,690,000 of Guaranteed Revenue Refunding Bonds, Series 2006, to redeem $4,760,000 of the $5,485,000 Series 1996 bonds. Net proceeds from the sale of the bonds totaling $4,980,964 were deposited into an escrow account. Principal and interest on the defeased securities were paid through the bond escrow fund. The bonds were secured by certain revenues of the College as defined in the original loan agreement and were 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 Commissioners.

At June 30, 2024, the bonds payable principal balance for the Refunding Bonds, Series 2006, was $425,000. During the fiscal year ended June 30, 2025, the College made the final principal payment of $425,000, and the bonds were fully satisfied on December 1, 2024. Accordingly, no balance remained outstanding at June 30, 2025. The bonds bore interest at an annual rate of 5.25% over the 30-year term of the loan agreement.

***Changes in Long-Term Liabilities***

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

| | Balance June 30, 2024 | Decreases | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|
| Bonds Payable | | | | |
| Series 2006 | $ 425,000 | $ 425,000 | $ - | $ - |
| Total Bonds Payable | $ 425,000 | $ 425,000 | $ - | $ - |

## 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 $64,230 as of June 30, 2025. 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 $2,756,411 as of June 30, 2025 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, 2025, 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, 2025, amounted to $736,150 as compared to $739,151 for fiscal year 2024. From this amount, the Division reimbursed the College for contributions made for adjunct faculty for fiscal years 2025, 2024 and 2023 in the amounts of $177,455, $159,670, and $194,186, 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 $142,559, $119,477, and $120,575 for the years ended June 30, 2025, 2024 and 2023 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, 2025, 2024 and 2023, amounted to $26,133, $25,436, and $26,340.

### *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:

| | 2024 | 2023 |
|---|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 193,915 | 191,041 |
| Inactive plan members entitled to but not yet receiving benefits | 573 | 580 |
| Active plan members | 244,397 | 241,229 |
| Total | 438,885 | 432,850 |

*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 7.50% of their annual covered salary. 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, 2025, 2024, and 2023 were $2,429,576, $2,493,887, and $2,550,195, 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, 2025 and 2024, the College reported a liability of $24,903,496 and $27,637,258, 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, 2025, the College's proportion was 0.1832750409%, which was a decrease of 0.0075323656% from its proportion measured as of June 30, 2024.

For the years ended June 30, 2025 and 2024, the College recognized full accrual pension benefit of $4,478,086 and $6,296,144, respectively, in the financial statements. At June 30, 2025 and 2024, 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, 2025 | | |
| Changes of assumptions | $ 30,938 | $ 283,345 |
| Difference between expected and actual experience | 498,863 | 66,300 |
| Changes in proportionate share | - | 3,696,630 |
| Net difference between projected and actual investment earnings on pension plan investments | - | 1,154,707 |
| College contributions subsequent to the measurement date | 2,429,576 | - |
| Total | $ 2,959,377 | $ 5,200,982 |

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| June 30, 2024 | | |
| Changes of assumptions | $ 60,713 | $ 1,674,936 |
| Difference between expected and actual experience | 264,248 | 112,972 |
| Changes in proportionate share | - | 5,079,831 |
| Net difference between projected and actual investment earnings on pension plan investments | 127,273 | - |
| College contributions subsequent to the measurement date | 2,409,815 | - |
| Total | $ 2,862,049 | $ 6,867,739 |

## 10. Pension *(continued)*

### *Public Employees' Retirement System (PERS) (continued)*

A balance of $2,429,576 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 |
|---|---|
| 2026 | $ (5,034,990) |
| 2027 | 266,137 |
| 2028 | 48,381 |
| 2029 | 17,741 |
| 2030 | 31,550 |
| | $ (4,671,181) |

*Actuarial Assumptions* – The College's net pension liability as of June 30, 2024 measurement date (based on July 1, 2023 actuarial valuation) and June 30, 2023 measurement date (based on July 1, 2022 actuarial valuation) were determined using the following assumptions:

| | 2024 |
|---|---|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | 2.75 - 6.55% based on years of service |
| Investment rate of return | 7.00% |

| | 2023 |
|---|---|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | 2.75 - 6.55% based on years of service |
| Investment rate of return | 7.00% |

## 10. Pension *(continued)*

### *Public Employees' Retirement System (PERS) (continued)*

*Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. 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, 2024 and June 30, 2023 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.

## 10. Pension *(continued)*

### *Public Employees' Retirement System (PERS) (continued)*

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, 2024 and 2023 measurement date are summarized in the following table:

| | June 30, 2024 | | June 30, 2023 | |
|---|---|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| U.S. Equity | 28.00% | 8.63% | 28.00% | 8.98% |
| Non-U.S. Developed Markets Equity | 12.75% | 8.85% | 12.75% | 9.22% |
| International Small Cap Equity | 1.25% | 8.85% | 1.25% | 9.22% |
| Emerging Markets Equity | 5.50% | 10.66% | 5.50% | 11.13% |
| Private Equity | 13.00% | 12.40% | 13.00% | 12.50% |
| Real Estate | 8.00% | 10.95% | 8.00% | 8.58% |
| Real assets | 3.00% | 8.20% | 3.00% | 8.40% |
| High Yield | 4.50% | 6.74% | 4.50% | 6.97% |
| Private Credit | 8.00% | 8.90% | 8.00% | 9.20% |
| Investment Grade Credit | 7.00% | 5.37% | 7.00% | 5.19% |
| Cash Equivalents | 2.00% | 3.57% | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.57% | 4.00% | 3.31% |
| Risk Mitigation Strategies | 3.00% | 7.10% | 3.00% | 6.21% |
| | 100.00% | | 100.00% | |

*Discount Rate*

The discount rate used to measure the total pension liabilities was 7.00% for PERS as of the June 30, 2024 and 2023 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.

## 10. Pension *(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 collective net pension liability of the plans as of June 30, 2024 and 2023 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):

| | 2024 | | |
|---|---|---|---|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| College's proportionate share of the net pension liability | $ 33,090,623 | $ 24,903,496 | $ 17,936,296 |

| | 2023 | | |
|---|---|---|---|
| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
| College's proportionate share of the net pension liability | $ 35,977,830 | $ 27,637,258 | $ 20,538,329 |

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

Collective balances of the Local Group at June 30, 2024 are as follows:

| | |
|---|---|
| Deferred outflows of resources | $ 1,079,580,780 |
| Deferred inflows of resources | 1,611,322,898 |
| Net pension liability | 13,702,423,985 |
| College's Proportion | 0.183275409% |

## 10. Pension *(continued)*

Collective pension benefit for the Local Group for the measurement period ended June 30, 2024 is $372,160,096.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020, and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21 years, respectively.

*Special Funding Situation*

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of $114.4 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there was no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of $53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The College's expense related to the special funding situation is $80,289.

***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:

## 10. Pension *(continued)*

*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, 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 50,109 | 48,753 |
| Inactive plan members entitled to but not yet receiving benefits | 66 | 60 |
| Active plan members | 41,451 | 41,816 |
| Total | 91,626 | 90,629 |

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.

*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, 2025, 2024, and 2023, amounted to $47,584, $87,449, and $99,081, respectively.

## 10. Pension *(continued)*

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

*Specific Contribution Requirements and Benefit Provisions (continued)*

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.

At June 30, 2025 and 2024, the College reported a liability of $652,852 and $822,358, 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, 2024, the College's proportion was 0.0063220400%, which was a decrease of 0.0011209400% from its proportion measured as of June 30, 2023.

## 10. Pension *(continued)*

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

For the years ended June 30, 2025 and 2024, the College recognized full accrual pension benefit of $152,634 and $171,433, respectively, in the financial statements. At June 30, 2025 and 2024, 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, 2025 | | |
| Changes of assumptions | $ 1,032 | $ 19,173 |
| Difference between expected and actual experience | 41,129 | 22,350 |
| Changes in proportionate share | 64,329 | 558,342 |
| Net difference between projected and actual investment earnings on pension plan investments | - | 5,110 |
| College contributions subsequent to the measurement date | 47,584 | - |
| Total | $ 154,074 | $ 604,975 |

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| June 30, 2024 | | |
| Changes of assumptions | $ 1,775 | $ 55,529 |
| Difference between expected and actual experience | 35,212 | 39,219 |
| Changes in proportionate share | 135,806 | 601,539 |
| Net difference between projected and actual investment earnings on pension plan investments | 41,881 | - |
| College contributions subsequent to the measurement date | 99,081 | - |
| Total | $ 313,755 | $ 696,287 |

## 10. Pension *(continued)*

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

$47,584 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 |
|---|---|
| 2026 | $ (164,308) |
| 2027 | (70,409) |
| 2028 | (153,707) |
| 2029 | (82,614) |
| 2030 | (25,628) |
| Thereafter | (1,819) |
| | $ (498,485) |

*Actuarial Assumptions* – The College's net pension liability as of June 30, 2024 measurement date (based on July 1, 2023 actuarial valuation) and June 30, 2023 measurement date (based on July 1, 2022 actuarial valuation) were determined using the following assumptions:

| | June 30, 2024 |
|---|---|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | |
| Through | All future years |
| | 3.25 - 16.25% |
| | based on years of service |
| Investment rate of return | 7.00% |

| | June 30, 2023 |
|---|---|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | |
| Through | All future years |
| | 3.25 - 16.25% |
| | based on years of service |
| Investment rate of return | 7.00% |

## 10. Pension (continued)

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

*Mortality Rates*

For the June 30, 2024 measurement date, employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 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, 2024 and June 30, 2023 measurement dates) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees and 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.

## 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, 2024 and 2023 measurement date are summarized in the following table:

| | June 30, 2024 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| U.S. Large Cap Equity | 24.00% | 6.90% |
| U.S. Small/Mid Cap Equity | 4.00% | 7.40% |
| Non-U.S. Developed Large Cap Equity | 9.50% | 6.70% |
| Non-U.S. Developed Small Cap Equity | 2.00% | 7.50% |
| Emerging Markets Large Cap Equity | 6.00% | 9.60% |
| Emerging Markets Small Cap Equity | 1.50% | 9.60% |
| U.S. Treasury Bond | 7.00% | 4.10% |
| U.S. Corporate Bond | 5.00% | 5.90% |
| U.S. Mortgage-Backed Securities | 5.00% | 4.40% |
| Global Multisector Fixed Income | 6.00% | 6.50% |
| Cash | 2.00% | 3.40% |
| Real Estate Core | 3.00% | 5.10% |
| Real Estate Non-core | 4.00% | 6.50% |
| Infrastructure | 3.00% | 7.00% |
| Private Debt/Credit | 8.00% | 9.10% |
| Private Equity | 10.00% | 10.10% |
| Total | 100.00% | |

## 10. Pension (continued)

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

| | June 30, 2023 | |
|---|---|---|
| | Target Allocation | Long-Term Expected Real Rate of Return |
| U.S. Equity | 28.00% | 8.98% |
| Non-U.S. Developed Markets Equity | 12.75% | 9.22% |
| International Small Cap Equity | 1.25% | 9.22% |
| Emerging Markets Equity | 5.50% | 11.13% |
| Private Equity | 13.00% | 12.50% |
| Real Estate | 8.00% | 8.58% |
| Real Assets | 3.00% | 8.40% |
| High Yield | 4.50% | 6.97% |
| Private Credit | 8.00% | 9.20% |
| Investment Grade Credit | 7.00% | 5.19% |
| Cash Equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Risk Mitigation Strategies | 3.00% | 6.21% |
| | 100.00% | |

*Discount Rate*

The discount rate used to measure the total pension liabilities was 7.00% for PFRS as of the June 30, 2024 and 2023 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, 2024 and 2023, 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 2024 and 2023) or one percentage point higher (8.00% in 2024 and 2023) than the current rate.

| | 2024 | | |
|---|---|---|---|
| | 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 | $ 932,780 | $ 652,852 | $ 419,733 |

| | 2023 | | |
|---|---|---|---|
| | 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 | $ 1,145,812 | $ 822,358 | $ 552,998 |

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 amounts 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, 2024 and 2023 measurement dates are 0.00632210% and 0.00744294% respectively, and the nonemployer contributing entities' contribution for the years ended June 30, 2024 and 2023 was $14,807 and $17,329, respectively. The State's proportionate share of the net pension liability attributable to the College for the years ended June 30, 2024 and 2023 was $128,708 and $151,529, respectively.

The following table summarizes the total pension liability, deferred outflows and deferred inflows of resources by retirement system presented in the financial statements at June 30, 2025:

| | Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| PERS | $ 24,903,496 | $ 2,959,377 | $ 5,200,982 |
| PFRS | 652,852 | 154,074 | 604,975 |
| | $ 25,556,348 | $ 3,113,451 | $ 5,805,957 |

## 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, 2025 and 2024, 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, 2025 and 2024, 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:

| | 2025 | 2024 |
|---|---|---|
| State's Proportionate Share of the OPEB Liability | $101,903,834 | $ 93,894,698 |
| College's Proportionate Share of the OPEB Liability | - | - |
| Total | $101,903,834 | $ 93,894,698 |

The total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

For the years ended June 30, 2025 and 2024, the College recognized OPEB (benefit) expenses of $(312,974) and $(642,944), respectively and revenues of $(312,974) and $(642,944), 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, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to the measurement date of June 30, 2024. The State's liability associated with the College at June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to the measurement date of June 30, 2023.

| | 2024 |
|---|---|
| Discount Rate | 3.93% |
| Salary Increases: | |
| TPAF/ABP | 2.75 to 5.65% 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 |

| | 2023 |
|---|---|
| Discount Rate | 3.65% |
| 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 |

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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The June 30, 2024 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, 2023 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, 2023 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, 2022 valuation were based on the results of the TPAF, PERS, and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

**Health Care Trend Assumptions:** For the June 30, 2024 pre-Medicare medical benefits valuation, the trend rate is initially 7.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

For the June 30, 2023 pre-Medicare medical benefits valuation, the trend rate is initially 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

## 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 18 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 funded through a 0.2% base salary reduction from members of the Faculty and Administrative collective bargaining groups. These salary reductions are deposited into a restricted fund and used to pay the monthly invoices received from the State of New Jersey for health benefits provided to surviving spouses of former retirees. The annual cost of the State invoices amounted to $130,976 and $152,202 for fiscal years 2025 and 2024, respectively.

In addition, the College pays 100% of the cost of the surviving spouses’ Medicare Part B premiums. The cost of these premiums was $0 for fiscal years 2025 and 2024.

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

### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2025 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 2.60%.
- 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/Retirees Headcount-Weighted Mortality Table projected fully generationally using the MP-2021 mortality improvement scale.
- Health Care Cost Trends: Actual trend from 2024 to 2025, followed by 6.50% from 2025 to 2026, decreasing to an ultimate rate of 4.04% by 2075

The total OPEB liability in the June 30, 2024 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 2024, followed by 6.50% from 2024 to 2025, decreasing to an ultimate rate of 4.14% by 2075

The assumptions include a discount rate of 4.81% and 4.21% for fiscal years 2025 and 2024, respectively. 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.

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

### *Actuarial Assumptions and Other Inputs (continued)*

The following presents the College's net OPEB liability at June 30, 2025, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.81% decreasing to 3.81%) or one percentage point higher (4.81% increasing to 5.81%) than the current healthcare cost trend rates (4.81%).

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 |
|---|---|---|---|
| 2025 | $ 8,451,272 | $ 9,889,531 | $ 11,702,354 |

The following presents the College's net OPEB liability at June 30, 2024, as well as what the liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.21% decreasing to 3.21%) or one percentage point higher (4.21% increasing to 5.21%) than the current healthcare cost trend rates (4.21%).

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 |
|---|---|---|---|
| 2024 | $ 11,564,842 | $ 13,686,033 | $ 16,392,015 |

At June 30, 2025, 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 | | $ 1,131 |
| Difference between Expected and Actual Experience | $ 2,116,216 | 4,268,983 |
| Changes in Assumptions | 1,365,497 | 3,725,032 |
| Total | $ 3,481,713 | $ 7,995,146 |

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

***Actuarial Assumptions and Other Inputs (continued)***

At June 30, 2024, 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 | $ 2,274 | |
| Difference between Expected and Actual Experience | 2,493,078 | $ 1,951,916 |
| Changes in Assumptions | 2,133,687 | 3,537,571 |
| Total | $ 4,629,039 | $ 5,489,487 |

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 |
|---|---|
| 2026 | $ (23,623) |
| 2027 | (586,549) |
| 2028 | (1,041,977) |
| 2029 | (936,108) |
| 2030 | (521,718) |
| Thereafter | (1,403,458) |
| Total | $(4,513,433) |

## 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, 2025 amounted to $198,751 as compared to $1,063,655 for fiscal year 2024.

For fiscal years 2025 and 2024, 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 2025. At June 30, 2025 and 2024, net position in the College's unemployment fund was $1,049,089 and $1,007,019, respectively.

## 13. Restricted and Unrestricted Net Position

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

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Grants, contracts, governmental agreements and other | $ 15,941,673 | $ 16,011,660 |
| Scholarships | 5,500,977 | 5,047,574 |
| Total | $ 21,442,650 | $ 21,059,234 |

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

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Designated | | |
| Retirement of bond indebtedness | $ 2,756,411 | $ 2,588,661 |
| Undesignated | | |
| Cumulative impact of GASB 68 on net position | (27,967,455) | (32,598,175) |
| Cumulative impact of GASB 75 on net position | (9,751,704) | (9,895,221) |
| Undesignated other | 37,526,288 | 36,882,169 |
| Total Unrestricted | $ 2,563,540 | $ (3,022,566) |

* * * * *

**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, 2025

| | 2025 | 2024 | 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% | 0.00% | 0.00% |
| College's Proportionate Share of the OPEB Liability | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| State's Proportionate Share of the OPEB Liability of the College | 101,903,834 | 93,894,698 | 96,192,464 | 112,322,193 | 133,868,594 | 85,724,908 | 90,905,061 | 118,799,279 |
| Total | $ 101,903,834 | $ 93,894,698 | $ 96,192,464 | $ 112,322,193 | $ 133,868,594 | $ 85,724,908 | $ 90,905,061 | $ 118,799,279 |
| College's Covered Employee Payroll | $ 17,320,235 | $ 23,226,202 | $ 22,408,320 | $ 25,529,244 | $ 24,333,609 | $ 27,983,567 | $ 28,767,442 | $ 28,815,026 |
| College's Proportionate Share of the OPEB Liability as a percentage of its Covered Employee Payroll | 17.00% | 24.74% | 23.30% | 22.73% | 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% | 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, 2025

| | Measurement Year Ending June 30, 2025 | Measurement Year Ending June 30, 2024 | 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 | $ 249,000 | $ 203,506 | $ 250,290 | $ 391,348 | $ 458,225 | $ 362,149 | $ 241,162 | $ 243,542 | $ 320,503 |
| Interest | 592,197 | 464,164 | 447,128 | 334,292 | 346,856 | 520,107 | 592,521 | 581,518 | 529,446 |
| Benefit payments | (138,264) | (117,809) | (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 | (3,454,759) | 2,435,059 | (760,328) | 579,841 | (809,566) | (81,313) | (2,453,260) | - | |
| Assumption changes | (1,035,256) | (192,704) | (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 | (3,787,082) | 2,792,216 | (1,346,218) | (4,042,937) | 1,188,019 | 789,102 | (612,124) | (1,190,438) | (2,327,379) |
| Total OPEB Liability - Beginning | 13,885,855 | 11,093,639 | 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) | $ 10,098,773 | $ 13,885,855 | $ 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 | $ 138,264 | $ 117,809 | $ 119,845 | $ 110,972 | $ 116,938 | $ 100,800 | $ 97,629 | $ 129,423 | $ 117,112 |
| Other additions | - | - | - | 17,920 | - | - | - | - | - |
| Net investment income | 9,420 | 10,294 | 6,681 | 377 | 111 | 2,748 | 3,951 | 2,283 | 955 |
| Administrative expenses | - | - | - | - | - | (8,960) | (8,960) | - | - |
| Benefit payments | (138,264) | (117,809) | (119,845) | (110,972) | (116,938) | (100,800) | (97,629) | (129,423) | (117,112) |
| Net Change in Plan Fiduciary Net Position | 9,420 | 10,294 | 6,681 | 18,297 | 111 | (6,212) | (5,009) | 2,283 | 955 |
| Plan Fiduciary Net Position - Beginning | 199,822 | 189,528 | 182,847 | 164,550 | 164,439 | 170,651 | 175,660 | 173,377 | 172,422 |
| Plan Fiduciary Net Position - Ending (b) | $ 209,242 | $ 199,822 | $ 189,528 | $ 182,847 | $ 164,550 | $ 164,439 | $ 170,651 | $ 175,660 | $ 173,377 |
| Net OPEB Liability (a-b) | $ 9,889,531 | $ 13,686,033 | $ 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 | 2.07% | 1.44% | 1.71% | 1.47% | 1.00% | 1.08% | 1.18% | 1.16% | 1.06% |
| Covered Payroll | $ 17,320,235 | $ 21,076,486 | $ 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 | 58.31% | 65.88% | 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, 2025

| 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% |
| 2024 | 117,809 | 117,809 | - | 21,076,486 | 0.56% |
| 2025 | $ 138,264 | 138,264 | - | 17,320,235 | 0.80% |

* 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 |
|---|---|---|---|---|---|
| 2025 | 0.1832750409% | $ 24,903,496 | $ 15,222,728 | 163.59% | 68.22% |
| 2024 | 0.1908074065% | 27,637,258 | 14,498,780 | 190.62% | 65.23% |
| 2023 | 0.1926170104% | 29,068,558 | 14,734,859 | 197.28% | 62.91% |
| 2022 | 0.2221634322% | 26,318,589 | 14,734,859 | 178.61% | 70.33% |
| 2021 | 0.2260286108% | 36,859,355 | 16,374,010 | 225.11% | 58.32% |
| 2020 | 0.2453273017% | 44,204,458 | 16,080,307 | 269.97% | 56.27% |
| 2019 | 0.2585783610% | 50,912,884 | 17,753,061 | 316.62% | 53.60% |
| 2018 | 0.2799350208% | 65,164,398 | 18,716,496 | 367.06% | 48.10% |
| 2017 | 0.3009215420% | 89,124,330 | 20,429,420 | 476.18% | 40.14% |
| 2016 | 0.2959678807% | 66,438,858 | 20,429,420 | 320.48% | 47.93% |

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, 2025 | Year Ended June 30, 2024 | 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 2,429,576 | $ 2,493,887 | $ 2,550,195 | $ 2,428,993 | $ 2,601,792 | $ 2,472,642 | $ 2,391,562 | $ 2,578,787 | $ 2,619,812 | $ 2,673,344 |
| Contributions in relation to the contractually required contribution | (2,429,576) | (2,493,887) | (2,550,195) | (2,428,993) | (2,601,792) | (2,472,642) | (2,391,562) | (2,578,787) | (2,619,812) | (2,673,344) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| College's covered-employee payroll | $ 15,222,728 | $ 14,498,780 | $ 14,498,780 | $ 14,734,859 | $ 14,734,859 | $ 16,374,010 | $ 16,080,307 | $ 17,753,061 | $ 18,716,496 | $ 20,429,420 |
| Contributions as a percentage of covered-employee payroll | 15.96% | 17.20% | 17.59% | 16.48% | 17.66% | 15.10% | 14.87% | 14.53% | 14.00% | 13.09% |

**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 |
|---|---|---|---|---|---|
| 2025 | 0.0063220400% | $ 652,852 | 70,164 | 930.47% | 72.66% |
| 2024 | 0.0074429800% | 822,358 | 179,357 | 458.50% | 70.16% |
| 2023 | 0.0092477600% | 1,058,531 | 198,179 | 534.13% | 68.33% |
| 2022 | 0.0134510339% | 983,157 | 198,179 | 496.10% | 77.26% |
| 2021 | 0.0137407810% | 1,775,490 | 391,441 | 453.58% | 63.52% |
| 2020 | 0.0110907657% | 1,357,268 | 354,426 | 382.95% | 65.00% |
| 2019 | 0.0117365093% | 1,588,549 | 296,633 | 535.53% | 62.48% |
| 2018 | 0.0136608450% | 2,108,970 | 270,194 | 780.54% | 58.60% |
| 2017 | 0.0138670883% | 2,648,969 | 321,980 | 822.71% | 52.01% |
| 2016 | 0.0099512722% | 1,657,535 | 305,353 | 542.83% | 56.31% |

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's 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) |
|---|---|---|---|---|---|
| 2025 | $ 47,584 | 47,584 | - | 70,754 | 67.25% |
| 2024 | 87,449 | 87,449 | - | 70,164 | 123.60% |
| 2023 | 99,081 | 99,081 | - | 179,357 | 55.24% |
| 2022 | 120,272 | 120,272 | - | 198,179 | 60.69% |
| 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% |

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

Combining Schedule of Net Position - All Funds
June 30, 2025

| | 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 | $ 22,673,552 | $ - | $ - | $ - | $ - | $ - | $ - | $ 22,673,552 |
| Cash held by bond trustee-NJEFA | 268,407 | - | - | - | - | - | - | 268,407 |
| Restricted cash and cash equivalents | 6,575,470 | - | - | - | - | - | - | 6,575,470 |
| Investments | 17,344,911 | - | 5,111,388 | 138,916 | - | - | - | 22,595,215 |
| Accounts Receivable | | | | | | | | |
| Tuition and fees, net | 2,103,992 | - | - | - | - | - | - | 2,103,992 |
| Grants | - | 1,086,345 | 176,953 | 79,360 | - | - | - | 1,342,658 |
| State and county | 10,693 | 208,136 | 120,817 | 20,912,494 | - | - | - | 21,252,140 |
| Other, net | 149,613 | - | 13,806 | - | - | - | 7,953 | 171,372 |
| Leases | 1,863,851 | - | - | - | - | - | - | 1,863,851 |
| Internal balances | 1,950,923 | 12,217,082 | 270,791 | (22,843,476) | 2,756,411 | (2,883,455) | 8,531,724 | - |
| Inventories | | | - | - | - | 5,242 | 10,695 | 15,937 |
| Prepaid expenses | 84,087 | 13,151 | - | - | - | - | 5,110 | 102,348 |
| Capital assets, nondepreciable | 5,462,444 | - | - | - | - | - | - | 5,462,444 |
| Capital assets, net of accumulated depreciation | 139,690,441 | - | - | - | - | - | - | 139,690,441 |
| Total Assets | 198,178,384 | 13,524,714 | 5,693,755 | (1,712,706) | 2,756,411 | (2,878,213) | 8,555,482 | 224,117,827 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | | | | |
| Pension deferrals | 3,113,451 | - | - | - | - | - | - | 3,113,451 |
| Other postemployment benefits deferrals | - | - | - | - | - | - | 3,481,713 | 3,481,713 |
| Total Deferred Outflows of Resources | 3,113,451 | - | - | - | - | - | 3,481,713 | 6,595,164 |
| **LIABILITIES** | | | | | | | | |
| Accounts payable | 3,169,964 | 940,504 | 27,350 | 461,904 | - | - | 90,318 | 4,690,040 |
| Accrued payroll and taxes | 787,065 | 95,813 | - | - | - | - | (43,531) | 839,347 |
| Unearned revenue - NJEFA | - | | - | 237,983 | - | - | - | 237,983 |
| Unearned tuition and fee revenue | 839,126 | - | - | - | - | - | - | 839,126 |
| Unearned grant revenue | - | 879,713 | 195,050 | 1,423 | - | - | - | 1,076,186 |
| Other liabilities | 2,385,549 | 226 | (29,622) | 17,672 | - | - | 230,011 | 2,603,836 |
| Compensated absences payable | 201,902 | - | - | - | - | - | - | 201,902 |
| Net other postemployment benefit liability | - | - | - | - | - | - | 9,889,531 | 9,889,531 |
| Net pension liability | 25,556,348 | - | - | - | - | - | - | 25,556,348 |
| Total Liabilities | 32,939,954 | 1,916,256 | 192,778 | 718,982 | - | - | 10,166,329 | 45,934,299 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | |
| Pension deferrals | 5,805,957 | - | - | - | - | - | - | 5,805,957 |
| Other postemployment benefits deferrals | - | - | - | - | - | - | 7,995,146 | 7,995,146 |
| Deferred inflow from leases | 1,818,514 | - | - | - | - | - | - | 1,818,514 |
| Total Deferred Inflows of Resources | 7,624,471 | - | - | - | - | - | 7,995,146 | 15,619,617 |
| **NET POSITION** | | | | | | | | |
| Net investment in capital assets | 145,152,885 | - | - | - | - | - | - | 145,152,885 |
| Restricted | | 11,608,458 | 5,500,977 | | | | 4,333,215 | 21,442,650 |
| Unrestricted (deficit) | 15,574,525 | - | - | (2,431,688) | 2,756,411 | (2,878,213) | (10,457,495) | 2,563,540 |
| Total Net Position | $ 160,727,410 | $ 11,608,458 | $ 5,500,977 | $ (2,431,688) | $ 2,756,411 | $ (2,878,213) | $ (6,124,280) | $ 169,159,075 |

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
Year ended June 30, 2025

| | 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 | $ 30,594,829 | $ - | $ - | $ - | $ - | $ - | $ - | $ 30,594,829 |
| Federal grants | - | 4,876,394 | 359,569 | - | - | - | - | 5,235,963 |
| State grants | - | 1,649,589 | 7,588,883 | - | - | - | - | 9,238,472 |
| County and local grants | - | 1,518,894 | 11,025 | - | - | - | - | 1,529,919 |
| Private contributions | - | - | 37,177 | - | - | - | - | 37,177 |
| Charges for services | - | - | - | - | - | 5,252 | 1,296,174 | 1,301,426 |
| Other revenues | 3,563,785 | - | - | - | - | - | 5,152 | 3,568,937 |
| Total Operating Revenues | 34,158,614 | 8,044,877 | 7,996,654 | - | - | 5,252 | 1,301,326 | 51,506,723 |
| **OPERATING EXPENSES** | | | | | | | | |
| Instruction | 19,488,204 | 4,044,327 | - | - | - | - | 514 | 23,533,045 |
| Public service | 2,324,591 | 93,347 | - | - | - | - | - | 2,417,938 |
| Academic support | 1,879,714 | 324,385 | - | - | - | - | - | 2,204,099 |
| Student services | 5,134,535 | 3,530,593 | - | - | - | - | 1,255,662 | 9,920,790 |
| Institutional support | 19,059,940 | 11,844 | | - | - | 1,015 | 172,124 | 19,244,923 |
| Operation of plant | 9,398,042 | - | - | - | - | - | - | 9,398,042 |
| Scholarships and fellowships | - | - | 28,703,290 | - | - | - | - | 28,703,290 |
| Depreciation | 4,728,696 | - | - | - | - | - | - | 4,728,696 |
| Capital outlay: | | | | | | | | |
| Capital expenses | (6,186,108) | - | - | 6,186,108 | - | - | - | - |
| Total Operating Expenses | 55,827,614 | 8,004,496 | 28,703,290 | 6,186,108 | - | 1,015 | 1,428,300 | 100,150,823 |
| **OPERATING (LOSS) INCOME** | (21,669,000) | 40,381 | (20,706,636) | (6,186,108) | - | 4,237 | (126,974) | (48,644,100) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | | | | | |
| State appropriations | 11,037,964 | - | - | 1,550,000 | - | - | - | 12,587,964 |
| County appropriations | 15,700,000 | - | - | 1,550,000 | - | - | - | 17,250,000 |
| Pell grants | - | - | 20,749,764 | - | - | - | - | 20,749,764 |
| Interest and investment income | 149,990 | - | 284,566 | 66,076 | 178,906 | - | 16,606 | 696,144 |
| Unrealized gain (loss) on investments | - | - | 125,709 | - | - | - | - | 125,709 |
| Pension benefit | 4,630,720 | - | - | - | - | - | - | 4,630,720 |
| OPEB benefit | 312,974 | - | - | - | - | - | 143,517 | 456,491 |
| Interest expense | - | - | - | - | (11,156) | - | - | (11,156) |
| Total Nonoperating Revenues (Expenses) | 31,831,648 | - | 21,160,039 | 3,166,076 | 167,750 | - | 160,123 | 56,485,636 |
| **CHANGE IN NET POSITION** | 10,162,648 | 40,381 | 453,403 | (3,020,032) | 167,750 | 4,237 | 33,149 | 7,841,536 |
| Net Position (deficit) - Beginning of Year | 150,564,762 | 11,568,077 | 5,047,574 | 588,344 | 2,588,661 | (2,882,450) | (6,157,429) | 161,317,539 |
| Net Position (deficit) - End of Year | $ 160,727,410 | $ 11,608,458 | $ 5,500,977 | $ (2,431,688) | $ 2,756,411 | $ (2,878,213) | $ (6,124,280) | $ 169,159,075 |

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

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

| Federal Grantor/Pass-Through Grantor Program or Cluster Title | Federal Assistance Listing Number | Pass - Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Provided to Subrecipients |
|---|---|---|---|---|
| **Direct Awards** | | | | |
| **United States Department of Education** | | | | |
| Student Financial Assistance Cluster | | | | |
| Federal Work - Study Program - P033A002560 | 84.033 | N/A | $ 419,427 | $ - |
| Federal Pell Grant Program - P063P002345 | 84.063 | N/A | 20,749,764 | - |
| Federal Supplemental Educational Opportunity Grant - P007A002560 | 84.007 | N/A | 359,569 | - |
| Total Student Financial Assistance Cluster | | | 21,528,760 | - |
| **Total Direct Awards** | | | 21,528,760 | - |
| **Pass - Through Programs:** | | | | |
| **National Aeronautics and Space Administration - Passed Through** | | | | |
| **Rutgers University** | | | | |
| NCAS-NASA Grant | 43.008 | N/A | 30,862 | - |
| Total National Aeronautics and Space Administration - Passed Through Rutgers University | | | 30,862 | - |
| **United States Department of Education - Passed Through** | | | | |
| **New Jersey Department of Education** | | | | |
| Carl Perkins Voc. Ed. Grant - PKPP7130-19 | 84.048 | 216000928 | 735,509 | - |
| Total Carl Perkins Vocational Education Grant | | | 735,509 | - |
| Adult Basic Education | | | | |
| ABE Grant Level I & II - ABS-FY20006 | 84.002 | 216000928 | 2,533,281 | - |
| Total Adult Basic Education | | | 2,533,281 | - |
| Total United States Department of Education - Passed Through New Jersey Department of Education | | | 3,268,790 | - |
| **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 | 72,219 | - |
| Total United States Department of Agriculture - Passed Through New Jersey Commission on Higher Education | | | 72,219 | - |
| **United States Department of Health and Human Services -** | | | | |
| **Passed Through New Jersey Department of Human Services** | | | | |
| Child Care and Development Block Grant | 93.575 | 216000928 | 726,008 | - |
| Total United States Department of Health and Human Services - Passed Through New Jersey Department of Human Services | | | 726,008 | - |
| Total Passed-Through Programs | | | 4,097,879 | - |
| Total Expenditures of Federal Awards | | | $ 25,626,639 | $ - |

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, 2025

| 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 | 07/01/24 - 06/30/25 | $ 4,590,471 | $ 4,590,471 | $ 4,590,471 |
| Governor's Urban Scholarship Program | 100-074-2405-278 | 07/01/24 - 06/30/25 | 4,500 | 4,500 | 4,500 |
| Community College Opportunity Grant | 100-074-2405-332 | 07/01/24 - 06/30/25 | 1,438,244 | 1,438,244 | 1,438,244 |
| Community College Opportunity Grant - Supplemental Allocation | Not available | 07/01/24 - 06/30/25 | 265,278 | 265,278 | 265,278 |
| New Jersey Student Tuition Assistance Reward Scholarship Program | 100-074-2405-313 | 07/01/24 - 06/30/25 | 42,566 | 42,566 | 42,566 |
| Total Higher Education Student Assistance Authority | | | 6,341,059 | 6,341,059 | 6,341,059 |
| **New Jersey Commission on Higher Education** | | | | | |
| Educational Opportunity Fund Article IV | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 715,131 | 715,131 | 715,131 |
| Educational Opportunity Fund Article IV - Summer | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 1,693 | 1,693 | 1,693 |
| Educational Opportunity Fund Article III | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 1,460,936 | 1,460,936 | 1,460,936 |
| Educational Opportunity Fund Article III - Summer | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 32,825 | 32,825 | 32,825 |
| Educational Opportunity Fund Article III - Summer | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 52,166 | 52,166 | 52,166 |
| Educational Opportunity Fund Article III - Academic Support Programs | 100-050-5400-177, 100-074-2601-001, 100-074-2401-001 | 07/01/24 - 06/30/25 | 12,500 | 12,500 | 12,500 |
| Total New Jersey Commission on Higher Education | | | 2,275,251 | 2,275,251 | 2,275,251 |
| Total State Student Financial Aid Cluster | | | 8,616,310 | 8,616,310 | 8,616,310 |
| **New Jersey Commission on Higher Education** | | | | | |
| State Aid for College Assistance | 100-082-2155-015 | 07/01/24 - 06/30/25 | 11,037,964 | 11,037,964 | 11,037,964 |
| College Readiness Now | 100-074-2400-055 | 07/01/24 - 06/30/25 | 102,593 | 102,593 | 102,593 |
| Some College, No Degree Grant | Not available | 07/01/24 - 06/30/25 | 12,788 | 12,788 | 12,788 |
| Center for Adult Transition Grant | Not available | 07/01/24 - 06/30/25 | 215,947 | 215,947 | 215,947 |
| Hunger Free Campus Grant Program | Not available | 09/01/24 - 08/31/25 | 56,250 | 56,250 | 56,250 |
| Mental Health Grant | Not available | 07/01/24 - 06/30/25 | 37,179 | 37,179 | 37,179 |
| Mental Health Grant - Professional Development | Not available | 07/01/24 - 06/30/25 | 7,250 | 7,250 | 7,250 |
| Community to Opportunity Grant | Not available | 07/01/24 - 06/30/25 | 52,817 | 52,817 | 52,817 |
| Academic Learning Communities Supplemental Grant | Not available | 07/01/24 - 06/30/25 | 2,029 | 2,029 | 2,029 |
| Experinential Learning Partnership - Grainger | Not available | 07/01/24 - 06/30/25 | 8,894 | 8,894 | 8,894 |
| NJ Big Data Alliance - Data Science | Not available | 07/01/24 - 06/30/25 | 430 | 430 | 430 |
| Pathway to Careers in Teaching | Not available | 07/01/24 - 06/30/25 | 241 | 241 | 241 |
| Total New Jersey Commission on Higher Education | | | 11,534,382 | 11,534,382 | 11,534,382 |
| **New Jersey Department of Human Services** | | | | | |
| Division of Youth and Family Services | 23ANG-M | 07/01/24 - 06/30/25 | 93,347 | 93,347 | 93,347 |
| Total New Jersey Department of Human Services | | | 93,347 | 93,347 | 93,347 |
| **New Jersey Department of Treasury** | | | | | |
| Alternate Benefit Program | 100-082-2155-017 | 07/01/24 - 06/30/25 | 739,151 | 739,151 | 739,151 |
| Total New Jersey Department of Treasury | | | 739,151 | 739,151 | 739,151 |
| **New Jersey Department of Community Affairs** | | | | | |
| Uniform Construction Code Grant | 8015-100-022-8015 036-F311-6130 | 07/01/24 - 06/30/25 | 8,146 | 8,146 | 8,146 |
| Total New Jersey Department of Community Affairs | | | 8,146 | 8,146 | 8,146 |
| **New Jersey Department of Labor and Workforce Development** | | | | | |
| Pre-Apprenticeship in Career Education (PACE) | Not available | 07/01/24 - 06/30/25 | 462,168 | 462,168 | 462,168 |
| SCPro: Connection Community College | Not available | 07/01/24 - 06/30/25 | 27,881 | 27,881 | 27,881 |
| NJ Health Works | Not available | 07/01/24 - 06/30/25 | 22,885 | 22,885 | 22,885 |
| Total New Jersey Department of Labor and Workforce Development | | | 512,934 | 512,934 | 512,934 |
| **New Jersey Office of the Secretary of Higher Education** | | | | | |
| New Jersey Career Accelerator Internship Grant | Not available | 07/01/24 - 06/30/25 | 12,960 | 12,960 | 12,960 |
| Total New Jersey Office of the Secretary of Higher Education | | | 12,960 | 12,960 | 12,960 |
| Total Expenditures of State Financial Assistance | | | $ 21,517,230 | $ 21,517,230 | $ 21,517,230 |

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, 2025

## 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, 2025 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, 2025, the State of New Jersey, Department of Treasury made payments on behalf of the College to the Alternate Benefit Program of $739,151. 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, 2025. The June 30, 2025 benefit reimbursement for faculty is included in the accompanying schedule of expenditures of state financial assistance.

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

### Independent Auditors' Report

**The Board of Trustees**
**Essex County College**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Essex County College (the "College"), a component unit of the County of Essex, as of and for the year ended June 30, 2025, 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 March 13, 2026.

***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

### *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*.

### *College's Response to Findings*

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### *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
March 13, 2026

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

**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, 2025. 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, 2025.

### *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.

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***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
March 13, 2026

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

## *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? ___x___ Yes ______ No
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___x___ Yes ______ 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 |
|---|---|
| | Student Financial Assistance Cluster: |
| 84.007 | Federal Supplemental Educational Opportunity |
| 84.033 | Federal Work – Study Program |
| 84.063 | Federal Pell Grant |

Dollar threshold used to distinguish between Type A and Type B Programs: $753,033

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

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

Schedule of Findings and Questioned Costs
June 30, 2025
*(Continued)*

*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 |
|---|---|
| | Student Financial Assistance Cluster: |
| 100-074-2405-007 | Tuition Aid Grant |
| 100-074-2405-278 | Governor's Urban Scholarship Program |
| 100-074-2405-332 | Community College Opportunity Grant |
| 100-074-2405-313 | New Jersey Student Tuition Assistance Reward Scholarship Program |
| 100-074-2401-001 | Educational Opportunity Fund Article III |
| 100-074-2401-002 | Educational Opportunity Fund Article IV |

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

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

*Part II – Schedule of Financial Statement Findings*

**Finding 2025-001 – Deficiencies in the Financial Statement Close Process (Material Weakness)**

**Condition:**
During the course of our audit, we identified various errors and inconsistencies in the College's general ledger that required correction prior to the preparation of draft financial statements. As a result, audit adjustments were proposed in several areas to properly state account balances in accordance with generally accepted accounting principles (GAAP). In addition, we noted instances in which previously recorded liabilities, including accounts payable, accrued payroll, payroll taxes, and other accrued liabilities, were liquidated in the subsequent fiscal year by charging payments to new current-year purchase orders rather than relieving the original liability. This practice resulted in a double charge to expenditures and an overstatement of liabilities.

**Criteria:**
Management is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles (GAAP). Sound internal control practices require a formal month-end and year-end close process that includes reconciliation of significant general ledger accounts, proper liquidation of liabilities, review of journal entries, and documented supervisory approval prior to issuing a final trial balance for audit.

**Cause:**
The condition appears to have resulted from vacancies and turnover in key finance positions throughout the year. These unfilled technical and supervisory positions resulted in delays in reconciliation procedures and insufficient review of liability accounts.

**Effect:**
These deficiencies required audit adjustments, contributed to delays in the audit process, and increased the risk that material misstatements could occur and not be detected and corrected on a timely basis. In addition, the improper liquidation of liabilities resulted in misstatements of both expenditures and liabilities within the financial statements.

**Recommendation:**
To ensure compliance with generally accepted accounting principles and sound internal control practices, we recommend that the College implement a formalized and documented month-end and year-end close process that includes:

- Reconciliation of all significant balance sheet accounts, including accounts payable and accrued liabilities;
- Procedures to ensure that payments of previously recorded liabilities are properly applied against the related payable rather than recorded through new purchase orders;
- Verification that subsidiary ledgers agree to the general ledger;
- Review of journal entries and expenditure classifications;
- Preparation of supporting schedules for significant accounts; and
- Documented supervisory review and approval of the final trial balance prior to submission to the auditors.

Establishing a structured close calendar with clearly defined responsibilities and deadlines will improve the accuracy, completeness, and timeliness of financial reporting.

**View of Responsible Officials:**
The College agrees with the finding and has begun to implement corrective action, mainly filling open technical and supervisory positions.

**Finding 2025-002 – Untimely Preparation of Bank Reconciliations (Significant Deficiency)**

**Condition:**
Our audit disclosed that monthly bank reconciliations were not prepared in a timely manner. Specifically, the bank reconciliations for the month ended June 30, 2025 had not been completed several months after fiscal year-end. In addition, key personnel responsible for performing bank reconciliations retired during the year, and the positions were not timely filled, nor were the responsibilities reassigned.

**Criteria:**
Sound internal control practices require that bank reconciliations be prepared promptly, generally within a reasonable period following month end, and reviewed by supervisory personnel. Timely preparation and review of bank reconciliations are critical controls to ensure the accuracy and completeness of cash balances and to detect errors or irregularities on a timely basis.

**Cause:**
The condition appears to have resulted from vacancies and turnover in key finance positions throughout the year. These unfilled technical and supervisory positions resulted in delays in the preparation and review of bank reconciliations.

**Effect:**
Untimely preparation of bank reconciliations increases the risk that errors, omissions, or irregularities in cash transactions may not be detected in a timely manner. In addition, delays in completing reconciliations may affect the reliability of interim and year-end financial reporting.

**Recommendation:**
To ensure compliance with sound internal control practices, we recommend that management establish procedures to ensure that bank reconciliations are prepared monthly and completed within a reasonable timeframe after month end. Management should also implement succession planning and cross-training procedures to ensure continuity of key financial functions in the event of personnel changes. Completed reconciliations should be subject to documented supervisory review.

**Views of Responsible Officials:**
The College agrees with the finding and has begun to implement corrective action, mainly filling open technical and supervisory positions.

*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, 2025

None.