Report of Audit

on the

Financial Statements
and
Supplementary Schedules

of the

Mercer County Community College

for the

Years Ending
June 30, 2022 and 2021

Annual
Financial Report

of the

Mercer County Community College

For the Years Ended June 30, 2022 and 2021

Prepared by

Mercer County Community College
Finance Department

MERCER COUNTY COMMUNITY COLLEGE
TABLE OF CONTENTS

PAGE
NUMBER

SINGLE AUDIT SECTION

INTRODUCTORY SECTION

Mercer County Community College
Members of the Board of Trustees
As of June 30, 2022

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mercer County Community College
West Windsor, New Jersey 08550

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Mercer County Community College (the "College"), a component unit of the County of Mercer, State of New Jersey and its discretely presented component unit (Mercer County Community College Foundation) as of and for the fiscal year ended June 30, 2022, and the related statements of operations and the related notes to the financial statements, which collectively comprise the College's basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College and the College's discretely presented component unit, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 and provisions are further described in the Auditor's 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.

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2022, the College adopted Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are 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.

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.

Auditor's 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 auditor's 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 generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 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 generally accepted auditing standards the Uniform Guidance, the State of New Jersey OMB Circular 15-08 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 judgment, 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 the Management's Discussion and Analysis, budgetary comparison information in the schedules related to accounting and reporting for pensions in Exhibit RSI-1 through RSI-3 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits RSI-4 and RSI-5 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information schedules such as the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior Period Financial Statements

The financial statements of the College as of June 30, 2021, were audited by other auditors whose report dated April 14, 2022, expressed an unmodified opinion on the financial statements as to the conformity of the financial statements with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Suplee, Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

March 8, 2023

REQUIRED SUPPLEMENTARY INFORMATION – Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis section of Mercer County Community College's financial statements presents management's analysis of the College's financial performance during the fiscal years ended June 30, 2022, 2021 and 2020. As this discussion and analysis focuses on current activities, resulting changes and current known facts, it must be read in conjunction with the College's basic financial statements and the footnotes. Visit www.mccc.edu for the College's contact information.

Using this Annual Report

This report consists of three basic financial statements that illustrate the fiscal health of the College. The first financial statement, The Statement of Net Position, presents the financial position of the College by showing the assets, items of value owned or controlled, liabilities, items owed, and net position, the difference between assets and liabilities. The second financial statement, The Statement of Revenues, Expenses and Changes in Net Position, focuses on the sources of funds to support the College, revenues, and the costs incurred to operate the College, expenses. The third financial statement, The Statement of Cash Flows, shows the sources and uses of the College's cash from operations, noncapital financing, capital and related financing, and investment activities. This approach is intended to summarize and simplify the user's analysis of the cost to provide various College services to students and the public.

In accordance with GASB Statements No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34,* and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, these statements also include the most recent audited financial statements of Mercer County Community College Foundation, which per the above noted GASB Statements, is considered to be a discretely presented component unit of the College. The analysis below will focus on the College only.

Enrollment

The College enrollment is comprised of both credit and non-credit full time equated students. Credit classes are used to determine support under the State of New Jersey funding formula. In light of the impact of the COVID-19 pandemic and the demographic trends within Mercer County and surrounding New Jersey counties, the College experienced a decrease in credit hour enrollment in fiscal year 2022. These demographic trends are expected to continue nationwide, so The College anticipates a continued decline in credit hours.

	2022	2021	2020	Change 2022-2021	% Change 2022-2021
Credit Hours	115,541	118,310	139,079	(2,769)	-2.34%

Impact of GASB 68, GASB 71 and GASB 75 Implementation

GASB Statement No.68 – *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 75 - *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions* have all been implemented. These statements deal with benefits provided to employees of state and local governmental employers. GASB Statement No.68 – *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires that the College recognize its share of the net pension liability, and deferred inflows and outflows-related to pensions. The notes to the financial statements will provide thorough discussion of the implementation of these GASB statements and its impact on unrestricted net position.

Financial Highlights

This schedule is prepared from the College's statement of net position that is presented on an accrual basis of accounting where assets are capitalized and depreciated.

Condensed Schedule of Net Position

	2022	2021	2020	Dollar Change 2022-2021	Percentage Change 2022-2021	Dollar Change 2021-2020	Percentage Change 2022-2021
Current Assets	$ 31,990,265	$ 30,033,740	$ 24,988,570	$ 1,956,525	6.5%	$ 5,045,170	20.2%
Noncurrent Assets	90,191,980	87,611,422	81,507,095	2,580,558	2.9%	6,104,327	7.5%
Total Assets	122,182,245	117,645,162	106,495,665	4,537,083	3.9%	11,149,497	10.5%
Deferred Outflows of Resources	2,010,793	3,534,350	4,457,862	(1,523,557)	-43.1%	(923,512)	-20.7%
Current Liabilities	15,418,192	11,888,226	13,634,417	3,529,966	29.7%	(1,746,191)	-12.8%
Non-Current Liabilities	23,795,175	29,703,984	26,634,527	(5,908,809)	-19.9%	3,069,457	11.5%
Total Liabilities	39,213,367	41,592,210	40,268,944	(2,378,843)	-5.7%	1,323,266	3.3%
Deferred Inflows of Resources	11,825,705	12,332,949	13,566,665	(507,244)	-4.1%	(1,233,716)	-9.1%
Net Position							
Net Investment in Capital Assets	84,501,242	81,965,950	81,507,095	2,535,292	3.1%	458,855	0.6%
Restricted	1,020,836	801,018	900,642	219,818	27.4%	(99,624)	-11.1%
Unrestricted (Deficit)	(12,368,112)	(15,512.615)	(25,289,819)	3,144,503	-20.3%	9,777,204	-38.7%
Total Net Position	$ 73,153,966	$ 67,254,353	$ 57,117,918	$ 5,899,613	8.8%	$ 10,136,435	17.7%

There are several reasons for the approximately $2.0 million increase in Current Assets from 2021 to 2022. Although cash declined over that period by $4.9 million, receivables offsetting this decline increased by $6.8 million. Accounts Receivable increased by $2.1 million due to the timing of payments of student accounts by several sponsoring agencies. Intergovernmental Accounts Receivable increased $4.7 million due to increases in the Federal and State of New Jersey receivables of $2.1 million and $0.2 million respectively.

In addition, the Mercer County appropriations increased by a net amount of $2.4 million due to the collection of the full amount of operating appropriation owed offset by an increase in the billed but uncollected amounts for capital projects.

Although neither the federal nor state governments awarded any new money in 2022 to compensate for the impacts of COVID 19 in FY2022, the college was able to preserve prior awards to cover revenue lost due to the pandemic, contributing to the increase in net position. The College will designate the FY2022 net position to continue to invest in student support, physical infrastructure, technology, and operational support as follows:

Student Support	$	3,500,000.00
Physical Infrastructure		4,000,000.00
Technology		3,500,000.00
Operational Support		4,462,603.00
TOTAL	**$**	**15,462,603.00**

Capital Assets

Capital activity for the fiscal years ended June 30, 2022, 2021 and 2020 is as follows:

	Balance June 30, 2021	Additions	Transfers	Balance June 30, 2022	Balance June 30, 2020
Land	$ 1,599,769	$	$	$ 1,599,769	$ 1,599,769
Construction in Progress	15,315,163	1,870,391	(12,980,569)	4,204,985	12,196,417
Land Improvements	4,004,351	1,297,275		5,301,626	3,965,834
Buildings and Improvements	102,009,047	1,258,050	12,602,743	115,869,840	101,982,952
Equipment	13,204,828	2,128,766	377,826	15,711,420	12,099,138
	136,133,158	6,554,482		142,687,640	131,844,110
Less Accumulated Depreciation	(54,167,207)	(3,982,320)		(58,149,527)	(50,337,015)
Capital Assets, net	$ 81,965,951	$ 2,572,162	$	$ 84,538,113	$ 81,507,095

Capital assets in total increased in FY2022 when compared to FY2021 due to an increase across several asset classes. The University Center, which houses partner institutions, and the One Stop, which consolidates many student services in one location, were completed and placed into service in FY2022. The college also continued to invest in its infrastructure by paving roads, improving HVAC systems, and installing smart classroom technology.

Summary of Revenues, Expenses and Changes in Net Position

The College received its operating revenue from four primary sources: tuition and fees, grants, non-credit and professional training, and auxiliary enterprises.

Condensed Schedule of Revenues, Expenses and Changes in Net Position

	2022	2021	2020	Dollar Change 2022-2021	Percentage Change 2022-2021	Dollar Change 2021-2020	Percentage Change 2021-2020
Operating Revenues:							
Student Tuition and Fees, net	$ 22,397,790	$ 20,167,184	$ 26,326,831	$ 2,230,606	11.1%	$ (6,159,647)	-23.4%
Federal, State and Local Grants and Student Aid	8,483,764	6,343,110	5,119,354	2,140,654	33.7%	1,223,756	23.9%
Other	2,414,082	2,309,749	4,298,792	104,333	4.5%	(1,989,043)	-46.3%
Auxiliary Enterprises	952,165	782,721	1,661,738	169,444	21.6%	(879,017)	-52.9%
	34,247,801	29,602,764	37,406,715	4,645,037	15.7%	(7,803,951)	-20.9%
Operating Expenses:							
Educational and General							
Instructional	31,152,124	29,151,981	28,453,737	2,000,143	6.9%	698,244	2.5%
Public Service	2,709,576	2,337,679	3,114,277	371,897	15.9%	(776,598)	-24.9%
Academic Support	4,041,909	3,461,439	3,955,444	580,470	16.8%	(494,005)	-12.5%
Student Services	4,639,234	4,159,909	4,677,796	479,325	11.5%	(517,887)	-11.1%
Institutional Support	22,407,268	24,269,943	19,835,190	(1,862,675)	-7.7%	4,434,753	22.4%
Operations and Maintenance of Plant	7,349,492	6,386,924	7,713,934	962,568	15.1%	(1,327,010)	-17.2%
Scholarships and Other Student Aid	5,223,622	4,491,145	4,278,128	732,477	16.3%	213,017	5.0%
Depreciation	3,982,320	3,867,320	4,073,648	115,000	3.0%	(206,328)	-5.1%
Other Expenditures	96,361			96,361			
Auxiliary Enterprises	307,904	174,596	341,110	133,308	76.4%	(166,514)	-48.8%
	81,909,810	78,300,936	76,443,264	3,608,874	4.6%	1,857,672	2.4%
Operating (Loss)	(47,662,009)	(48,698,172)	(39,036,549)	1,036,163	-2.1%	(9,661,623)	24.8%
Non-Operating revenues, net	49,648,450	55,345,585	41,521,274	(5,697,135)	-10.3%	13,824,311	33.3%
Income Before Other Revenue	1,986,441	6,647,413	2,484,725	(4,660,972)	-70.1%	4,162,688	167.5%
Other Revenues:							
Capital Grants	3,913,172	3,489,022	11,682,971	424,150	12.2%	(8,193,949)	-70.1%
Increase in Net Position	5,899,613	10,136,435	14,167,696	(4,236,822)	-41.8%	(4,031,261)	-28.5%
Net Position - Beginning of Year	67,254,353	57,117,918	42,950,222	10,136,435	17.7%	14,167,696	33.0%
Net Position - End of Year	$ 73,153,966	$ 67,254,353	$ 57,117,918	$ 5,899,613	8.8%	$ 10,136,435	17.7%

MERCER COUNTY COMMUNITY COLLEGE

Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021
(Unaudited)

REVENUES	2022	Percentage	2021	Percentage	2020	Percentage
Federal and State Non-Operating Grants	$18,359,781	21%	$ 24,846,499	28%	$15,012,978	17%
Student Tuition and Fees	22,397,790	26%	20,167,184	23%	26,326,831	29%
County Aid	18,592,000	21%	18,228,000	21%	17,870,000	20%
Federal, State and Local Grants	8,483,764	10%	6,343,110	7%	5,119,354	6%
State Appropriations	7,433,816	8%	6,504,929	7%	6,291,379	7%
State On-Behalf Aid	5,274,198	6%	5,746,006	6%	2,257,322	2%
Capital Grants	3,913,172	4%	3,489,022	4%	11,682,971	13%
Other	2,414,082	3%	2,309,749	3%	4,298,792	5%
Auxiliary Enterprises	952,165	1%	782,721	1%	1,661,738	2%
Investment Income/(Loss)	(11,345)	0%	20,151	0%	89,595	0%
	$87,809,423	100%	$ 88,437,371	100%	$90,610,960	100%

Although operating revenue increased by $4.6 million in 2022 as compared to 2021, total revenues declined by $0.5 million. The increase in operating revenue was driven by increases in Federal, State, and Local grant funding of $2.1 million and $2.2 million in Tuition and Fees. Although overall enrollment fell from 2021 to 2022, certain programs, such as nursing and other health related professions, were not as negatively impacted, so specialty program fees in these and other areas offset other declines in Tuition and Fees. In addition, certain items classified as Other revenue in prior years, were moved to the Tuition and Fees revenue line in FY2022. Non-operating revenues declined $5.2 million because there were no new state and federal Coronavirus Relief awards,

EXPENSES	2022	Percentage	2021	Percentage	2020	Percentage
Instructional	$31,152,124	38%	$ 29,151,981	37%	$ 28,453,737	37%
Public Service	2,709,576	3%	2,337,679	3%	3,114,277	4%
Academic Support	4,041,909	5%	3,461,439	5%	3,955,444	5%
Student Services	4,639,234	6%	4,159,909	5%	4,677,796	6%
Institutional Support	22,407,268	27%	24,269,943	31%	19,835,190	26%
Operations and Maintenance of Plant	7,349,492	9%	6,386,924	8%	7,713,934	10%
Scholarships and Other Student Aid	5,223,622	6%	4,491,145	6%	4,278,128	6%
Depreciation	3,982,320	5%	3,867,320	5%	4,073,648	5%
Other Expenditures	96,361	0%				
Auxiliary Enterprises	307,904	0%	174,596	0%	341,110	1%
	$81,909,810	100%	$ 78,300,936	100%	$ 76,443,264	100%

As the College community returned to campus after mostly remote operations during COVID 19, operating expenses increased $4.1 million. Increased spending in Instruction ($2.1 million), Academic Support ($0.6 million), and Student Services ($0.5 million) to provide additional support to students drove the increase. Instruction increases were due to contractual obligations to the faculty as well as the resumption of pre-Covid course offerings. Academic Support is increasing as the College invests in additional mental health assistance to address those issues caused by the pandemic as well as other services like tutoring, testing, and library. Student Services that were discontinued during the closure, such as Athletics and Clubs, have restarted.

The return to campus also caused increases in Physical Plant Operations and Maintenance of $1.0 million. Utilities, custodial, and other ongoing items were ramped up to more normal usage.

Scholarships and Other Student Aid increased $0.7 million as a result of continued assistance given to students from prior year awards from the Federal American Rescue Plan.

Institutional support decreased by $1.5 million as the College reverted back to normalized spending patterns after making large one time investments in Information Technology during the pandemic.

Economic and Other Factors that will Affect the Future

The following are significant events that will impact the College's future financial statements.

- The COVID-19 Pandemic had an impact on the operations and finances of the College.

- Management used a portion of the remaining balances from the Federal American Rescue Plan to cover revenue lost due to the pandemic in FY2022 Management believes that the funds available as of June 30, 2022 and the anticipated revenues from tuition and fees, federal , state and county sources will be adequate to meet the College's financial needs through one year after the date of this report. The College remains financially stable.

- As of June 30, 2022, the College has the following funds remaining from pandemic related federal relief funds:

    - HERFIII –ARP funds total award under section 2003(a)(1) $14,718,101
      Minimum amount for student aid portion $7,429,823; student amount remaining = $2,702,242.16
      Maximum amount for Institutional portion $7,288,278; institutional amount remaining = $3,443,242.39

- Like most other community colleges nationwide, the College continues to experience declining enrollment, although the rate of decline has lessened as the impacts of the pandemic subside. Management expects some declines to continue as a result of changing demographics. Mercer will continue to search for additional revenue opportunities. Expenditures will be carefully reviewed, only essential positions will be filled, costs savings and operational efficiency and effectiveness will remain a priority.

- The ongoing 5 year Title III grant will continue to provide assistance for student enrollment and retention.

- The College's continuing partnership with 4-year colleges and universities provides enrollment for the College and opportunities for students to efficiently complete advanced degrees.

Requests for Information

Requests for information concerning any facts provided in this report can be addressed to:

Executive Director of Finance
Mercer County Community College
1200 Old Trenton Road
West Windsor, NJ 08550

BASIC FINANCIAL STATEMENTS

EXHIBIT "A-1"

MERCER COUNTY COMMUNITY COLLEGE
STATEMENT OF NET POSITION
JUNE 30, 2022 and 2021

	2022		2021	
	COLLEGE	COMPONENT UNIT MCCC FOUNDATION	COLLEGE	COMPONENT UNIT MCCC FOUNDATION
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 11,740,997	$ 1,641,402	$ 16,600,287	$ 740,998
Investments	511,252	11,987,360	550,043	14,946,445
Accounts receivable, net	4,065,203	2,000	1,969,742	6,000
Intergovernmental Accounts receivable:				
Federal	3,876,260		1,821,631	
State of New Jersey	789,107		583,959	
County of Mercer				
Operating Appropriation Receivables			1,485,284	
Capital Appropriation Receivables	9,885,742		5,972,569	
Contributions Receivable		5,000		3,055
Inventories	7,351		4,854	
Prepaid Expenses	1,114,353		1,045,371	
Total current assets	$ 31,990,265	$ 13,635,762	$ 30,033,740	$ 15,696,498
Noncurrent assets:				
Right to Use Leased Assets, Net of Amortization	$ 5,653,867	$	$ 5,645,472	$
Capital Assets, net	84,538,113		81,965,950	
Total noncurrent assets	$ 90,191,980	$	$ 87,611,422	$
Total assets	$ 122,182,245	$ 13,635,762	$ 117,645,162	$ 15,696,498
DEFERRED OUTFLOW OF RESOURCES				
Related to Pensions	2,010,793		3,534,350	
Total Assets and Deferred Outflows of Resources	$ 124,193,038	$ 13,635,762	$ 121,179,512	$ 15,696,498
LIABILITIES:				
Current liabilities:				
Accounts payable:				
Related to Pensions	$ 1,589,256	$	$ 1,623,130	$
Other	3,492,379	22,500	3,298,691	17,956
Due to Mercer County Community College		429,198		299,988
Accrued Expenses	3,427,084		2,085,539	
Accrued Compensated Absences	370,088		354,277	
Accrued Interest Payable	7,674			
Unearned revenue				
Student Tuition Fees	5,816,252		3,941,457	
Federal and State Grants	364,576		363,119	
Other	350,883		222,013	
Total current liabilities	$ 15,418,192	$ 451,698	$ 11,888,226	$ 317,944
Noncurrent liabilities:				
Accrued Compensated Absences	1,685,564		1,528,583	
Net Pension Liability	16,418,873		22,529,929	
Leases Payable				
Due within one year	180,083		171,914	
Due in more than one year	5,510,655		5,473,558	
Total noncurrent liabilities	$ 23,795,175	$	$ 29,703,984	$
Total liabilities	$ 39,213,367	$ 451,698	$ 41,592,210	$ 317,944
DEFERRED INFLOW OF RESOURCES				
Related to Pensions	11,825,705		12,332,949	
NET POSITION:				
Net investments in capital assets	$ 84,501,242	$	$ 81,965,950	$
Restricted for:				
Nonexpendable:				
Scholarships	179,878	3,298,420	179,878	2,996,486
Expendable				
Scholarships and Grants		5,476,201		5,536,466
Programs	840,958	922,365	621,140	812,137
Capital Improvements		176,140		161,936
Unrestricted (Deficit)	(12,368,112)	3,310,938	(15,512,615)	5,871,529
Total net position	$ 73,153,966	$ 13,184,064	$ 67,254,353	$ 15,378,554
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 124,193,038	$ 13,635,762	$ 121,179,512	$ 15,696,498

The Accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT "A-2"

MERCER COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 and 2021

	2022		2021	
	COLLEGE	COMPONENT UNIT MCCC FOUNDATION	COLLEGE	COMPONENT UNIT MCCC FOUNDATION
OPERATING REVENUES:				
Student Tuition and Fees, net	$ 22,397,790	$	$ 20,167,184	$
Federal, State and Local Grants	8,483,764		6,343,110	
Gifts and Contributions		757,094		856,742
Other	2,414,082	108,241	2,309,749	139,318
Auxiliary Enterprises	952,165		782,721	
Total operating revenues	$ 34,247,801	$ 865,335	$ 29,602,764	$ 996,060
OPERATING EXPENSES:				
Educational and General:				
Instructional	$ 31,152,124	$	$ 29,151,981	$
Public Service	2,709,576		2,337,679	
Academic Support	4,041,909		3,461,439	
Student Services	4,639,234		4,159,909	
Institutional Support	22,407,268		24,269,943	
Operations and Maintenance of Plant	7,349,492		6,386,924	
Scholarships and Other Student Aid	5,223,622	479,170	4,491,145	598,503
Depreciation	3,982,320		3,867,320	
Other Expenditures	96,361	489,317		651,322
Auxiliary Enterprises	307,904		174,596	
Total operating expenses	$ 81,909,810	$ 968,487	$ 78,300,936	$ 1,249,825
Operating income (loss)	$ (47,662,009)	$ (103,152)	$ (48,698,172)	$ (253,765)
NONOPERATING REVENUES (EXPENSES):				
State Appropriations				
State Aid	$ 7,433,816	$	$ 6,504,929	$
On-behalf Fringe Benefits:				
Alternate Benefit Program	1,153,932		1,084,028	
Teachers' Pension and Annuity Fund				
Other Post Employment Benefits	4,120,266		4,661,978	
County Operating Appropriations:				
County Aid	18,592,000		18,228,000	
Education, Stabilization Fund (ESF) (COVID-19)	7,467,718		11,368,556	
Coronavirus Relief Fund (CRF) (COVID-19)			2,312,778	
Federal Student Financial Aid:				
Pell Grants	7,568,031		7,787,889	
Supplemental Education Opportunity Grant Program	395,340		309,602	
State Student Financial Aid	2,928,692		3,067,674	
Investment Income	(11,345)	(2,091,338)	20,151	3,060,945
Total nonoperating revenues (expenses)	$ 49,648,450	(2,091,338)	$ 55,345,585	$ 3,060,945
Net income	$ 1,986,441	$ (2,194,490)	$ 6,647,413	$ 2,807,180
Capital Grants and Contributions	3,913,172		3,489,022	
Increase in Net Position	5,899,613	(2,194,490)	10,136,435	2,807,180
Total net position - July 1	67,254,353	15,378,554	57,117,918	12,571,374
Total net position - June 30	$ 73,153,966	$ 13,184,064	$ 67,254,353	$ 15,378,554

The Accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT "A-3"

MERCER COUNTY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 and 2021

	2022 COLLEGE	2021 COLLEGE
Cash flows from operating activities:		
Receipts from Tuition and Fees	$ 22,307,450	$ 20,270,225
Receipts from Grants and Contracts	8,483,764	6,343,110
Other Receipts	3,366,247	3,092,470
Payments to Employees and Fringe Benefits	(46,786,926)	(50,643,925)
Payments to Vendors and Suppliers	(23,987,949)	(17,234,895)
Payment for Scholarships and Student Aid	(5,051,974)	(4,396,239)
Net cash provided (used for) by operating activities	$ (41,669,388)	$ (42,569,254)
Cash flows from noncapital financing activities:		
State Appropriations	$ 7,433,816	$ 6,504,929
County Appropriations	20,077,284	18,206,205
Receipts from Grants and Contracts	16,100,002	23,107,137
Net cash provided by (used for) noncapital financing activities	$ 43,611,102	$ 47,818,271
Cash flows from capital and related financing activities		
Acquisition and Construction of Capital Assets	$ (6,554,482)	$ (4,326,175)
Principal Paid on Capital Debt		(150,000)
Principal Paid on Leases	(273,968)	
Capital Grants Received		371,385
Net cash provided by (used for) capital and related financing activities	$ (6,828,450)	$ (4,104,790)
Cash flows from investing activities		
Purchase of Investments	$ 38,791	$ (21,908)
Interest and Dividends on Investments	(11,345)	20,151
Net cash provided by (used for) investing activities	$ 27,446	$ (1,757)
Net increase (decrease) in cash and cash equivalents	$ (4,859,290)	$ 1,142,470
Cash and cash equivalents - July 1	16,600,287	15,457,817
Cash and cash equivalents - June 30	$ 11,740,997	$ 16,600,287
Operating income (loss)	$ (47,662,009)	$ (48,698,172)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation	3,982,320	3,867,320
Bad Debt Expense	712,729	163,149
Pension Expense	(3,505,487)	(1,135,152)
AmortizationLeases	222,151	
State Appropriations - on-behalf fringe benefits:		
Alternate Benefit Program	1,153,932	1,084,028
Other Post Employment Benefits	4,120,266	4,661,978
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	(2,808,190)	428,015
(Increase) Decrease in Inventory	(2,497)	2,408
(Increase) Decrease in prepaid items	(68,982)	370,340
Increase (Decrease) in accounts payable and accrued expenses	1,597,721	(1,248,149)
(Increase) Decrease in compensated absences	172,792	46,234
(Increase) Decrease in unearned revenue	2,005,122	(488,123)
Deferred outflows of Resources - relate to pensions:		
Contributions made after the measurement date	(1,589,256)	(1,623,130)
Net cash provided (used) by operating activities	$ (41,669,388)	$ (42,569,254)

The Accompanying Notes to Financial Statements are an integral part of these statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - Mercer County Community College (the "College") is a comprehensive, coeducational, community college, founded in 1966. Mercer County Community College is an instrumentality of the State of New Jersey, established to function as a two-year community college. The College is an accredited member of the Middle States Association of Colleges and Schools. The College operates one main campus in West Windsor, New Jersey. In addition, the College operates a campus in the City of Trenton.

The College is a collegiate institution that is dedicated to the intellectual development of students and instilling in them the skills, habits and inclinations with which they will continue to educate themselves. The College is also a community institution that is entrusted with the responsibility of preparing a well-educated and informed citizenry able to undertake the responsibilities of good citizenship. Additionally, the College is a community forum and a source of programs and services that addresses the current and emerging human resource needs of area employers, meets the continuing education needs of a variety of community residents, and enriches the cultural and artistic life of the Mercer County community.

Mercer County Community College is a component unit of the County of Mercer as described in Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity,* as amended. The financial statements of the College would be either blended or discreetly presented as part of the County of Mercer's financial statements if the County of Mercer prepared its financial statements in accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The County of Mercer currently follows a basis of accounting and reporting model that is prescribed by the Department of Community Affairs, Division of Local Government Services, State of New Jersey. Therefore, the financial statements of the College are not presented with the County of Mercer.

Component Units - In evaluating how to define the College for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the College was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity,* as amended. Blended component units, although legally separate entities, would in-substance be part of the College's operations, however, each discretely presented component unit would be reported in a separate column in the College's financial statements to emphasize that it is legally separate from the College.

The basic-but not the only-criterion for including a potential component unit within the College is the College's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the College and / or its students. A third criterion used to evaluate potential component units for inclusion or exclusion from the College is the existence of special financing relationships, regardless of whether the College is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the College could warrant its inclusion within the College's financial statements.

Based upon the application of these criteria, the College has determined that Mercer County Community College Foundation (the "Foundation") meets the requirement for discrete presentation in the financial statements of the College. In accordance with GASB Statement 34 and 35, certain presentation adjustments to the financial statements of the Foundation were required to conform to the classification and display requirements in the aforementioned GASB Statements, as applicable to the College.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd) - Mercer County Community College Foundation is a New Jersey non-profit corporation. It is operated exclusively for the purpose of assisting the board of trustees of the College in holding, investing and administering property and making expenditures to or for the benefit of the College, its students and its faculty. The Foundation solicits public and private contributions to carry out its objectives. The Foundation is governed by a board of directors, which includes representation by the College president and several College board members. In addition, College employees and facilities are used to support some activities of the Foundation. The Foundation reports under Financial Accounting Standards Board (FASB) Standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

During the fiscal years June 30, 2022 and 2021, the Foundation distributed $479,170 and $598,503, respectively, to the College for scholarships and other support.

A separate report of audit for the Foundation for the fiscal years ended June 30, 2022 and 2021 can be obtained at the Foundation's offices at the following address during normal business hours:

Mercer County Community College Foundation
1200 Old Trenton Road
West Windsor, New Jersey 08550

Basis of Presentation - The accompanying financial statements include all activities that are directly controlled by the College. In addition, the financial statements include the financial position and activities of the College's discretely presented component unit, Mercer County Community College Foundation. The financial statements are presented in accordance with accounting principles generally accepted in the United States of America applicable to governmental colleges and universities engaged in business-type activities as adopted by the Governmental Accounting Standards Board (GASB) Statement No. 35 – *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* The financial statement presentation required by GASB No. 35 provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, cash flows and replaces the fund-group perspective previously required.

Basis of Accounting and Measurement Focus - For financial reporting purposes, the College is considered a special-purpose government engaged in only business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents and Investments - For the purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

The College accounts for its investments at fair value in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents and Investments - N.J.S.A. 17:9-41 et seq. establishes 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 the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent 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 amount of their deposits to the governmental units.

The College has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

Accounts Receivable / Allowance for Doubtful Accounts - Accounts receivable consists of tuition and fees charged to students and various other receivables. Accounts receivable are recorded net of estimated uncollectible amounts. In accordance with the current policy, most recently amended in fiscal year ended June 30, 2019, the College reserves 100% of all student tuition receivables over 180 days old and 10% of tuition receivables less than 180 days old. During the year ended June 30, 2018, the College amended the policy adopted during the prior year. In addition to the College reserving 100% of all student tuition receivables over two years old and 75% of tuition receivables over one year old, this policy included reserving 39% of the current year student tuition receivables. In years prior to June 30, 2017, the College's adopted policy was to reserve 100% of all student tuition receivables over two years old and 75% of tuition receivables over one year old. The allowances for June 30, 2022 and 2021 were $8,318,337 and $7,605,608, respectively.

Tuition - Each year the Board of Trustees sets tuition rates based on a per credit hour rate. Rates vary based upon residence within Mercer County, out of county, out of state, international students and whether instruction is provided face-to-face or via an on-line learning platform. Tuition revenue is earned in the fiscal year the classes are taken.

State Aid - The New Jersey Department of Treasury, Office of Management and Budget (OMB) allocates the annual appropriation for community college operating aid according to credit hour enrollments as prescribed by N.J.S.A.18A:64A-22. Aid is based upon audited enrollments.

County Aid - N.J.S.A. 18A:64A-22 States that each county which operates a county college shall continue to provide moneys for the support of the college in an amount no less than those moneys provided in the year in which this act is enacted or 25% of the operational expense in the base State fiscal year, whichever is greater.

Unearned Revenue - Unearned revenue represents tuition revenue that has been received before June 30th for classes that are scheduled to begin the next fiscal year. It also includes cash, which has been received for grants, but not yet earned.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30th.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences - Compensated absences are those absences for which employees will be paid for vacation and sick leave when used. A liability is accrued for compensated absences that are earned and unused in accordance with College policy at June 30th of each fiscal year. Eligible employees earn a right to vacation benefits and some sick leave benefits in accordance with relative bargaining unit agreements and the employee handbook.

Capital Assets - Capital assets include land, land improvements, buildings and building improvements, equipment and furnishing. Assets acquired or constructed during the year are recorded at actual cost. The College defines capital assets as assets with an initial unit cost of $5,000 or more and an estimated useful life in excess of two years. Donated capital assets are valued at their estimated fair market value on the date of donation. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

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

	Useful Lives
Land Improvements	20
Buildings and Building Improvements	20-45
Equipment and Furnishing	5-20

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Scholarship Discounts and Allowances - Student tuition and fees revenue, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowance are the difference between the stated charge for goods and services provided by the College and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. The amount of scholarship discount and allowance for the fiscal years ended June 30, 2022 and 2021 were $9,932,054 and $10,502,228, respectively.

Reclassifications - Certain 2021 amounts have been reclassified to conform to 2022 presentation.

Non-Current Liabilities - Non-current liabilities include principal amounts of loans with maturities greater than one year and estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Financial Dependency - Among the College's largest revenue sources include appropriations from the State of New Jersey and County of Mercer, including contributions made by the State on behalf of the College for the Alternate Benefit Program. The College is economically dependent on these appropriations to carry out its operations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

State of New Jersey On-Behalf Payments for Fringe Benefits - The State of New Jersey, through separate appropriations, pays certain fringe benefits on-behalf of College employees. These benefits include Alternate Benefit Program pension contributions, TPAF employee FICA taxes, and certain retiree health benefits. These amounts are included in both the State of New Jersey appropriations revenues and operating expenses in the accompanying financial statements.

Income Taxes - The College is a political subdivision of the State of New Jersey and is excluded from Federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Classification of Revenues - The College has classified its revenues as either operating or non-operating revenues in accordance with GASB Statement No. 33 – *Accounting and Financial Reporting for Non-exchange Transactions.*

Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) certain federal, state and local government grants and contracts.

Non-Operating Revenues - Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 – Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 35, such as state appropriations, county appropriations, certain federal and state student financial aid, federal grants, investment income, and amounts paid by the State of New Jersey on behalf of the College for the employer contribution to the Alternate Benefit Program (ABP), TPAF and certain retiree health benefits.

Deferred Outflows and Deferred Inflows of Resources - The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The College is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Position - The College's net position is classified as follows:

Net Investment in Capital Assets - This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Net Investment in Capital Assets.

Restricted Net Position - Non-Expendable - Restricted non-expendable is comprised of donor-restricted endowment funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity.

Restricted Net Position - Expendable - Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with the restrictions imposed by external third parties.

Unrestricted Net Position - Unrestricted net position represent resources derived from student tuition and fees, state and county appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for the transactions related to the educational and general operations of the College, and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy is to first utilize available restricted expendable, and then unrestricted, resources in the conduct of its operations.

Impact of Recently Issued Accounting Principles

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the College for fiscal years ending after June 30, 2021:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the College in the fiscal year ending June 30, 2022.

Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits might not be recovered. Although the College does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the College in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the College relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2022 and 2021, College's bank balances were insured, collateralized and uninsured as follows:

	2022	2021
Insured	$ 838,027	$ 838,282
NJ Cash Management	4,011,063	
Collateralized under GUDPA	8,506,698	17,157,542
Cash and Cash Equivalents	$ 13,355,788	$ 17,995,824

Investments

Custodial Credit Risk Related to Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. All of the College's investments are in United States Treasury Obligations and are held in the name of the College.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College does not have a formal written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services, Inc. New Jersey Statutes do not limit the investment types that County Colleges may purchase and the College has no investment policy that would limit its investment choices. All of the College's investments are in United States Treasury Obligations with AAA Moody's rating.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a college's investment in a single issuer. The College does not place a limit on the amount that may be invested in any one issuer. The College's investments are in United States Treasury Obligations.

As of June 30, 2022, the College has $4,011,063 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the College is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Fair Value Measurements of Investments

Fair value measurements and disclosures provide the framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques require maximization of observable inputs and minimization of unobservable inputs. The levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

As of June 30, 2022 and 2021, the College had the following investments which are valued using quoted market prices (Level 1 inputs).

Investment	Moody's Credit Rating	Fair Value 2022	Fair Value 2021
United States Treasury Obligations	AAA	$ 511,252	$ 550,043

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at the end of fiscal years ended June 30, 2022 and 2021:

	2022	2021
Student Accounts Receivable	$ 7,334,052	$ 7,034,297
Federal, State and Local Grants Receivable	14,551,109	9,863,443
Other Accounts Receivable	5,049,488	2,541,052
	26,934,649	19,438,792
Less: Allowance for Doubtful Accounts	8,318,337	7,605,608
Net Accounts Receivable	$ 18,616,312	$ 11,833,184
Student Accounts Receivable, Net	$ 491,513	$ 349,318
Other Receivables	18,124,799	11,483,866
	$ 18,616,312	$ 11,833,184

Note 4: CAPITAL ASSETS

A summary of changes in the various capital asset categories for the years ended June 30, 2022 and 2021 are presented as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Non-Depreciable Capital Assets:					
Land	$ 1,599,769	$	$	$	$ 1,599,769
Construction in Process	15,315,163	1,870,391		(12,980,569)	4,204,985
Total Non-Depreciable Capital Assets	16,914,932	1,870,391		(12,980,569)	5,804,754
Depreciable Capital Assets:					
Land Improvements	4,004,351	1,297,275			5,301,626
Buildings and Improvements	102,009,047	1,258,050		12,602,743	115,869,840
Furniture, Machinery and Equipment	13,204,828	2,128,766		377,826	15,711,420
Total Depreciable Capital Assets	119,218,226	4,684,091		12,980,569	136,882,886
Less Accumulated Depreciation For:					
Land Improvements	(5,494,724)	(435,853)			(5,930,577)
Buildings and Improvements	(39,475,055)	(2,937,775)			(42,412,830)
Furniture, Machinery and Equipment	(9,197,428)	(608,692)			(9,806,120)
Total Accumulated Depreciation	(54,167,207)	(3,982,320)			(58,149,527)
Depreciable Capital Assets	65,051,019	701,771		12,980,569	78,733,359
Total Capital Assets, Net	$ 81,965,951	$ 2,572,162	$	$	$ 84,538,113

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Non-Depreciable Capital Assets:					
Land	$ 1,599,769	$	$	$	$ 1,599,769
Construction in Process	12,196,417	3,144,841		(26,095)	15,315,163
Total Non-Depreciable Capital Assets	13,796,186	3,144,841		(26,095)	16,914,932
Depreciable Capital Assets:					
Land Improvements	3,965,834	38,517			4,004,351
Buildings and Improvements	101,982,952			26,095	102,009,047
Furniture, Machinery and Equipment	12,099,138	1,142,818	37,128		13,204,828
Total Depreciable Capital Assets	118,047,924	1,181,335	37,128	26,095	119,218,226
Less Accumulated Depreciation For:					
Land Improvements	(5,092,265)	(402,459)			(5,494,724)
Buildings and Improvements	(36,762,807)	(2,712,248)			(39,475,055)
Furniture, Machinery and Equipment	(8,481,943)	(752,613)	(37,128)		(9,197,428)
Total Accumulated Depreciation	(50,337,015)	(3,867,320)	(37,128)		(54,167,207)
Depreciable Capital Assets	67,710,909	(2,685,985)		26,095	65,051,019
Total Capital Assets, Net	$ 81,507,095	$ 458,856	$	$	$ 81,965,951

Depreciation expense for the years ended June 30, 2022, and 2021 was $3,982,320 and $3,867,320, respectively. The amounts in the transfer column represent projects being completed and reclassified from construction in progress.

Note 5: LONG-TERM LIABILITIES

During the fiscal years ended June 30, 2022 and 2021, the following changes occurred in long-term obligations:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Compensated Absences	$ 1,882,860	$ 572,402	$ 399,610	$ 2,055,652	$ 370,088
Net Pension Liability	22,529,929		6,111,056	16,418,873	
Total Long-Term Liabilities	$ 24,412,789	$ 572,402	$ 6,510,666	$ 18,474,525	$ 370,088

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Compensated Absences	$ 1,836,626	$ 523,579	$ 477,345	$ 1,882,860	$ 354,277
Loan Payable	150,000		150,000		
Net Pension Liability	25,012,097	14,308,643	16,790,811	22,529,929	
Total Long-Term Liabilities	$ 26,998,723	$ 14,832,222	$ 17,418,156	$ 24,412,789	$ 354,277

Compensated Absences - As stated in note 10, compensated absences will be paid in accordance with the College's policy.

Net Pension Liability - For details on the net pension liability, refer to note 6.

Leases: The College has entered into two agreements that qualify as other than short-term leases under GASB 87 and therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.The first lease, for building space, dated January 19, 2018, has a term of 20 years with the right to renew the lease for two additional periods of five years each. The Fixed monthly payment under the agreement is $21,430.67. This base rent shall increase every five years during the term by the five-year percentage increase in the CPI index for the preceding five years. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 1.674%, which is the incremental borrowing rate to the College.

The second lease, for the use of a cell tower, dated July 1, 2011, has a term of 5 years with the right to renew the lease for four additional periods of five years each. The Fixed monthly payment under the agreement range from $1,400.00 to $1,500.00 over the course of the lease. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 1.674%, which is the incremental borrowing rate to the College.

The College has recorded this right to use assets with a net book value of $5,653,867 at June 30, 2022. These assets are discussed in more detail in the right to use asset note.

Note 5: LONG-TERM LIABILITIES (CONT'D)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ended June 30	Principal	Interest	Total
2023	180,082.59	93,885.45	273,968.04
2024	183,120.40	90,847.64	273,968.04
2025	186,209.47	87,758.57	273,968.04
2026	189,350.65	84,617.39	273,968.04
2027	193,149.43	81,418.61	274,568.04
Thereafter	4,758,825.91	887,025.59	5,645,851.50
	$5,690,738.45	$1,325,553.25	$7,016,291.70

Note 6: PENSION PLANS

The College participates in several retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the “Division”), covering its employees – the Public Employees' Retirement System (“PERS”), the New Jersey Alternate Benefit Program (“ABP”) and the Defined Contribution Retirement Program (“DCRP”). PERS is a cost-sharing, multiple-employer defined benefit retirement plan, while ABP and DCRP are defined contribution pension plans. Generally, all employees, except certain part-time employees, participate in one of these plans.

The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plan’s fiduciary net position which can be obtained by writing to or at the following website:

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

Note 6: PENSION PLANS (CONT'D)

General Information About the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the College, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Alternate Benefit Program - The ABP is a tax-sheltered, defined contribution retirement program for certain higher education faculty, instructors and administrators which was established pursuant to P.L.1969, c. 242 (N.J.S.A. 52:18A-107 et seq., specifically, 18A:66-192). The ABP is an agency fund overseen by the State of New Jersey Division of Pensions and Benefits.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefits Provisions

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

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th 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 tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

Note 6: PENSION PLANS (CONT'D)

General Information About the Pension Plans (Cont'd)

Vesting and Benefits Provisions (Cont'd)

Public Employees' Retirement System (Cont'd) - Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

Alternate Benefit Program - ABP provides retirement benefits, life insurance and disability coverage to qualified members. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2020. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The College's contractually required contribution rates were 17.27% and 15.63% of the College's covered payroll for the fiscal years ended June 30, 2021 and 2020, respectively. These amounts were actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the College's contractually required contribution to the pension plan for the fiscal year ended June 30, 2022 was $1,623,130 and was paid by April 1, 2022. College employee contributions to the pension plan during the fiscal year ended June 30, 2022 were $698,359.

Note 6: PENSION PLANS (CONT'D)

General Information About the Pension Plans (Cont'd)

Contributions (Cont'd)

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

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

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

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

Teacher's Insurance and Annuity Association/TIAA
ING Life Insurance and Annuity Company
AXA Financial (Equitable)
The Variable Annuity Life Insurance Company (VALIC)
The Hartford Group
MetLife
Prudential

During the fiscal year end June 30, 2022, the College's share of the employer contributions for participants not eligible for State reimbursement was $430,238, employee contributions to the plan were $871,856, and the State of New Jersey made on-behalf payments for the College contributions of $966,191.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the College contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2022, employee contributions totaled $36,061, the College recognized pension expense of $19,670. There were no forfeitures during the fiscal year.

Note 6: PENSION PLANS (CONT'D)

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

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

The College reported a liability of $16,418,873 and $22,529,929 for its proportionate share of the net pension liability for the fiscal years ended June 30, 2022 and 2021, respectively.

The net pension liability reported at June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the June 30, 2021 measurement date, the College's proportion was .1385968331%, which was an increase of .0004390010% from its proportion measured as of June 30, 2020.

The College recognized ($3,505,487) and ($1,135,152), in its financial statements for pension (benefit) expense for PERS, for the fiscal years ended June 30, 2022 and 2021, respectively. These amounts were based on the Plans June 30, 2021 and 2020 measurement dates, respectively.

Note 6: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Measurement Date June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 258,947	$ 117,540
Changes of Assumptions	85,509	5,845,225
Net Difference between Projected and Actual Earnings on Pension Plan Investments		4,325,163
Changes in Proportions	77,081	1,537,777
College Contributions Subsequent to the Measurement Date	1,589,256	
	$ 2,010,793	$ 11,825,705

$1,589,256 included in deferred outflows of resources, for the June 30, 2021 measurement date, will be included as a reduction of the net pension liability in fiscal years ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2022	$ (4,775,146)
2023	(3,240,044)
2024	(1,953,380)
2025	(1,435,218)
2026	(380)
	$ (11,404,168)

Note 6: PENSION PLANS (CONT'D)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Change in Proportion and Differences between College Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions

The net pension liability at June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021.

These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2021
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increase: (1)	
Through 2026	2.00%-6.00%
Thereafter	3.00%-7.00%
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

(1) - based on years of service

For the June 30, 2021 measurement date, 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.

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% for the June 30, 2021 and June 30, 2020 measurement dates) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in target asset allocation for the June 30, 2021 and June 30, 2020 measurement dates are summarized in the following table:

June 30, 2021 Measurement Date

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate June 30, 2021 Measurement Date - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the College's proportionate share of the net pension liability at the June 30, 2021 and 2020 measurement dates, respectively. These amounts were calculated using a discount rate of 7.00% for June 30, 2021 and June 30, 2020, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2021 Measurement Date		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's Proportionate Share of the Net Pension Liability	$ 22,359,176	$ 16,418,873	$ 11,377,684

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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. For additional information about PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which 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 Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	- 0 -
Total Plan Members	364,328

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the College at June 30, 2022 was as follows:

Total OPEB Liability:	
District's Proportionate Share	$-0-
State's Proportionate Share associated with the District	95,401,493
	$95,401,493

The total Non-Employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The total Non-Employer OPEB liability was determined separately based on actual data of the College.

For the year ended June 30, 2022, the College recognized on-behalf post-employment expense and revenue of $4,120,266.00 in the financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2021 measurement date.
At June 30, 2021, the College's proportion was .159822155 percent, which was a decrease of .0063790923 from its proportion measured as of June 30, 2020.
The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The College's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the College did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the College as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	June 30, 2021		
	TPAF/ABP*	PERS*	PFRS*
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	2.75-5.65%*	3.00-7.00%*	Not Applicable

*- Based on Years of Service

Preretirement 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 Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables 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.

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

NOTE 7: **ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

Actuarial Assumptions and Other Input (Continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% 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%.

Discount Rate

The discount rate for June 30, 2021 and June 30, 2020 was 2.16% and 2.21% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the College for the measurement period from June 30, 2020 to June 30, 2021.

Balance at 6/30/20		$112,131,441
Changes for the year:		
Service cost	$4,806,880	
Interest	2,474,815	
Changes of Benefit Terms	(101,543)	
Differences between expected and actual experience	(22,118,029)	
Changes in assumptions or other inputs	94,121	
Membership Contributions	63,269	
Benefit payments - Net	(1,949,461)	
Net changes		(16,729,948)
Balance at 6/30/21		$95,401,493

NOTE 7: **ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the College as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1.00% Decrease (1.16%)	At Discount Rate (2.16%)	1.00% Increase (3.16%)
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	$114,276,012	$95,401,493	$80,538,942

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the College as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	$77,227,819	$95,401,493	$119,807,395

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the College from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 14,381,351	$ 28,631,684
Changes of assumptions	16,183,653	10,235,691
Changes in proportion	2,742,689	9,707,219
	$ 33,307,693	$ 48,574,594

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the College will be recognized in OPEB expense as follows:

Measurement Period Ended June 30,	Amount
2022	($3,272,558)
2023	($3,272,558)
2024	($3,272,558)
2025	($3,272,558)
2026	($2,729,312)
Total Thereafter	$552,643
	($15,266,901)

In accordance with GASBS No. 75, the College's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at http://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Note 8: RIGHT TO USE LEASED ASSETS

The College has recorded two right to use leased assets. The assets are for leased building space and the use of a cell tower. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. These right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balances	Retirements	Ending Balances
Right to Use Assets:			
Leased Buildings	$5,645,472		$5,645,472
Leased Infrastructure	230,547		230,547
Total Right to Use Assets	5,876,019		5,876,019
Less: Accumulated Amortization for:			
Leased Buildings		$206,689	(206,689)
Leased Infrastructure		15,463	(15,463)
Total Accumulated Amortization		222,152	(222,152)
Governmental Funds - Right to Use assets, net	$5,876,019	$222,152	$5,653,867

Note 9: RISK MANAGEMENT

The College is exposed to various risks of loss related to torts' theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The College maintains commercial insurance coverage for property (including crime and physical damage, liability (general and automobile), boiler and machinery, and surety bonds.)

Joint Insurance Pool - The College is a member of the New Jersey County College Insurance Pool ("Fund") for the purpose of obtaining workers' compensation insurance coverage. Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. Contributions to the Fund for the fiscal years ended June 30, 2022 and 2021 were $198,000 and $185,604, respectively.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The College is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The audit report for the Pool can be obtained from:

New Jersey County College Workers' Compensation Pool
1200 Old Trenton Road
Trenton, New Jersey 08690

Note 10: COMPENSATED ABSENCES

Accrued vacation represents the College's liability for the cost of unused employee vacation time payable in the event of employee termination. College employees are granted vacation time in varying amounts under the College's personnel policies and labor negotiated contracts. Regular sick leave benefits provide for ordinary sick pay and begin vesting after a predetermined number of years of service, with a maximum payout of $15,000. As of June 30, 2022 and 2021, the liabilities for accrued compensated absences are included in accrued expenses and consist of the following:

	Balance June 30, 2022	Balance June 30, 2021
Vacation	$ 1,685,564	$ 1,528,582
Sick	370,088	354,277
Total	$ 2,055,652	$ 1,882,859

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The College offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Teachers' Insurance and Annuity Association
ING Life Insurance and Annuity Company
Equitable Life
The Variable Annuity Life Insurance Company
The Hartford Group
MetLife
Prudential

Note 12: EDUCATIONAL AND GENERAL EXPENSES BY NATURAL CLASSIFICATION

The College's operating expenses by natural classification for the fiscal years ended June 30, 2022 and 2021 are presented as follows:

For the Year Ended June 30, 2022

Educational and General Expenditures	Salaries & Benefits	Supplies & Materials	Services	Scholarships	Utilities	Depreciation	Total
Instruction	$ 22,861,484	$ 1,986,344	$ 6,442,238	$	$ 4,882	$	$ 31,294,948
Public Service	2,008,877	329,452	344,402		30,661		2,713,392
Academic Support	3,336,987	600,756	114,521				4,052,264
Student Services	3,769,349	587,529	294,345				4,651,223
Institutional Support	12,412,120	7,513,916	2,544,114		321,904		22,792,054
Operation and Maintenance of Plant	2,908,488	1,348,591	278,273		2,853,898		7,389,250
Scholarship and Other Student Aid	171,648			5,051,974			5,223,622
Depreciation						3,982,320	3,982,320
Subtotal	$ 47,468,953	$ 12,366,588	$ 10,017,893	$ 5,051,974	$ 3,211,345	$ 3,982,320	82,099,073
Auxiliary Expenses							307,904
						Total Functional Expenses $	82,406,977

For the Year Ended June 30, 2021

Educational and General Expenditures	Salaries & Benefits	Supplies & Materials	Services	Scholarships	Utilities	Depreciation	Total
Instruction	$ 21,334,459	$ 2,060,690	$ 5,754,219	$	$ 2,614	$	$ 29,151,982
Public Service	1,685,730	353,099	272,619		26,231		2,337,679
Academic Support	2,850,585	493,502	117,352				3,461,439
Student Services	3,585,906	230,267	343,736				4,159,909
Institutional Support	15,102,565	7,006,144	1,870,376		290,859		24,269,944
Operation and Maintenance of Plant	2,697,538	1,419,520	99,937		2,169,930		6,386,925
Scholarship and Other Student Aid	94,906			4,396,238			4,491,144
Depreciation						3,867,320	3,867,320
Subtotal	$ 47,351,689	$ 11,563,222	$ 8,458,239	$ 4,396,238	$ 2,489,634	$ 3,867,320	78,126,342
Auxiliary Expenses							174,596
						Total Functional Expenses $	78,300,938

Note 13: BOOKSTORE

The College has an agreement with Follett, Inc., a private contractor, for the operation of the official Campus Bookstore at both the Trenton and the West Windsor campuses. The agreement is for a period of five years commencing July 1, 2011, and ending June 30, 2016, with an option to renew the contract for an additional five years. On March 18, 2016, the option to renew the contract was exercised and extended through June 30, 2021. Pursuant to Section 2 (Term) of the Agreement, the term of the Agreement is hereby renewed for one (1) additional year, from July 1, 2021 through June 30, 2022.

Net commissions paid to the College for the fiscal years ended June 30, 2022 and 2021, were $92,201 and $135,273, respectively.

Note 14: IMPACT OF COVID-19

In prior years, the College was awarded the following by the Federal Government in response to the COVID-19 pandemic:

	Amount Awarded	Total Amount Expended June 30, 2021	Total Amount Expended June 30, 2022	Total Amount Expended Through June 30, 2022	Remaining Balance
Education Stabilization Fund (ESF):					
ESF Section 2- Higher Education					
Higher Education Emergeny Relief Fund (HEERF I)					
Strenthing Institutional Programs (Covid 19)	$ 191,752	$ 123,514	$ 58,309	$ 181,823	$ 9,929
Total CARES Act (HEERF I)	191,752	123,514	58,309	181,823	9,929
Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA)					
ESF Section 1- Elementary & Secondary Education:					
Passed Through NJ Office of Secondary Higher Ed (OSHE)					
Governor's Emergency Education Relief Fund (GEER II)	1,000,000		79,828	79,828	920,172
ESF Section 2- Higher Education					
Higher Education Emergeny Relief Fund (HEERF II)					
Strenthing Institutional Programs (Covid 19)	352,052		32,247	32,247	319,805
Total CRRSAA (HEERF II)	352,052		32,247	32,247	319,805
Amercican Rescue Plan Act (ARP)					
ESF Section 2- Higher Education					
Higher Education Emergeny Relief Fund (HEERF III)					
Student Aid Portion (Covid 19)	7,429,823	658,409	4,067,715	4,726,124	2,703,699
Institutional Portion (Covid 19)	7,288,278	445,036	3,400,000	3,845,036	3,443,242
Strenthing Institutional Programs (Covid 19)	647,714		106,175	106,175	541,539
Total ARP (HEERF III)	15,365,815	1,103,445	7,573,890	8,677,335	6,688,480
Total Education Stabilization Fund	$ 16,909,619	$ 1,226,959	$ 7,744,275	$ 8,971,234	$ 7,938,385

The College expects to expend the remainder of these funds during the fiscal year ended June 30, 2023.

Keeping the health and safety of its community a top priority, the College decided to conduct the majority of its fall 2020 semester courses and spring 2021 semester courses via virtual learning, with very little course conducted via live instruction. Starting in the fall 2021 semester, the College started conducting in person courses in addition to virtual learning.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amount, if any, to be immaterial.

Litigation - The College is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the College, from such litigation is either unknown or potential losses, if any, have either been recorded as an accrued expense or would not be material to the financial statements.

Note 16: CONCENTRATIONS

The College depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the College is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The significant disclosures of the discretely presented component unit, Mercer County Community College Foundation, are as follows.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Mercer County Community College Foundation, Inc. (the "Foundation") is a not-for-profit foundation organized in the State of NJ and exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). It is operated exclusively for the purpose of assisting the board of directors of the College in holding, investing and administering property and making expenditures to or for the benefit of the College, its students and its faculty.

Basis of Accounting and Presentation - The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes. Net assets without donor restrictions include both designated and undesignated funds. At June 30, 2022 and 2021, the Foundation had net assets without donor restrictions of $3,310,938 and $5,871,529, respectively.

- Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or by the passage of time. Net assets with donor restrictions include donor-restricted endowment funds requiring investment of a gift in perpetuity or for a specified term as well as the investment return thereon until the returns are appropriated for expenditure. This includes the funds passed through the College to the Foundation in 2018 for Title III monies, where corpus as well as earnings on the corpus are treated as an endowment for 20 years. At June 30, 2022 and 2021, the Organization had net assets with donor restrictions of $9,873,126 and $9,507,025, respectively.

Use of Estimates - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONT'D)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents - For purposes of the statements of financial position and statements of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity date of 90 days or less to be cash equivalents.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation monitors the health of these banking institutions and has not experienced any losses in such accounts.

Investments – The Foundation reports investments at fair value. Investment return, including interest, dividends and realized and unrealized gains and losses, net of investment expenses, are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or by law.

Contributions and Loan Receivable - The Foundation considers all contributions and loan receivable to be fully collectible; accordingly, no allowances for doubtful amount is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made. Contributions receivables with expected collection terms of greater than two years are presented at their net present value.

Income Taxes - The Foundation is exempt from income taxes under Section 501(c)(3) of the Code and applicable state law. Income generated by activities that would be considered unrelated to the Foundation's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended June 30, 2022 or 2021.

US GAAP requires management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

The Foundation did not record any interest or penalties on uncertain tax positions in its financial statements as of or for the year ended June 30, 2022 or 2021. If the Foundation were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

Note 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONT'D)

B. INVESTMENTS

Investments, carried at fair value, at June 30, 2022 and 2021 are as follows:

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Corporate Fixed Income	$ 5,059,875	$ 4,481,816	$ (578,059)
Mutual Funds	6,820,900	7,505,544	684,644
	$ 11,880,775	$ 11,987,360	$ 106,585

	2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Corporate Fixed Income	$ 4,692,453	$ 4,750,046	$ 57,593
Mutual Funds	6,940,727	10,196,399	3,255,672
	$ 11,633,180	$ 14,946,445	$ 3,313,265

The following schedule summarizes the investment return and its classification:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ (20,784)	$ 374,319	$ 353,535
Realized gain	657,550	177,771	835,321
Unrealized gain (loss)	(3,206,576)		(3,206,576)
Investment Fees	(67,727)	(5,891)	(73,618)
Total investment return	$ (2,637,537)	$ 546,199	$ (2,091,338)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 136,542	$ 159,596	$ 296,138
Realized gain	286,712	336,848	623,560
Unrealized gain (loss)	2,141,247		2,141,247
Investment Fees	(62,017)	(5,337)	(67,354)
Total investment return	$ 2,502,484	$ 491,107	$ 2,993,591

Note 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONT'D)

C. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets.
Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.:
Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2022 and 2021, there were no changes to the Foundation's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value: Corporate fixed income and Mutual funds - The fair value is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The Foundation considers all investments to be Level 1.

The primary objective of the Foundation's investments is capital appreciation and return without undue exposure to risk. Investment funds are selected to support long term goals, and provide growth of endowment assets at a rate that that will provide available funds for expenses and scholarships and growth to endowment assets.

Note 17: DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONT'D)

D. NET ASSETS

Without Donor Restrictions

The Foundation's board of directors has chosen to place the following limitations on unrestricted net assets:

	June 30, 2022	June 30, 2021
Designated for scholarships and programs	$ 58,583	$ 122,638
Designated for student assistance	1,495,813	1,740,319
Designated for major gifts campaign	437,479	438,163
Undesignated	1,319,063	3,570,409
Total	$ 3,310,938	$ 5,871,529

With Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Purpose Restricted:		
Scholarships	$ 5,476,201	$ 5,500,674
Programs	922,365	847,929
Capital Improvements	176,140	161,936
Endowments given in perpetuity		
Original gifts	3,298,420	2,996,486
Total	$ 9,873,126	$ 9,507,025

Note:18 SUBSEQUENT EVENTS

The College has evaluated subsequent events occurring after the financial statement date through March 8, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the College has determined there are no subsequent events that have occurred which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

MERCER COUNTY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS

Measurement Date Ending June 30,	College's Proportion of the Net Pension Liability (Asset)	College's Proportionate Share of the Net Pension Liability (Asset)	College's Covered-Employee Payroll	College's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2021	0.1385968331%	$ 16,418,873	$ 9,397,063	174.72%	70.33%
2020	0.1381578321%	22,529,929	9,930,776	226.87%	58.32%
2019	0.1388135555%	25,012,097	9,993,860	250.27%	56.27%
2018	0.1476390949%	29,069,402	10,601,160	274.21%	53.60%
2017	0.1541793483%	35,890,488	10,840,436	331.08%	48.10%
2016	0.1632019710%	48,335,743	11,428,960	422.92%	40.14%
2015	0.1754379672%	39,382,308	12,307,496	319.99%	47.93%
2014	0.1838515911%	34,422,046	13,219,828	260.38%	52.08%
2013	0.1864619887%	35,636,591	13,295,564	268.03%	48.72%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MERCER COUNTY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS

Fiscal Year Ending June 30,		Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)		College's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	$	1,589,256	$	1,589,256	$	-0-	$	9,237,168.00	17.21%
2021		1,623,130		1,623,130		-0-		9,397,063.00	17.27%
2020		1,511,378		1,511,378		-0-		9,672,676.00	15.63%
2019		1,350,247		1,350,247		-0-		9,745,282.00	13.86%
2018		1,468,532		1,468,532		-0-		9,997,972.00	14.69%
2017		1,428,307		1,428,307		-0-		10,370,749.00	13.77%
2016		1,449,863		1,449,863		-0-		10,986,418.00	13.20%
2015		1,508,296		1,508,296		-0-		11,723,492.00	12.87%
2014		1,515,646		1,515,646		-0-		12,380,006.00	12.24%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MERCER COUNTY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PART II
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending June 30,	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

REQUIRED SUPPLEMENTARY INFORMATION – Part III

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

MERCER COUNTY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PART III
SCHEDULE OF CHANGES IN THE TOTAL
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE YEARS

	Measurement Date Ended June 30,				
	2021	2020	2019	2018	2017
Balance at 6/30	$ 112,131,441	$ 70,626,394	$ 76,042,627	$ 95,782,447	$ 101,458,133
Changes for the year:					
Service cost	4,806,880	2,767,547	2,696,577	5,190,033	6,165,926
Interest Cost	2,474,815	2,535,946	3,006,886	3,579,985	3,037,050
Changes of benefit terms	(101,543)				
Differences between expected and actual experience	(22,118,029)	17,611,940	(10,068,988)	(17,820,490)	
Changes in assumptions	94,121	20,482,561	1,053,045	(8,726,272)	(12,741,829)
Contributions from Members	63,269	59,169	64,266	70,276	81,692
Gross Benefit payments	(1,949,461)	(1,952,116)	(2,168,019)	(2,033,352)	(2,218,525)
Net changes	(16,729,948)	41,505,047	(5,416,233)	(19,739,820)	(5,675,686)
Balance at 6/30	$ 95,401,493	$ 112,131,441	$ 70,626,394	$ 76,042,627	$ 95,782,447
Covered Employee Payroll	$ 19,920,274	$ 22,946,651	$ 21,364,195	$ 21,626,860	$ 22,070,739
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the College as a percentage of the College's Covered Employee Payroll	478.92%	488.66%	330.58%	351.61%	433.98%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MERCER COUNTY COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION - PART III
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Change in benefit terms:

The implementation of Chapter 44 Plan and contribution strategy affecting pre-Medicare future and current retirees and dependents who enroll in the New Jersey Educator Health Plan option upon retirement and were not grandfathered under Chapter 78 (fewer than 20 years of service as of July 1, 2011) is reflected for the Fiscal Year Ending June 30, 2022 as a Plan change.

Change in assumptions:

The following assumptions were used in calculating the Net OPEB Liability in their respective accounting periods:

Measurement Date Ending June 30,	Discount Rate
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

SINGLE AUDIT SECTION

SCC

SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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*

Board of Trustees
Mercer County Community College
West Windsor, New Jersey 08550

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mercer County Community College (the "College"), a component unit of the County of Mercer, State of New Jersey, and its discretely presented component unit (Mercer County Community College Foundation), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 8, 2023. Our report includes a reference to other auditors who audited the financial statements of the College's discretely presented component unit (Mercer County Community College Foundation), as described in our report on the College's financial statements. The financial statements of the College's discretely presented component unit were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards.*

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 College's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Suplee, Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

March 8, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Board of Trustees
Mercer County Community College
West Windsor, New Jersey 08550

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Mercer County Community College's (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2022. 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, 2022.

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 ("GAAS"); the standards applicable to financial audits contained in *Government Auditing* Standards issued by the Comptroller General of the United States ("Government Auditing Standards"); 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 15-08 . Our responsibilities under those standards and the Uniform Guidance 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 obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Governmental Auditing Standards, the Uniform Guidance and New Jersey OMB Circular 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. Non-compliance 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 GAAS, Government Auditing Standards, the Uniform Guidance and New Jersey OMB Circular 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, 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 a 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 State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Suplee, Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

March 8, 2023

Schedule A

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title/Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Pass-through Entity Identifying Number	FY 2022 Expenditures	Passed Through to Subrecipients
US Department of Labor					
H-1B Job Training Grants:					
Passed Through Bergen Community College:					
NJ Healthworks Grant	17.268	N/A	N/A	$144,636	
Passed Through County College of Morris:					
Scaling Apprenticeship Through Sector Based Strategies Project (Careeradvance USA)	17.268	N/A	N/A	15,009	
WIOA Cluster				**159,645**	-
Development:					
New Jersey Youth Corps-WIOA State Set Aside	17.258	COVID-19	N/A	159,864	
WIOA State Set Aside-Bridges to Employing Youth	17.258	N/A	Bridges-2002	46,452	
				206,315	-
Total US Department of Labor				**365,960**	
U.S. Department of the Treasury					
Coronavirus Relief Fund:					
Passed Through State of N.J. Department of Labor and Workforce Development					
Coronvirus Relief Fund (CRF)-Workforce Training & Reskilling	21.019	COVID-19	N/A	15,000	
Total U.S. Department of Treasury/Total Coronavirus Relief Fund				**15,000**	
US Department of Education:					
Student Financial Aid Cluster (Direct Funding):					
Federal Supplemental Educational Opportunity Grants	84.007	N/A	N/A	7,107	
Federal Supplemental Educational Opportunity Grants	84.007	N/A	N/A	404	
Federal Work-Study Program	84.033	N/A	N/A	180,230	
Federal Pell Grant Program	84.063	N/A	N/A	7,568,031	
Federal Direct Student Loans - Subsidized	84.268	N/A	N/A	740,287	-
Federal Direct Student Loans - Unsubsidized	84.268	N/A	N/A	1,162,732	
Total Student Financial Aid Cluster				**9,658,792**	

Schedule A

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title/Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Pass-through Entity Identifying Number	FY 2022 Expenditures	Passed Through to Subrecipients
U.S. Department of Education (Continued):					
Higher Education Institutional Aid (Direct Funding)	84.031	84.031A	N/A	440,370	
American Rescue Plan (ARP):					
ESF Section 2-Higher Education:					
Higher Education Emergency Relief Fund (HEERF III) (Direct Funding):					
Student Aid Portion	84.425	COVID-19, 84.425E	N/A	4,067,715	
Institutional Award	84.425	COVID-19, 84.425F	N/A	3,400,000	
Total ARP (HEERF III)				7,467,715	
Education Stabilization Fund				7,467,715	
Career & Technical Education-Basic Grants:					
Passed Through State of NJ Department of Education:					
Carl D. Perkins Vocational and Applied Technology Act	84.048	N/A	05-7116-035	570,706	
Carl D. Perkins Vocational and Applied Technology Act	84.048	N/A	05-7116-035	3,527	
Total Career and Technical Education-Basic Grants				574,233	
Adult Education-Basic Grants to States:					
Passed Through State of NJ Department of Labor and Workforce Development:					
Adult Education & Family Literacy:					
Adult - Basic Skills	84.002	N/A	ABS-FY2022-003	683,338	
Total Adult Education-Basic Grants to States				683,338	
Twenty-First Century Community Learning Centers:					
21st Century Learning	84.278	N/A	EK28	237,887	
Total Twenty-First Century Community Learning Centers				**237,887**	-

Schedule A

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title/Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Pass-through Entity Identifying Number	FY 2022 Expenditures	Passed Through to Subrecipients
US Department of Education (Continued):					
TRIO Cluster (Direct Funding)					
TRIO - Talent Search	84.044	N/A	N/A	321,324	
TRIO - Talent Search	84.044	N/A	N/A	80,359	
				401,683	-
TRIO - Upward Bound	84.047	N/A	N/A	408,013	
TRIO - Upward Bound	84.047	N/A	N/A	120,548	
				528,561	-
Total TRIO Cluster				**930,244**	-
Total US Department of Education				19,992,579	
National Science Foundation:					
Passed Through New Jersey Department of Education:					
Passed Through William Patterson University:					
Education and Human Resources - NSF NOYCE	47.076	N/A	N/A	4,240	
Total National Science Foundation				**4,240**	
Total Federal Awards				**$20,377,779**	

The Accompanying Notes to the Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Schedule B

MERCER COUNTY COMMUNITY COLLEGE

Schedule of Expenditures of State Financial Assistance

For the Fiscal Year Ended June 30, 2022

State Grantor/Program Title	State G.M.I.S. Number	Program or Award Amount	Matching Contribution	Program Funds Received	Grant Period From	Grant Period To	FY 2022 Expenditures	Passed Through to Subrecipients	Cumulative Expenditures
Student Financial Aid:									
New Jersey Commission of Higher Education									
Educational Opportunities Fund - Article III	100-074-2401-001	$291,593		$291,593	07/01/21	06/30/22	$291,593	-	$291,593
Educational Opportunities Fund - Article III Summer	100-074-2401-001	166,990		166,990	07/01/21	06/30/22	163,938		163,938
New Jersey Higher Education Student Assistance Authority									
New Jersey Stars Program	100-074-2405-313	166,510		166,510	07/01/21	06/30/22	166,510		166,510
Tuition Aid Grants	100-074-2405-007	1,364,827		1,364,827	07/01/21	06/30/22	1,364,827		1,364,827
Community College Opportunity Grant (CCOG)	100-074-2405-332	1,093,262		1,093,262	07/01/21	06/30/22	1,093,262		1,093,262
New Jersey Best Grants	100-074-2405-316	11,000		11,000	07/01/21	06/30/22	9,500		9,500
Garden State Scholarship		1,500		1,500	7/1/2021	6/30/2022	1,500		1,500
Total Student Financial Aid		3,095,682		3,095,682			3,091,130		3,091,130
N.J. Office of the Secretary of Higher Education									
College Readiness Now Grant	100-074-2400-055	43,547		43,547	07/01/21	06/30/22	43,547		43,547
College Readiness Now Grant	100-074-2400-055	43,547		43,547	07/01/21	06/30/22	1,000		1,000
Educational Opportunities Fund - Article IV	100-074-2401-002	266,099		266,099	07/01/21	06/30/22	256,488		256,488
Community College Opportunity Grant	100-074-2400-061	241,234		241,234	07/01/21	06/30/22	241,234		241,234
Total New Jersey Office of the Secretary of Higher Education		594,427		594,427			542,269	-	542,269
New Jersey Department of Treasury - Higher Education Administration									
Operational Costs County Colleges	100-082-2155-015	7,433,816		7,433,816	07/01/21	06/30/22	7,433,816		7,433,816
P.L. 1971 -Chapter 12-Debt Service	100-082-2155-016	3,913,173		3,913,173	07/01/21	06/30/22	3,913,173		3,913,173
Employer Contributions-Alternative Benefit Program-FT Faculty	100-082-2155-017	956,918		956,918	07/01/21	06/30/22	956,918		956,918
Employer Contributions-Alternative Benefit Program- Adjunct	100-082-2155-017	197,014		197,014	07/01/21	06/30/22	197,014		197,014
Total Employer Contributions-Alternate Benefit Program		1,153,932		1,153,932			1,153,932		1,153,932
Total New Jersey Department of Treasury - Higher Education Administration		$12,500,921		$12,500,921			12,500,921		12,500,921
Total State Financial Assistance							$ 16,134,319		$ 16,134,319

The Accompanying Notes to the Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

MERCER COUNTY COMMUNITY COLLEGE
Notes to Schedules of Schedules of Expenditures of Federal
Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance ("the schedules") include federal and state award activity of Mercer County Community College (hereafter referred to as the "College"). The College is defined in note 1 to the College's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the College, it is not intended to and does not present the financial position and changes in operations of the College. Accordingly, some amounts presented in the respective schedules may differ from amounts presented in, or used in the preparation of, the College's June 30, 2021 financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting as described in note 1 to the College's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

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

Note 4: OTHER STUDENT LOAN PROGRAMS

The College is responsible only for the performance of certain administrative duties with respect to Federal Direct Student Loans and New Jersey Class Loans; accordingly, these loans balances are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under these programs as of June 30, 2022.

Note 5: DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE)

The College has not received any donations of Personal Protective Equipment (PPE) related to COVID-19.

Note 6: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

(1)	Type of Auditor's Report Issued:	Unmodified
(2)	Internal Control Over Financial Reporting:	
	(a) Material weakness identified?	No
	(b) Significant deficiencies identified that are not considered to be material weaknesses?	No
(3)	Noncompliance material to basic financial statements noted?	No

Federal Program(s)

(1)	Internal Control Over Major Federal Programs:	
	(a) Material weakness identified?	No
	(b) Significant deficiencies identified that are not considered to be material weaknesses?	No
(2)	Type of Auditor's Report issued on compliance for major federal program(s)?	Unmodified
(3)	Any audit findings disclosed that are required to be reported in accordance with Federal Uniform Guidance?	No
(4)	Identification of Federal Program(s):	

Program	CFDA Number
Coronvirus Relief Fund (CRF)-Workforce Training & Reskilling	21.019
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans – Subsidized & Unsubsidized	84.268
Higher Education Emergency Relief III Student Aid Portion	84.425E
Higher Education Emergency Relief III Institutional Portion	84.425F
Carl D. Perkins Vocational and Applied Technology Act	84.048

(5) Program Threshold Determination:
Type A Federal Program Threshold > $750,000.00
Type B Federal Program Threshold <= $750,000.00

(6) Auditee qualified as a low-risk auditee under Federal Uniform Guidance? Yes

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor's Results (Continued)

State Program(s)

(1) Internal Control Over Major State Programs:

(c)	Material weakness identified?	No
(d)	Significant deficiencies identified that are not considered to be material weaknesses?	No

(2) Type of Auditor's Report issued on compliance for major state program(s)? — Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? — No

(4) Identification of Major State Program(s):

Program	Grant Number
State Aid Cluster:	
Educational Opportunities Fund	100-074-2401-001
New Jersey Stars Program	100-074-2405-313
Tuition Aid Grants	100-074-2405-007
Community College Opportunity Grant	100-074-2405-332
New Jersey Best Grants	100-074-2405-316
Garden State Scholarship	N/A
College Readiness Now Grant	100-074-2400-055
Educational Opportunities Fund - Article IV	100-074-2401-002
Community College Opportunity Grant	100-074-2400-061
Operational Costs County Colleges	100-082-2155-015

5) Program Threshold Determination:
Type A State Program Threshold > $750,000.00
Type B State Program Threshold <= $750,000.00

(6) Auditee qualified as a low-risk auditee under New Jersey OMB Circular 15-08? — Yes

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Prior Year Audit Findings

Federal Programs and State Programs

This section identifies the status of prior year findings related to the financial statements, federal awards, and state financial assistance for the year ending June 30, 2021.

Finding No. 2021-001

Criteria or Specific Requirement
Internal controls should be in place that provide reasonable assurance that the various financial system processes function appropriately in order to ensure the proper reconciliation of accounts and account balances so that the College's financial statements are accurately prepared and presented in accordance with all the applicable requirements.

Condition
Several issues were identified with respect to the controls and procedures over financial system processes, including the timely reconciliation of accounts, the accuracy of the posting of transactions and proper preparation of the financial statements.

Current Status
Finding Resolved.

Finding No. 2021-002

Criteria or Specific Requirement
N.J.S.A. 52:15C-10 states "In furtherance of the duty of the State Comptroller to audit and monitor the process of soliciting proposals for, and the process of awarding, contracts by contracting units which contracts involve a significant consideration or expenditure of funds, a contracting unit shall provide notice to the State Comptroller no later than 20 business days after the award of a contract involving consideration or an expenditure of more than $2,500,000 but less than $12,500,000".

Condition
The College did not comply with N.J.S.A. 52:15C-10.

Context
During our test of bids and contracts we noted the College did not comply with N.J.S.A. 52:15C-10 and submit a completed Office of State Comptroller Form A post-award notice for contracts valued at more than $2,500,000 but less than $12,500,000 no later than 20 business days after the award. In this instance, the award date of the contract was 7/16/20 and the notice was submitted 12/2/21.

Current Status
Finding Resolved.

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2021-003

Criteria or Specific Requirement
As a function of effective internal controls, supporting documentation should be maintained for the billings and timely analysis and reconciliations should be prepared for the accounts receivable balance for sponsored credit courses.

Condition
Supporting documentation was not readily available to substantiate the accounts receivable balance for sponsored credit courses.

Current Status
Processes and controls are in place. Staff will complete reconciliation of sponsored credit course receivables by June 30, 2023.

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) disclosed in the June 30, 2021 audit.

Finding No. 2021-004

Information on the Federal Program
U.S. Department of Education - Student Financial Aid Cluster (Federal Award Year 7/1/20 to 6/30/21):
Federal Direct Student Loans:
(Assistance Listing Number 84.268) (Federal Grant Number P268K210476) (FAIN – not applicable)
Federal Supplemental Educational Opportunities Grants:
(Assistance Listing Number 84.007) (Federal Grant Number P007A202582) (FAIN – not applicable)
Federal Pell Grant Program:
(Assistance Listing Number 84.063) (Federal Grant Number P063P200476) (FAIN – not applicable)

Criteria or Specific Requirement
34 CFR section 668.173(b) – Timing of Return of Title IV Funds:
Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

34 CFR sections 668.22(a)(1) through (a)(5):
When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement.

Section 3508 of the CARES Act:
Section 3508 of the CARES Act waives Return of Title IV Funds (R2T4) requirements for students whose withdrawals were related to the novel coronavirus disease (COVID-19). These waivers apply to payment periods that include March 13, 2020, through the last date of the COVID-19 national emergency. The CARES Act requires schools to report to ED information specific to each student for whom it was not required to return Title IV funds under the waiver exception. The law also requires schools to report to ED the total amount of Title IV grant or loan assistance that was not returned as a result of the CARES Act provisions.

Condition

A. Four sampled students who officially withdrew during the payment period in which they began attendance, the College did not perform the Return of Title IV Funds Calculations ("return calculation") in a timely manner and funds were not returned to the Federal Department of Education ("DOE") within the required 45 days.

MERCER COUNTY COMMUNITY COLLEGE
Schedule of Prior Year Audit Findings

Section 3- Schedule of Federal Award Findings and Questioned Costs (Cont'd)

Finding No. 2021-004 (Cont'd)

Condition (Cont'd)

B. For 1 sampled student who unofficially withdrew from the 2020 Fall Reporting Term payment period, the College did not properly perform the Return of Title IV Funds Calculation ("return calculation") and improper post-withdrawal disbursement in the amount of $525 Pell award was made to the student.

C. The College did not comply with Section 3508 of the CARES Act in reporting information specific to each student for whom it was not required to return Title IV funds under the waiver exception the total amount of Title IV grant or loan assistance that was not returned as a result of the CARES Act provisions. For 12 sampled students to whom the College determined such waiver applied, the Coronavirus Indicator checkbox in the COD System was completed in March 2022. No other supporting document was provided by the College to evidence that all reporting was completed. In addition, it did not appear that the College retained documentation indicating that these students' withdrawals were related to COVID-19.

Current Status
Finding Resolved.

Section 3- Schedule of Federal Award Findings and Questioned Costs (Cont'd)

Finding No. 2021-005

Information on the Federal Program

U.S. Department of the Treasury – Passed Through State of N.J. Office of the Secretary of Higher Education: **Coronavirus Relief Fund**: (Federal Award Year 7/1/20 to 6/30/21):
  Coronavirus Relief Fund (CRF) – Round I:
    (Assistance Listing Number 21.019) (FAIN – not applicable)
  Coronavirus Relief Fund (CRF) – Round II:
    (Assistance Listing Number 21.019) (FAIN – not applicable)
U.S. Department of the Treasury – Passed Through State of N.J. Department of Labor and Workforce Development: **Coronavirus Relief Fund (Federal Award Year 7/1/20 to 6/30/21):**
  Coronavirus Relief Fund (CRF) – Workforce Training & Reskilling:
    (Assistance Listing Number 21.019) (FAIN – not applicable)

U.S. Department of Education – Passed Through State of N.J. Office of the Secretary of Higher Education: **Education Stabilization Fund**: (Federal Award Year 7/1/20 to 6/30/21):
  Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
    Governor's Emergency Education Relief (GEER) Fund (COVID-19):
      (Assistance Listing Number 84.425C) (FAIN – not applicable)
    Higher Education Emergency Relief Fund (HEERF I): Student Aid Portion (COVID-19)
      (Assistance Listing Number 84.425E) (FAIN – not applicable)
  Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA):
    Higher Education Emergency Relief Fund (HEERF II): Student Aid Portion (COVID-19)
      (Assistance Listing Number 84.425E) (FAIN – not applicable)
    Higher Education Emergency Relief Fund (HEERF II): Institutional Portion (COVID-19)
      (Assistance Listing Number 84.425F) (FAIN – not applicable)
  American Rescue Plan Act (ARP):
    Higher Education Emergency Relief Fund (HEERF III): Student Aid Portion (COVID-19)
      (Assistance Listing Number 84.425E) (FAIN – not applicable)
    Higher Education Emergency Relief Fund (HEERF III): Institutional Portion (COVID-19)
      (Assistance Listing Number 84.425F) (FAIN – not applicable)

Criteria or Specific Requirement

Federal CFR 2 200.303 states that a non-Federal entity must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

College policy indicates that certain management personnel in the finance department are responsible for determining if an expense is allowable to a federal award and for submitting the required budget and expenditure reports to the state. As evidence of that determination, all grant expenditures and reports submitted to the state must be approved by management personnel in the finance department.

Condition

Several grant expenditures were deemed to be unallowable costs, per the grant compliance requirements and the amounts reported on the federal financial reports were not in agreement with the financial records at the College.

Section 3- Schedule of Federal Award Findings and Questioned Costs (Cont'd)

Finding No. 2021-005 (Cont'd)

Current Status
Finding Resolved.

Finding No. 2021-006

Information on the Federal Program
U.S. Department of Education – Passed Through State of N.J. Office of the Secretary of Higher Education: **Education Stabilization Fund**: (Federal Award Year 7/1/20 to 6/30/21):
Coronavirus Response and Relief Supplemental Appropriation Act (ARP):
Higher Education Emergency Relief Fund (HEERF III): Student Aid Portion (COVID-19)
(Assistance Listing Number 84.425E) (FAIN – not applicable)

Condition
The College awarded HEERF III Student Aid to one student who did not meet the eligibility requirements per the Standard Operating Procedures set in place by the College.

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Current Status
Finding Resolved.