



REPORT OF AUDIT

U **UNION**
COUNTY
COLLEGE

Transforming
Our Community...
One Student
at a Time

2021

FISCAL YEAR ENDED JUNE 30, 2021
CRANFORD, NEW JERSEY

**UNION COUNTY COLLEGE
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YEAR ENDED JUNE 30, 2021**

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**UNION COUNTY COLLEGE
MEMBERS OF THE BOARDS OF TRUSTEES AND GOVERNORS**

**MEMBERS OF THE BOARD OF TRUSTEES
AS OF JUNE 30, 2021**

<u>Name</u>	<u>Term Expires</u>
Victor M. Richel, Chair	2022
Rafael J. Betancourt, Esq., Vice Chair	2023
Lawrence D. Bashe	2024
George A. Castro, II	2018
Edward J. Chrystal, Jr.	2021
Daniel J. Connolly, CPA	2018
Nick Fixmer	2023
Miguel A. Merino	2022
Daryl Palmieri	2023
Kamran Tasharofi, M.D.	2022
Mary M. Zimmermann	2021
Holly Stefanik, Student Representative	Nov. 2021
Dr. Margaret M. McMenamin, President	Ex-Officio

**MEMBERS OF THE BOARD OF GOVERNORS
AS OF JUNE 30, 2021**

<u>Name</u>	<u>Term Expires</u>
Mary M. Zimmerman, Chair	2022
Lawrence D. Bashe, Vice Chair	2023
Melinda Ayala	2021
Nancy J. Benz	2023
Rafael J. Betancourt, Esq.	2023
Tamecka M. Dixon	2022
Ryan J. Greco	2022
Stephen F. Hehl, Esq.	2022
Donna M. Herran	2022
Harvey R. Hirschfeld	2023
Edward J. Hobbie, Esq.	2023
Gary S. Horan	2023
Jeffrey H. Katz, Esq.	2022
Richard J. Malcolm	2021
J. Anthony Manger, Esq.	2021
Carl J. Napor	2023
Francis Raudelunas	2021
Victor M. Richel	2022
Gordon L. Vickers	2022
Allan L. Weisberg	2021
Hugh C. Welsh	2023
Dr. Margaret M. McMenamin, President	Ex-Officio

**UNION COUNTY COLLEGE
OTHER COLLEGE OFFICIALS**

**OTHER COLLEGE OFFICIALS
AS OF NOVEMBER 30, 2021**

Dr. Margaret M. McMenamin	President
Dr. Maris Lown	Vice President of Academic Affairs
Dr. Lori Wilkin	Vice President of Finance and Operations
Dr. Demond Hargrove	Vice President of Student Development
Dr. Bernard Polnariev	Vice President of Administrative Services
Vincent Lotano	Associate Vice President of Operations
Marlene Sousa	Assistant Vice President of Finance
Dr. Melissa Sande	Dean of Humanities
Dr. Melinda Norelli	Dean of Social Science, Business & History
Dr. Victoria Ukachukwu	Dean of Plainfield Campus and Allied Sciences
Dr. Elizabeth Ramos	Dean of Elizabeth Campus
William Dunscombe	Interim Dean of STEM
Dr. Jaime Segal	Executive Director of College Relations and Secretary of the Boards
Dr. Lisa Hiscano	Executive Director of Continuing Education and Workforce Development
Vacant	Executive Director of Assessment Planning & Research
Douglas E. Rouse	Executive Director of Union County College Foundation



INDEPENDENT AUDITORS' REPORT

Honorable Chairman and
Members of the Board of Trustees
Union County College
Cranford, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Union County College (the College), a component unit of the County of Union, state of New Jersey, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit (Union County College Foundation) 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Honorable Chairman and
Members of the Board of Trustees
Union County College

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Union County College as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the schedules of proportionate share of net pension liability and contributions, and the schedule of proportionate share of net OPEB liability and contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey Department of Treasury Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Chairman and
Members of the Board of Trustees
Union County College

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
February 22, 2022

**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

This section of Union County College's Financial Report presents management's discussion and analysis of the financial performance of Union County College (the College) during the fiscal years ended June 30, 2021 and 2020 and its changes in financial position for the fiscal years then ended with FY 2020 data presented for comparative purposes. This analysis is designed to focus on current activities, resulting changes, and currently known facts. Please read it in conjunction with the College's Basic Financial Statements, Notes to the Financial Statements and its Independent Auditors' Report. College management is responsible for the completeness and fairness of this information.

Overview of the Basic Financial Statements

The financial statements are presented in accordance with Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, presentation under which is designed to emulate corporate presentation models whereby all of the College's activities are consolidated into one total. Pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the College includes Union County College Foundation (the Foundation) as a discretely presented component unit since it is a separate legal entity. However, the focus in this analysis will be solely on the College's financial performance, exclusive of the Foundation.

The College implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in FY 2015. These new statements establish standards for measuring and recognizing on each participating public employers' financial statements their allocated share of the Plan's net pension liability (NPL), deferred inflows and outflows, and pension expense. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Correspondingly, there is \$3.0 million for deferred outflows as well as a \$10.4 million for deferred inflows in FY 2021 resulting from the adoption of GASB 68 and 71.

The College implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, whereby the State is responsible for the employer contributions and the total liability resulting from a special funding situation. Other postemployment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. While the College does not report a liability related to OPEB due to the special funding situation, the College is required to recognize the OPEB expense paid by the State and the offsetting revenue. Therefore, for FY 2021 and FY 2020, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense of \$6.6 million and \$3.1 million, respectively.

UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021

The Statements of Net Position present the financial position of the College at the end of the fiscal years and require classification of assets and liabilities into current and noncurrent categories. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is reflected in the net position section, and displayed in three broad categories; net investment in capital assets, restricted and unrestricted. Net position is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statements of Revenues, Expenses, and Changes in Net Position replace the fund perspective with the entity-wide perspective. Revenues and expenses are categorized as operating or nonoperating, and expenses are reported by natural classification. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to the students and the public.

Key Financial Data (\$000)	2021	2020	2021 vs 2020		2019	2020 vs 2019	
			Inc (Dec)	% Change		Inc (Dec)	% Change
Operating Revenues	\$ 68,518	\$ 61,304	\$ 7,214	11.8 %	\$ 58,061	\$ 3,243	5.6 %
Educational and General Expense	90,764	87,165	3,599	4.1	87,875	(710)	(0.8)
Operating (Loss)	(22,246)	(25,861)	3,615	14.0	(29,814)	3,953	13.3
Nonoperating Revenues, Net	31,775	28,258	3,517	12.4	30,573	(2,315)	(7.6)
Capital Contributions and Grants	2,920	9,189	(6,269)	(68.2)	6,693	2,496	37.3
Increase in							
Net Position	12,449	11,586	863	7.4	7,452	4,134	55.5
Net Position - Beginning of Year	113,383	101,797	11,586	11.4	94,345	7,452	7.9
Net Position - End of Year	<u>\$ 125,832</u>	<u>\$ 113,383</u>	<u>\$ 12,449</u>	11.0	<u>\$ 101,797</u>	<u>\$ 11,586</u>	11.4

The preceding table summarizes key financial data for fiscal years ended June 30, 2021 (FY 2021), June 30, 2020 (FY 2020), and June 30, 2019 (FY 2019). Comparisons represented above show FY 2021 contrasted with FY 2020 and FY 2020 contrasted with FY 2019 with dollar and percentage changes. This schedule is prepared from the College's statements of revenues, expenses, and changes in net position, which are presented on an accrual basis of accounting, including depreciation.

Operating Revenues (\$000)	2021	2020	2021 vs 2020		2019	2020 vs 2019	
			Inc (Dec)	% Change		Inc (Dec)	% Change
Tuition and Fees (Net of Scholarship Allowance)	\$ 26,386	\$ 26,135	\$ 251	1.0 %	\$ 27,474	\$ (1,339)	(4.9)%
Federal Grants	32,002	23,976	8,026	33.5	22,342	1,634	7.3
State Grants	9,099	9,873	(774)	(7.8)	6,818	3,055	44.8
Local Grants	88	101	(13)	(12.5)	152	(51)	(33.6)
Gifts and Contributions	315	266	49	18.6	260	6	2.3
Other Operating Revenues	628	953	(325)	(34.1)	1,015	(62)	(6.1)
Total Operating Revenues	<u>\$ 68,518</u>	<u>\$ 61,304</u>	<u>\$ 7,214</u>	11.8	<u>\$ 58,061</u>	<u>\$ 3,243</u>	5.6

**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

Total Operating Revenues increased \$7.2 million or 11.8% in FY 2021 as compared to FY 2020. The major areas of change were as follows:

- ❖ Federal grants increased \$8 million or 33.5% from FY 2020. The increase is primarily due to the CARES Act Higher Education Emergency Relief Fund (HEERF) distributions. The College distributed over \$6.5 million to students in FY 2021. In addition, the College received \$2.5 million in institutional funding that was used for cleaning supplies, personal protective equipment and technology for remote learning.
- ❖ State grant revenues decreased \$774 thousand or 7.8% as compared to FY 2020. The renovation of the Health Science Building in Plainfield was substantially completed in FY 2020. During FY21, the reimbursement for the costs of construction totaled \$203 thousand compared to \$2.5 million in FY 2020. This is offset by an increase in the Community College Opportunity Grant. The grant provided \$1.5 million in last-dollar financial more than the prior fiscal year.
- ❖ Other operating revenues decreased by \$325 thousand or 34.1% in FY 2021 as compared to FY 2020. The pandemic directly affected other operating revenues including parking and commission-based revenues which decreased by \$247 thousand and \$75 thousand, respectively.

Total Operating Revenues increased \$3.2 million or 5.6% in FY 2020 as compared to FY 2019. The major areas of change were as follows:

- ❖ Net tuition and fees decreased \$1.3 million or 4.9% year over year. Tuition rates for FY 2020 remained the same as FY 2019. Total credit hours declined in FY 2020 by 2.39% compared to FY 2019.
- ❖ Federal grants increased \$1.6 million or 7.3% from FY 2019. The increase is primarily due to the CARES Act Higher Education Emergency Relief Fund (HEERF) distributed to students. The College was awarded the grant in April and distributed \$1.3 million in FY 2020.
- ❖ State grant revenues increased \$3.1 million, or 44.8%, as compared to FY 2019. The renovation of the Health Science Building in Plainfield continued in FY 2020 which is primarily funded by the NJ GoBond Grant. During FY 2020, the reimbursement for the costs of construction totaled \$2.6 million compared to \$1.1 million in FY 2019. In addition, the Community College Opportunity Grant program provided last-dollar financial aid awards totaling \$1.8 million in FY 2020 compared to \$673 thousand in FY 2019.

**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

Operating Expense (\$000)	2021	2020	2021 vs 2020		2019	2020 vs 2019	
			Inc (Dec)	% Change		Inc (Dec)	% Change
Instructional	\$ 34,480	\$ 35,932	\$ (1,452)	(4.0)%	\$ 35,368	\$ 564	1.6 %
Public Service	1,601	2,014	(413)	(20.5)	1,986	28	1.4
Academic Support	4,924	6,336	(1,412)	(22.3)	6,588	(252)	(3.8)
Student Services	7,302	7,933	(631)	(8.0)	9,229	(1,296)	(14.0)
Institutional Support	11,134	10,475	659	6.3	11,467	(992)	(8.7)
Plant	9,840	10,401	(561)	(5.4)	10,415	(14)	(0.1)
Student Aid	14,858	7,783	7,075	90.9	6,909	874	12.7
Depreciation	6,625	6,291	334	5.3	5,913	378	6.4
Total Operating Expenses	90,764	87,165	3,599	4.1	87,875	(710)	(0.8)
Interest on Capital Asset Related Debt	699	747	(48)	(6.5)	705	42	6.0
Total Expenses	<u>\$ 91,463</u>	<u>\$ 87,912</u>	<u>\$ 3,551</u>	4.0	<u>\$ 88,580</u>	<u>\$ (668)</u>	(0.8)

Operating expenses in FY 2021 increased \$3.6 million over the same period in FY 2020. The major areas of change were:

- ❖ Instructional decreased \$1.5 million or 4.0% in FY 2021. There were reductions in compensation and other operating expenses as a result of the pandemic. Expenses, including compensation, were reimbursed by pandemic-related funding. In addition, the Health Science Building in Plainfield was substantially completed in FY 2020. The decreases in expenditures are offset by an increase in Other Post Employment Benefits (OPEB) year-over-year.
- ❖ Academic Support decreased \$1.4 million or 22.3% in FY 2021. The decrease is a direct result of the pandemic. There were reductions in variable compensation and other operating expenses. Additionally, expenses, including compensation and software, license and maintenance, were reimbursed by HEERF. The decreases are offset by an increase in OPEB.
- ❖ Student services decreased \$631 thousand or 8.0% in FY 2021. The decrease is primarily due to compensation savings year over year as a result of vacancies. Additionally, reductions in operating expenses, including athletic events and in-person graduation, were a direct result of the pandemic. The decreases are offset by an increase in OPEB.
- ❖ Institutional support increased \$659 thousand or 6.3% in FY 2021. The increase is a result of pandemic-related expenses including cleaning and sanitation supplies, personal protective equipment and technology to aid in a remote environment. This is offset by a decrease in the PERS pension expense year-over-year.
- ❖ Student Aid increased \$7.1 million or 90.9% in FY 2021. The increase is primarily due to the disbursement of the student portion of Higher Education Emergency Relief Fund. During FY 2021, the College distributed over \$6.0 million to students.

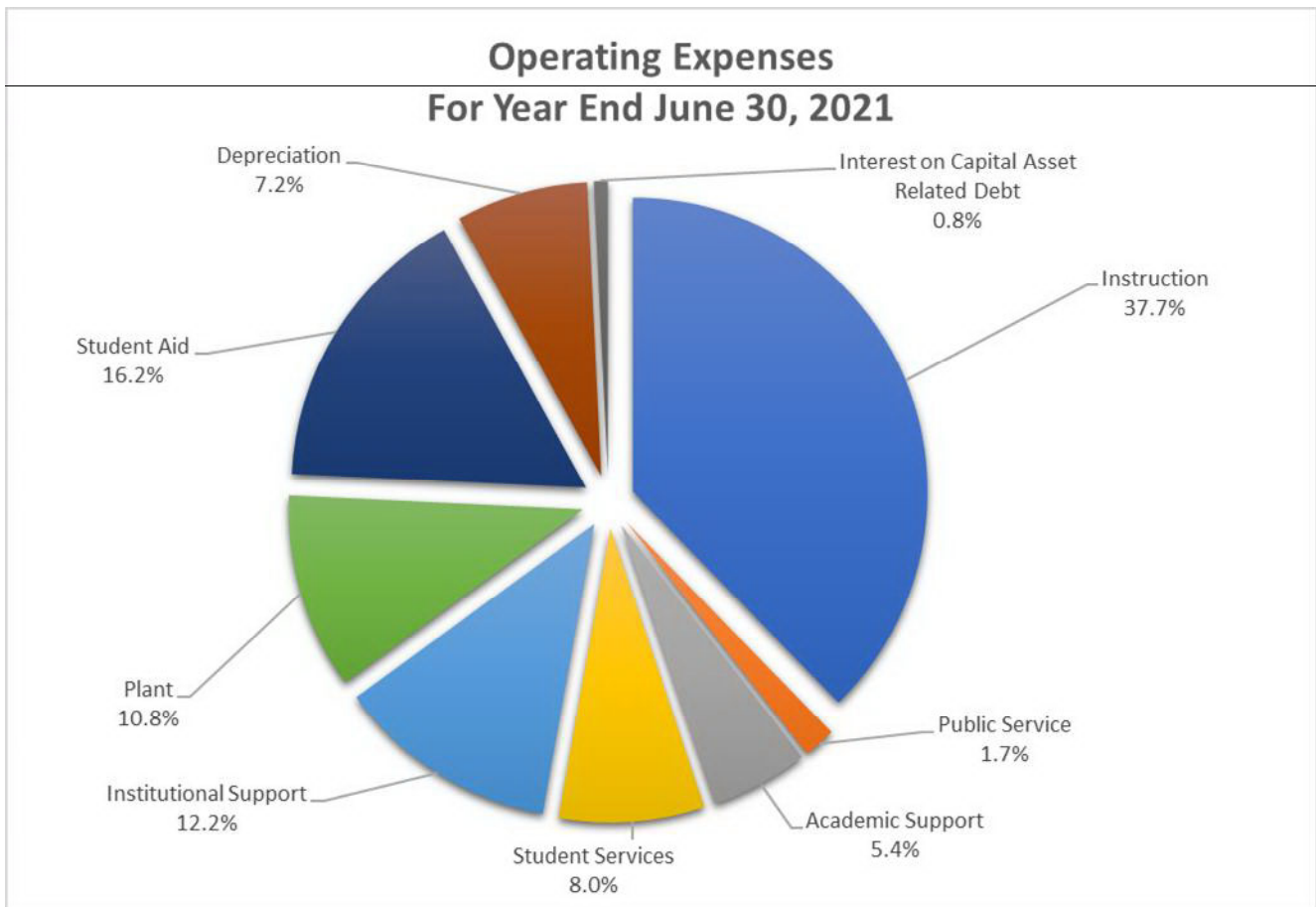
Operating expenses in FY 2020 decreased \$710 thousand over the same period in FY 2019. The major areas of change were:

- ❖ Instructional increased \$564 thousand or 1.6% in FY 2020. The College implemented a textbook subscription program which provides students with access to course material. The increase is offset by reductions in compensation as a result of the pandemic.

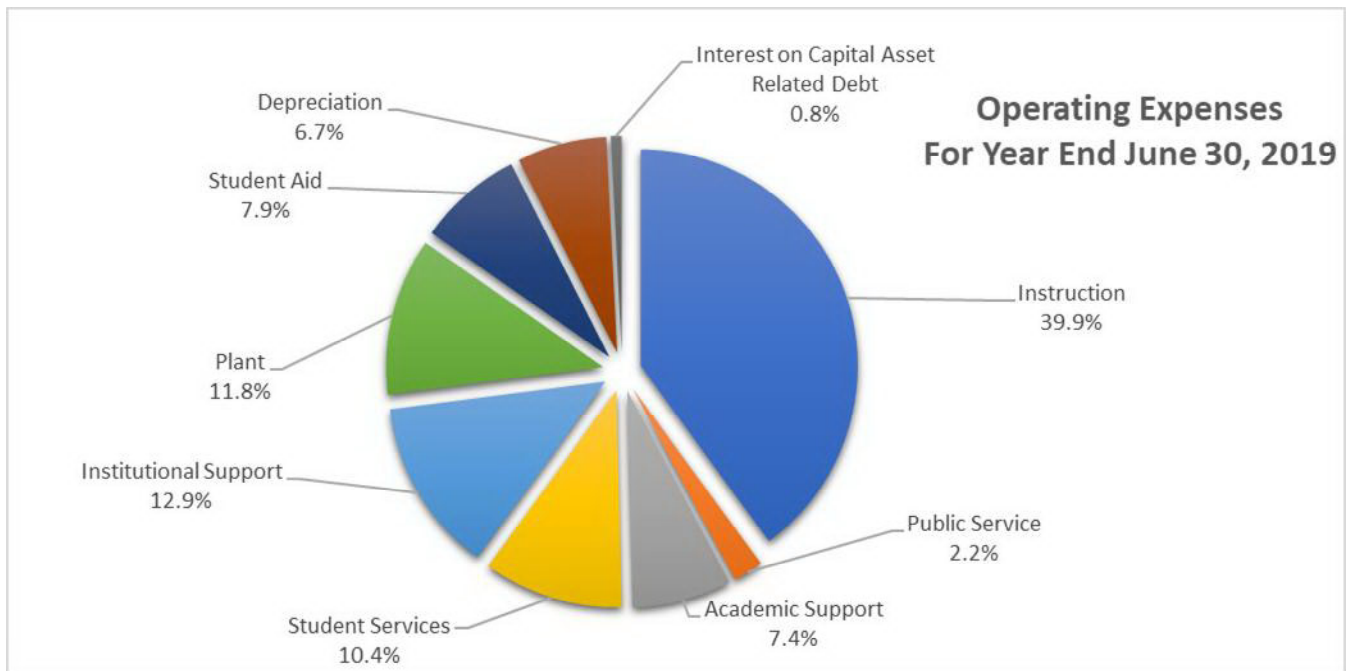
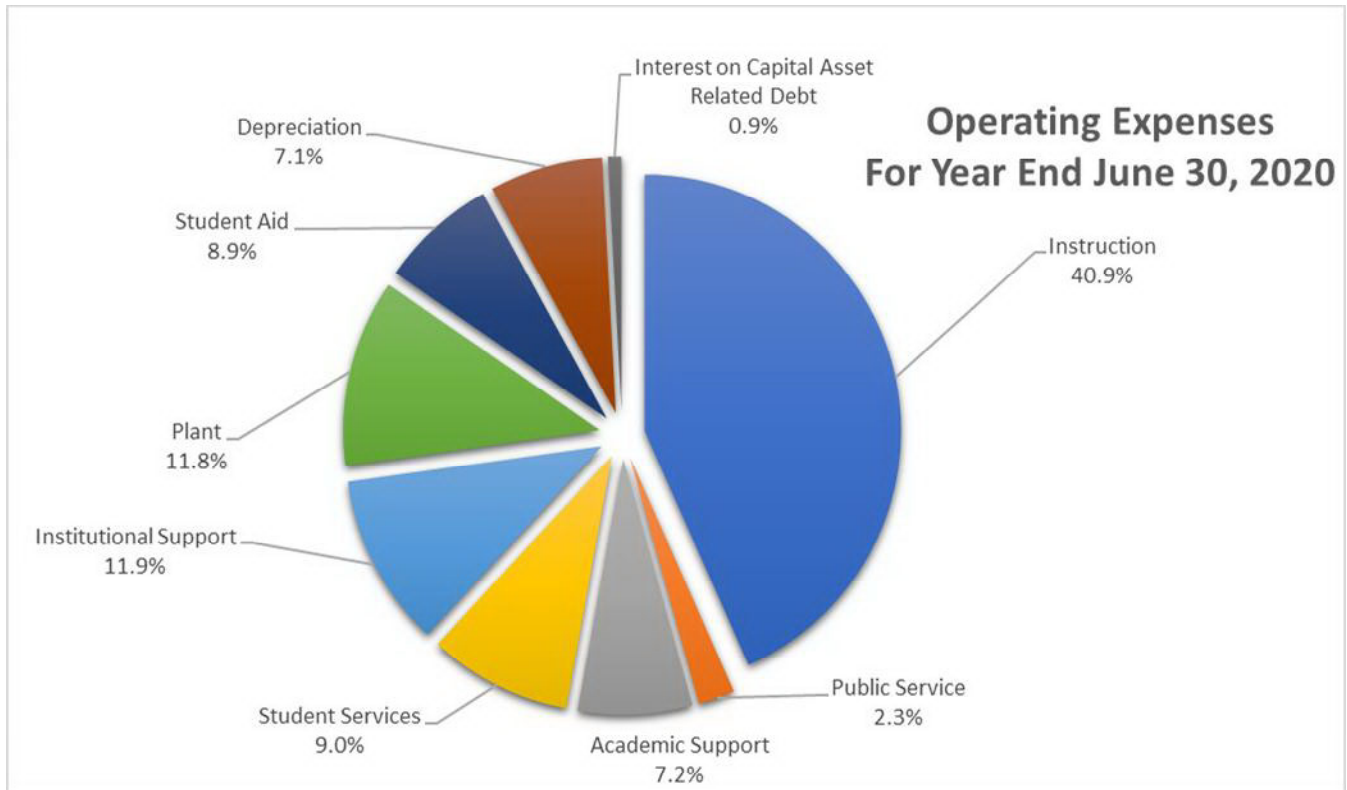
**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

- ❖ Student services decreased \$1.3 million or 14.0% in FY 2020. The decrease is primarily due capital projects including the completion of the Lessner One Stop renovation in FY2019. Operationally, there were compensation savings year over year as a result of vacancies. Lastly, there was decrease in expenses related to the College's athletic programs as a result of the pandemic.
- ❖ Institutional support decreased \$992 thousand or 8.7% in FY 2020. The College realized \$700 thousand in savings resulting from the reduction of full-time personnel as well as the decrease in health insurance premiums that became effective in January of 2020. Additionally, the GASB 68 PERS pension expense decreased \$633 thousand year over year.

The following are graphic illustrations of operating expenses by categories for each fiscal year:



**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**



**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

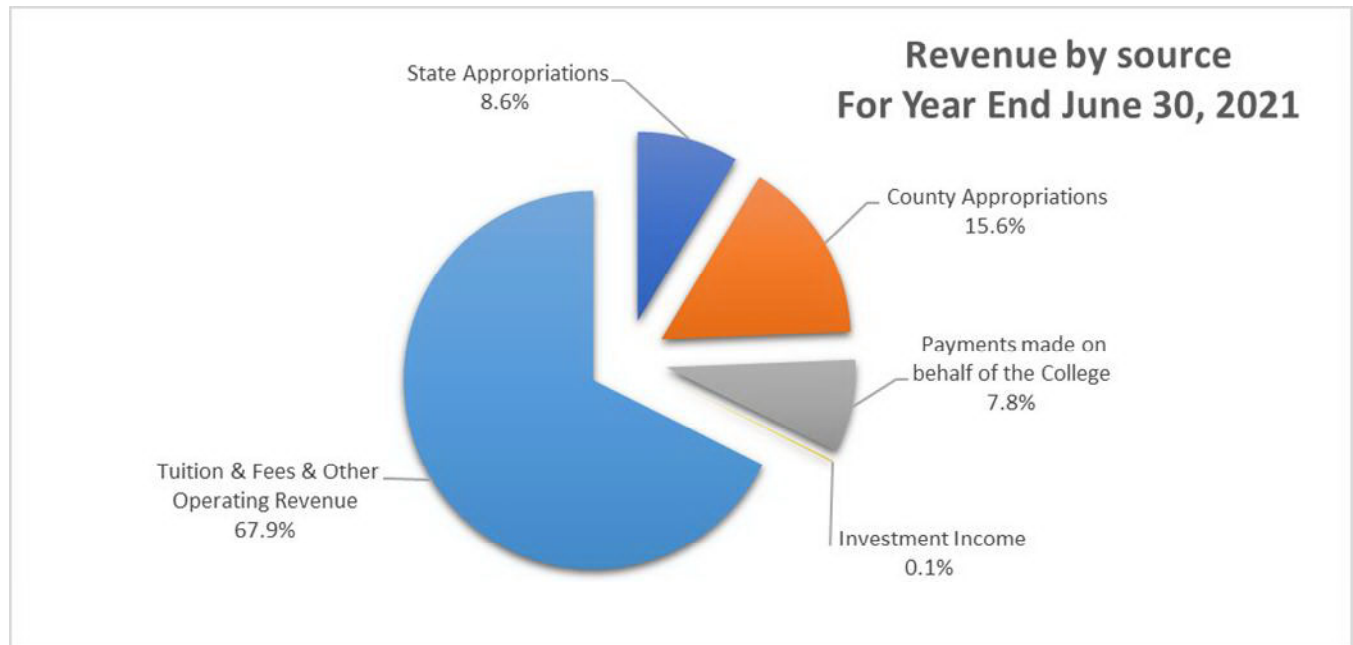
Operating Loss

The College reported an operating loss of \$22.2 million in FY 2021 as compared to a loss of \$25.9 million in FY 2020. The decrease in operating loss year over year reflects an increase in revenues of \$7.2 million as well as an increase in educational and general expenses of \$3.6 million. The loss reinforces the dependence and importance to the institution of two major components of nonoperating revenue – the State and County Appropriations. Were it not for this aid to the College, the attainment of a two-year college education would not be a realistic goal for many students.

Nonoperating Revenues, Net (\$000)	2021	2020	2021 vs 2020		2019	2020 vs 2019	
			Inc (Dec)	% Change		Inc (Dec)	% Change
State Appropriations	\$ 8,692	\$ 8,885	\$ (193)	(2.2)%	\$ 9,995	\$ (1,110)	(11.1)%
County Appropriations	15,739	15,258	481	3.1	15,127	131	0.9
Payments on behalf of the College	7,927	4,435	3,492	78.7	5,732	(1,297)	(22.6)
Investment Income	116	427	(311)	(72.8)	424	3	0.7
Total Nonoperating Revenues, Net	\$ 32,474	\$ 29,005	\$ 3,469	12.0	\$ 31,278	\$ (2,273)	(7.3)

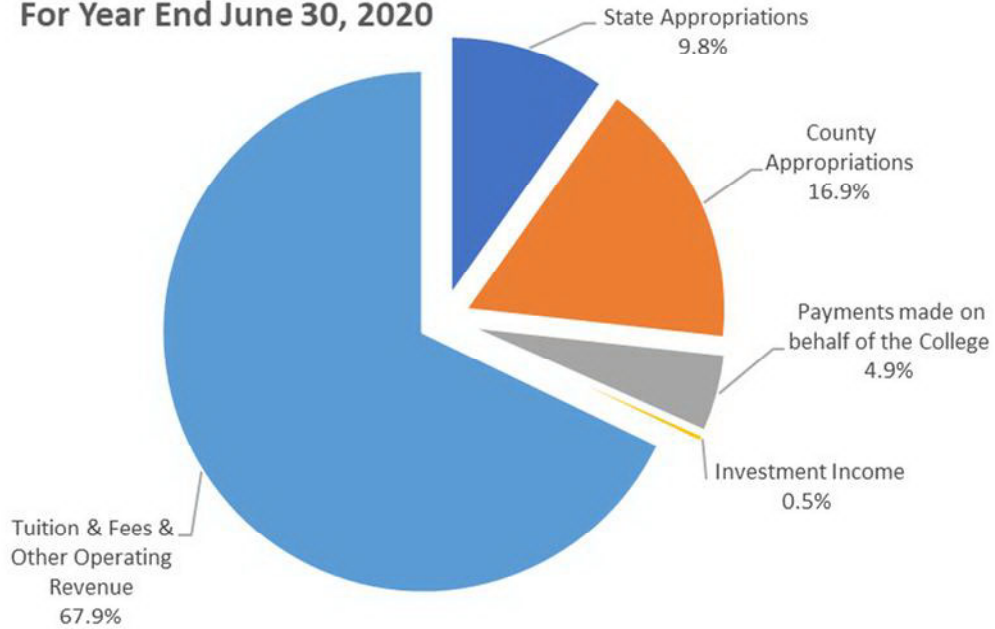
The College relies on nonoperating revenue to subsidize the cost of education for its students. Chief among these revenues are the appropriations of County and State aid. Funding from nonoperating revenues increased \$3.5 million, or 12.0% in FY 2021 due to the increase in other postemployment benefits. Tuition and fee revenue from students, inclusive of third-party payments on their behalf, provides 67.9% of the College's total revenue.

The following are graphic illustrations of revenue by source for each fiscal year:

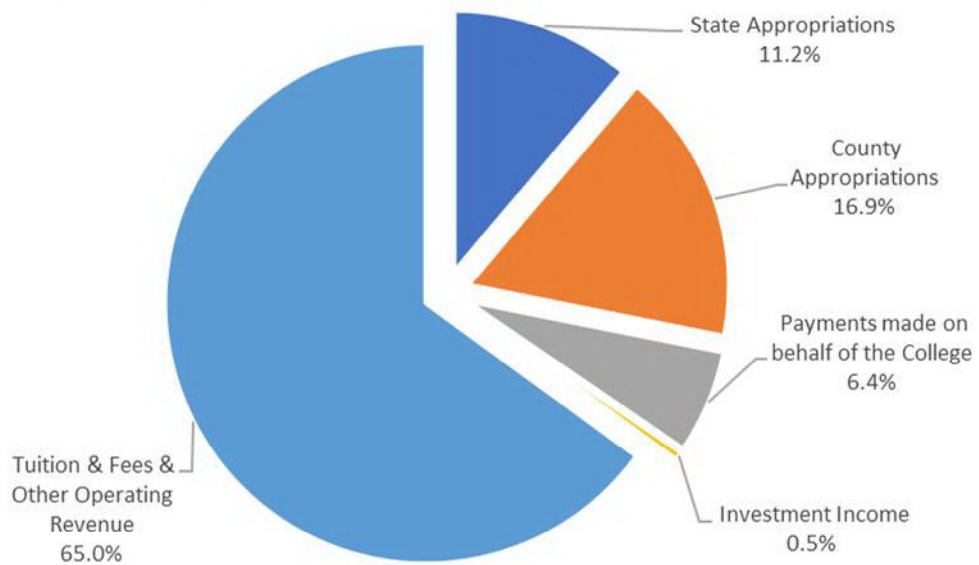


**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

**Revenue by Source
For Year End June 30, 2020**



**Revenue by Source
For Year End June 30, 2019**



**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

Capital Contributions and Grants

Capital Contributions and Grants decreased \$6.3 million in FY 2021. By the end of FY 2020, several of the capital facility projects worked on during that period were substantially completed. During FY 2021, the College focused its efforts on completing the renovations in Scotch Plains and the Roy Smith Theater. In addition, the College started the renovations of the cooling tower on the Cranford campus.

Capital Contributions and Grants increased \$2.5 million in FY 2020. The increase is a result of several facility projects including renovations at the Health Technology Building in Scotch Plains and the Health Science Building on the Plainfield campus.

Statement of Net Position

Net Position (\$000)	2021	2020	2021 vs 2020		2019	2020 vs 2019	
			Inc (Dec)	% Change		Inc (Dec)	% Change
Current Assets	\$ 59,653	\$ 50,503	\$ 9,150	18.1 %	\$ 46,428	\$ 4,075	8.8 %
Noncurrent Assets:							
Capital Assets, Net of Depreciation	119,006	118,388	618	0.5	112,760	5,628	5.0
Total Assets	178,659	168,891	9,768	5.8	159,188	9,703	6.1
Deferred Outflows of Resources	3,038	4,083	(1,045)	(25.6)	6,290	(2,207)	(35.1)
Current Liabilities	12,043	12,631	(588)	(4.7)	13,416	(785)	(5.9)
Noncurrent Liabilities	33,385	36,563	(3,178)	(8.7)	40,013	(3,450)	(8.6)
Total Liabilities	45,428	49,194	(3,766)	(7.7)	53,429	(4,235)	(7.9)
Deferred Inflows of Resources	10,437	10,397	40	0.4	10,252	145	1.4
Capital Assets - Net Position	104,875	103,885	990	1.0	97,932	5,953	6.1
Unrestricted - Net Position	20,957	9,498	11,459	120.6	3,865	5,633	145.7
Total Net Position	\$ 125,832	\$ 113,383	\$ 12,449	11.0	\$ 101,797	\$ 11,586	11.4

Current Assets in FY 2021 increased \$9.2 million or 18.1% year over year. Cash and cash equivalents increased by \$13.5 million for several reasons. During the period, pandemic-related funding supported the College's efforts and was used for outstanding student balances, compensation, marketing and other operating expenses. In addition, there was a reduction in operating expenses year over year due to the pandemic and the strategic decisions on the part of the administration. Lastly, county and grant receivable balances from prior period spending was collected. As a result, county receivable and grant receivables decreased by \$3.2 million and \$2.8 million, respectively.

Current Assets in FY 2020 increased \$4.1 million or 8.8% year over year. County receivable increased by \$4.0 million. As previously mentioned, the College is currently undergoing several projects which are funded by the County. Billing and invoice delays contributed to this as a result of the pandemic. In addition, Capital Assets increased by \$5.6 million as a result of the various renovations and technological upgrades. The decrease in Noncurrent Liabilities year over year resulted from a \$3.1 million decrease in the College's share of net pension liability recorded in FY 2020 based upon GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

Summary and Outlook

This fiscal year was filled with challenges as the COVID-19 pandemic persisted. The College continued to focus on students' needs and goals of success. As in the previous year, students were able to select from three modalities of instruction: Face-to-Face, Online and Remote Live. The ability to provide such options and achieve the highest execution of it, is the result of the college's continued investment in technology and its people.

In order to ensure a quality remote live learning experience, a certification program was created by the College's distance education staff which ensured that the foremost level of skill was brought to the endeavor. This program was recognized as valuable, and a shared service agreement was adopted with another NJ community college. The College expanded the support services provided to students at this difficult time and additional social workers were engaged. The College continued to monitor the CDC and other regulatory bodies for best practices to mitigate the virus transmission. Students have steadily moved back to Face-to-Face classes which reflects their confidence in the safety and security measures the school has put in place.

Academic Affairs continues to stay focused on improving the student learning experience. New Programs include BlockChain Technology and Graphic Design and Journalism and Public Relations certificates. Technology is exponentially changing the classroom allowing students to become more self-directed. Packback, an online inquiry driven tool uses artificial intelligence to improve students critical thinking. Highly sophisticated manikins offer real life simulation and support skill acquisition in our health science programs. Numerous Adobe applications support our theatre and Graphic Arts programs, and through the virtual desktop infrastructure are now available to all students from remote location. In addition, a Cannabis program, a Political Science program, and a Cybersecurity certificate are under development.

The economic challenges of the community continued to be reflected in reduced enrollment. As students continue to make tough choices regarding their resources, the College works to provide support wherever possible. The College received funding through grants by the CARES Act at levels never before experienced. It was this funding that the College used to directly support the students as prescribed in the legislature, as well as well, enable the College to continue to materially invest in technological infrastructure. In this time of decline in student enrollment, there is a continued focus on responsible control and managing of costs.

The College will continue to renovate, refurnish, and improve facilities throughout the coming fiscal year. The Kellogg building on the Elizabeth Campus was severely damaged from Hurricane Ida that occurred September 2021. The College is properly insured and does not expect a financial loss and the classes to be held there were rescheduled to other College properties with no disruption in instruction. The College is actively managing the recovery process.

The second building on the Elizabeth Campus, Lessner is scheduled for several upcoming projects. One project is to use funds received from the Securing Our Children's Future Bond to create an Engineering Hub. A second project is to remove and renovate the spaces of the current escalators, except for the first floor escalator. The third project currently planned is to replace the building's Heating, Ventilation, and Air Conditioning (HVAC) unit. The remaining large project planned will be on the Cranford Campus. This is a multistep plan to redesign and replace the Campus wide electrical substations.

**UNION COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2021**

Union County College Foundation

In May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement requires the financial activities of a potential component unit to be reported in the financial statements of the reporting entity, when specific criteria are met. The statement also specifies the manner in which those activities should be reported.

The activities of Union County College Foundation (the Foundation) are considered a component unit of the College due to the fact that the Foundation's activities are entirely for the direct benefit of the College and/or its students. The financial statements for the Foundation have been discretely presented in the report as a component unit, pursuant to GASB Statement No. 39.

BASIC FINANCIAL STATEMENTS

**UNION COUNTY COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	2021		2020	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 48,315,728	\$ 25,495	\$ 34,787,548	\$ 391,971
Investments	-	12,064,419	-	7,456,974
Student Accounts Receivable, Net of Allowance of \$258,358 in 2021 and \$1,495,745 in 2020	2,283,580	-	846,222	-
Grants Receivable	2,690,394	-	5,453,363	-
State of New Jersey Receivable:				
Alternative Benefit Program	465,525	-	441,587	-
County of Union Receivable	4,258,485	-	7,462,340	-
Other Receivables	1,348,574	56,161	1,446,478	45,350
Other Assets	291,067	168,138	65,586	188,773
Total Current Assets	59,653,353	12,314,213	50,503,124	8,083,068
NONCURRENT ASSETS				
Endowment Investments	-	13,878,578	-	11,148,302
Capital Assets, Net	119,005,734	543,988	118,388,170	547,944
Total Noncurrent Assets	119,005,734	14,422,566	118,388,170	11,696,246
DEFERRED OUTFLOWS OF RESOURCES	3,038,141	-	4,083,283	-
 Total Assets and Deferred Outflows of Resources	<u>\$ 181,697,228</u>	<u>\$ 26,736,779</u>	<u>\$ 172,974,577</u>	<u>\$ 19,779,314</u>

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021		2020	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,772,187	\$ 3,657	\$ 4,605,252	\$ 167,717
Accrued Expenses	5,034,016	53,514	5,008,799	37,140
Due to State of New Jersey	655,417	-	593,184	-
Unearned Revenue	-	134,495	-	129,799
Unearned Student Tuition and Fee Revenue	1,370,382	-	1,761,164	-
Unearned Federal and State Grant Revenue	772,382	-	290,369	-
Capital Lease, Current Portion	438,518	-	372,695	-
Total Current Liabilities	12,042,902	191,666	12,631,463	334,656
NONCURRENT LIABILITIES				
Capital Lease, Noncurrent Portion	13,692,356	-	14,130,875	-
Net Pension Liability	19,692,537	-	22,431,710	-
Total Noncurrent Liabilities	33,384,893	-	36,562,585	-
Total Liabilities	45,427,795	191,666	49,194,048	334,656
DEFERRED INFLOWS OF RESOURCES	10,437,315	-	10,397,372	-
NET POSITION				
Net Investment in Capital Assets	104,874,860	543,988	103,884,600	547,944
Restricted for:				
Nonexpendable:				
Program	-	557,702	-	565,242
Scholarships	-	13,320,876	-	10,583,060
Expendable:				
Program	-	-	-	76,630
Scholarships	-	2,784,844	-	2,588,331
Other	-	7,780,821	-	4,074,515
Unrestricted	20,957,258	1,556,882	9,498,557	1,008,936
Total Net Position	125,832,118	26,545,113	113,383,157	19,444,658
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 181,697,228</u>	<u>\$ 26,736,779</u>	<u>\$ 172,974,577</u>	<u>\$ 19,779,314</u>

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
REVENUES				
Operating Revenues:				
Student Tuition and Fees	\$ 41,660,347	\$ -	\$ 43,640,277	\$ -
Less: Scholarship Allowances	(15,274,887)	-	(17,505,198)	-
Net Student Tuition and Fees	26,385,460	-	26,135,079	-
Federal Grants	32,001,939	-	23,976,117	-
State Grants	9,099,323	-	9,873,526	-
Local Grants	88,335	-	100,720	-
Gifts and Contributions	314,404	2,176,547	265,535	1,822,120
Other	628,158	-	952,614	-
Total Operating Revenues	68,517,619	2,176,547	61,303,591	1,822,120
EXPENSES				
Operating Expenses:				
Educational and General:				
Instructional	34,480,279	-	35,931,648	-
Public Service	1,600,604	-	2,014,082	-
Academic Support	4,924,330	-	6,336,093	-
Student Services	7,301,884	-	7,932,829	-
Institutional Support	11,133,415	-	10,474,540	-
Plant Operations and Maintenance	9,839,522	-	10,401,426	-
Student Aid	14,858,317	2,284,591	7,783,240	1,414,155
Depreciation	6,625,276	3,956	6,291,422	3,956
Other Expenses	-	594,248	-	461,384
Total Operating Expenses	90,763,627	2,882,795	87,165,280	1,879,495
OPERATING LOSS	(22,246,008)	(706,248)	(25,861,689)	(57,375)
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	8,691,919	-	8,884,930	-
County Appropriations	15,738,543	-	15,258,377	-
Investment Income	116,262	5,076,427	427,239	510,042
Interest on Capital Asset Related Debt	(698,505)	-	(747,201)	-
Additions to Permanent Endowments	-	2,730,276	-	178,417
On-Behalf Payments:				
Alternate Benefit Plan	1,313,683	-	1,300,900	-
Other Post Employment Benefits	6,613,309	-	3,134,364	-
Net Nonoperating Revenues	31,775,211	7,806,703	28,258,609	688,459
INCOME BEFORE OTHER REVENUES	9,529,203	7,100,455	2,396,920	631,084
CAPITAL GRANTS AND CONTRIBUTIONS	2,919,758	-	9,188,961	-
INCREASE IN NET POSITION	12,448,961	7,100,455	11,585,881	631,084
Net Position - Beginning of Year	113,383,157	19,444,658	101,797,276	18,813,574
NET POSITION - END OF YEAR	<u>\$ 125,832,118</u>	<u>\$ 26,545,113</u>	<u>\$ 113,383,157</u>	<u>\$ 19,444,658</u>

See accompanying Notes to Financial Statements.

**UNION COUNTY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Student Revenue	\$ 10,058,080	\$ 19,873,195
Receipts from Government Grants	43,952,566	31,057,743
Payments to Suppliers	(8,421,133)	(14,504,305)
Payments to and on Behalf of Employees	(52,156,336)	(61,437,227)
Receipts from Gifts and Contributions	314,404	265,535
Other Receipts	628,158	952,614
Net Cash Used by Operating Activities	<u>(5,624,261)</u>	<u>(23,792,445)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	8,691,919	8,884,930
County Appropriations	15,738,543	15,258,377
Loan Program Receipts	4,409,497	6,643,641
Loan Program Disbursements	<u>(4,409,497)</u>	<u>(6,643,641)</u>
Net Cash Provided by Noncapital Financing Activities	24,430,462	24,143,307
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	2,919,758	9,188,961
Purchase of Capital Assets	(7,242,840)	(11,919,576)
Principal Paid on Debt	(372,696)	(323,999)
Interest Paid on Long-Term Debt	<u>(698,505)</u>	<u>(747,201)</u>
Net Cash Used by Capital and Related Financing Activities	(5,394,283)	(3,801,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>116,262</u>	<u>427,239</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,528,180	(3,023,714)
Cash and Cash Equivalents - Beginning of Year	<u>34,787,548</u>	<u>37,811,262</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 48,315,728</u></u>	<u><u>\$ 34,787,548</u></u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (22,246,008)	\$ (25,861,689)
Adjustment to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	6,625,276	6,291,422
On-Behalf Payments	7,926,992	4,435,264
Changes in Assets and Liabilities:		
Receivables, Net	4,377,951	(7,098,903)
Accounts Payable and Accrued Expenses	(745,615)	(521,997)
Net Pension Liability	(1,654,088)	(724,862)
Unearned Revenue:		
Student Tuition and Fees	(390,782)	(175,806)
Federal and State Grants	482,013	(135,874)
Net Cash Used by Operating Activities	<u><u>\$ (5,624,261)</u></u>	<u><u>\$ (23,792,445)</u></u>
SIGNIFICANT NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	<u><u>\$ 7,926,992</u></u>	<u><u>\$ 4,435,264</u></u>

See accompanying Notes to Financial Statements.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Union County College (the College) was established in 1933 as a private college. In 1982, with the merger of then Union College and Union County Vocational Technical Institute, Union County College was established as a public comprehensive community college pursuant to N.J.S. 18A: 64A-50 et seq. It is a member of New Jersey's system of nineteen county colleges and is a component unit of the County of Union. The College operates campuses in Cranford, Elizabeth, Plainfield, and Scotch Plains. The College's enrollment for Fall 2020 was 3,774 full time students and 4,561 part time students. The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools.

Pursuant to N.J.S. 18A-64A-55, the Board of Trustees of Union County College consists of the County Superintendent of Schools, four citizens of Union County appointed by the Union County Board of Chosen Freeholders, four trustees appointed by the Board of Governors of Union County College (see more on Board of Governors below) and two citizens of Union County appointed by the Governor of the state of New Jersey. The term of office of these appointed members is four years. In addition, one representative of the Student Body of Union County College is elected from the graduating class to serve as a nonvoting Trustee for a term commencing at the next reorganization meeting of the Board of Trustees following the graduation of his or her class. In addition, the President of the College serves as an ex-officio member of the Board of Trustees. The Board is responsible for the fiscal control and general supervision over the conduct of the College. A chairman is elected by the Board of Trustees from its voting membership.

In addition to the Board of Trustees, Union County College also has a Board of Governors. The Board of Governors is vested with specific areas of authority. It is authorized to give advice and consent to the Board of Trustees in connection with the appointment, compensation and term of office of the President of the College, act in an overall advisory capacity and control properties, funds and trust vested when Union College, a two year private College, began functioning as Union County College. The Board of Governors is appointed as follows: the President of the College who serves in an ex-officio capacity without a vote, three Alumni Governors nominated by the Union County College Alumni Association, three county residents nominated by the Union County Board of Chosen Freeholders, and all remaining Governors up to a maximum of 30 are appointed by the existing Board of Governors. The College currently has 22 members of the Board of Governors. The term of a member of the Board of Governors is three years.

The College offers a wide range of academic programs, including associates degrees in arts, science, and applied science.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Union County College is a component unit of the County of Union as described in Governmental Accounting Standards Board (GASB) Statement No. 14 – *The Financial Reporting Entity*. The financial statements of the College would be either blended or discretely presented as part of the County's financial statements if the County prepared its financial statements in accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State of Local Governments*. The County of Union 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 Union's.

Component Unit

Union County College Foundation (the Foundation) is a New Jersey nonprofit corporation organized in December 1977. Its purpose is to support Union County College by providing scholarships to students and raising funds for capital projects. The Foundation solicits public and private contributions to carry out its objectives. The Foundation is governed by a board of trustees, some of which are management of the College. In addition, College employees and facilities are used for virtually all 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.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

In accordance with GASB 61, the Foundation meets the requirements for discrete presentation in the financial statements of the College. In accordance with GASB Statement Nos. 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.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Unit (Continued)

During the fiscal years ended June 30, 2021 and 2020, the Foundation distributed \$2,284,591 and \$1,414,155 and, respectively, to the College for both restricted and unrestricted purposes.

The individual report of audit of the Foundation for the fiscal year ended June 30, 2021 can be obtained at the Foundation offices; Union County College Foundation, 1033 Springfield Avenue, Cranford, New Jersey 07016.

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, Union County 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 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, liabilities, net position, revenues, expenses, changes in net position, and 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.

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* and GASB Statement No. 72, *Fair Value Measurement Application*. 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.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Investments (Continued)

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 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and various other receivables. Accounts receivable are recorded net of estimated uncollectible amounts.

Prepaid Expenses

Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

Tuition

Each year the Board of Trustees sets tuition rates based upon full-time enrollment or part-time enrollment on a per credit hour rate or other basis. Rates vary based upon residence within Union County, out of county and out of state. Student revenues are presented in the statement of revenues, expenses, and changes in net position, net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period earned. Student revenues collected in advance of the fiscal year are recorded as unearned revenue in the accompanying financial statements.

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.

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.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue represents tuition revenue that has been billed before June 30 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.

Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings and Improvements	20 to 40 Years
Equipment	3 to 20 Years

Depreciation expense for the fiscal years ending June 30, 2021 and 2020 was \$6,625,276 and \$6,291,422, respectively.

Financial Dependency

Among the College's largest revenue sources include appropriations from the state of New Jersey and County of Union, 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 on its operations.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the College and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the College and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The allowance for doubtful accounts of student accounts receivable is based on average percentages of past years collection rates. The allowance for June 30, 2021 and 2020 was \$258,358 and \$1,495,745, respectively.

Use of Estimates

The preparation of 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.

Federal Financial Assistance Programs

The College participates in the following federally funded financial assistance programs; Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Grants and Federal Direct Loan Program (FDL). Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Scholarship Discounts and Allowances

Student tuition and fee revenues are reported net of scholarship discount and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discount and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, as well as other federal grants and state grants, are recorded as operating revenue in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, the College has recorded a scholarship discount and allowance. The amount of scholarship discount and allowances for the fiscal years ending June 30, 2021 and 2020 was \$15,274,887 and \$17,505,198, respectively.

On-Behalf Payments, Pension and OPEB

The College follows the requirements of GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which recommends that revenue and expenditures be recorded in the financial statements for the State of New Jersey On-Behalf Payments for the Alternate Benefit Program.

The College has recorded a revenue and expense for payments made to the School Employees' Health Benefit Program (SEHBP), by the state of New Jersey (the State) on behalf of certain employees of the College. For the fiscal year ending June 30, 2018, the College GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, whereby the State is responsible for the employer contributions and the total OPEB liability resulting from a special funding situation. Therefore, for the fiscal years ended June 30, 2021 and 2020, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (IRC), as amended.

Classification of Revenue

The College has classified its revenues as either operating or nonoperating 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, net of scholarship discounts and allowances; and (3) most federal and state grants and contracts as well as federal appropriations.

The College classifies Pell Revenue as Federal Grant revenue, as these funds pay for student tuition and other related costs, included in Operating Revenues in the Statement of Revenue, Expenses, and Changes in Net Position. This is done in accordance with Footnote 42 of GASB 34 stating "Revenue and expense transactions normally classified as other than operating cash flows from operations in most proprietary funds may be classified as operating revenues and expenses if those transactions constitute the reporting proprietary fund's principal ongoing operations."

Nonoperating Revenues

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 35, such as state and county appropriations and investment income.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets

This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted

Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first and then unrestricted resources as they are needed.

Unrestricted Net Position

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

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

Deferred charges for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the state's proportion of expenses and liabilities to the pension as a whole, differences between the College's pension contributions and its proportionate share of contributions, and the College's pension contributions subsequent to the pension valuation measurement date.

New Accounting Standards

GASB has issued several accounting standards that are required to be adopted by the College in future years. The College is evaluating the impact of the adoption of these standards on its financial statements as discussed below.

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The College has determined that, although Statement No. 87 will change the way it accounts for its operating leases, it will have little, if any, effect on its net position or results of operations. The provisions in Statement No. 87 are effective for reporting periods beginning after June 15, 2021.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and should no longer be capitalized as part of the cost of an asset. The College has determined that the effect of Statement No. 89 on its financial statements will vary from year to year, depending upon the amount of new debt incurred for capital assets. The provisions of Statement No. 89 are effective for reporting periods beginning after December 15, 2020.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of Statement No. 93 is to address accounting and financial reporting implications that result from the replacement of LIBOR. The College is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 93 are effective for the fiscal year ending June 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of Statement No 94 is to address issues related to situations in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. In addition, it addresses an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating a nonfinancial asset. The College is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 94 are effective for the fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of Statement No 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The College is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 96 are effective for the fiscal years beginning after June 15, 2022.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans. The objective of Statement No. 97 is to address situations in which a primary government is financially accountable for its fiduciary component unit if there is no governing board over the unit and therefore the government takes up the role of the board. The College is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 97 are effective for the fiscal years beginning after June 15, 2021.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of Statement No. 98 is to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in accounting principles generally accepted in the United States of America for state and local governments. The provisions in Statement No. 98 are effective for the fiscal years ending after December 15, 2021.

NOTE 2 CASH AND CASH EQUIVALENTS

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 or funds that may pass to the College relative to the happening of a future condition. Such funds would be shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2021 and 2020, the College's bank balances were exposed to custodial credit risk as follows:

	2021	2020
Insured	\$ 1,750,000	\$ 1,750,000
Collateralized Under GUDPA	46,563,176	34,484,188
Total	<u>\$ 48,313,176</u>	<u>\$ 36,234,188</u>

UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source at June 30, 2021 and 2020:

	Balance July 1, 2020	Increases	Decreases	Adjustments	Balance June 30, 2021
Capital Assets, Nondepreciable:					
Land	\$ 4,833,320	\$ -	\$ -	\$ -	\$ 4,833,320
Construction in Progress	15,774,774	5,675,686	(8,824,537)	(62,353)	12,563,570
Total Capital Assets, Nondepreciable	20,608,094	5,675,686	(8,824,537)	(62,353)	17,396,890
Capital Assets, Depreciable:					
Building and Improvements	162,428,088	6,479,278	-	-	168,907,366
Intangible Asset - Easement	16,415,112	100,000	-	-	16,515,112
Equipment, Software, and Vehicles	25,125,522	3,874,766	(13,800)	-	28,986,488
Total Capital Assets, Depreciable	203,968,722	10,454,044	(13,800)	-	214,408,966
Less: Accumulated Depreciation for:					
Buildings and Improvements	(84,545,497)	(4,328,476)	11,022	-	(88,862,951)
Intangible Asset - Easement	(4,044,241)	(533,004)	-	-	(4,577,245)
Equipment, Software, and Vehicles	(17,598,908)	(1,774,818)	13,800	-	(19,359,926)
Total Depreciation	(106,188,646)	(6,636,298)	24,822	-	(112,800,122)
Total Capital Assets, Depreciable Net	97,780,076	3,817,746	11,022	-	101,608,844
Capital Assets, Net	<u>\$ 118,388,170</u>	<u>\$ 9,493,432</u>	<u>\$ (8,813,515)</u>	<u>\$ (62,353)</u>	<u>\$ 119,005,734</u>
	Balance July 1, 2019	Increases	Decreases	Adjustments	Balance June 30, 2020
Capital Assets, Nondepreciable:					
Land	\$4,833,320	\$ -	\$ -	\$ -	\$ 4,833,320
Construction in Progress	6,437,982	10,589,005	(1,252,213)	-	15,774,774
Total Capital Assets, Nondepreciable	11,271,302	10,589,005	(1,252,213)	-	20,608,094
Capital Assets, Depreciable:					
Building and Improvements	161,240,339	1,187,749	-	-	162,428,088
Intangible Asset - Easement	16,415,112	-	-	-	16,415,112
Equipment, Software, and Vehicles	24,292,677	1,429,596	(596,751)	-	25,125,522
Total Capital Assets, Depreciable	201,948,128	2,617,345	(596,751)	-	203,968,722
Less: Accumulated Depreciation for:					
Buildings and Improvements	(80,316,557)	(4,228,940)	-	-	(84,545,497)
Intangible Asset - Easement	(3,563,737)	(480,504)	-	-	(4,044,241)
Equipment, Software, and Vehicles	(16,579,120)	(1,581,979)	562,191	-	(17,598,908)
Total Depreciation	(100,459,414)	(6,291,423)	562,191	-	(106,188,646)
Total Capital Assets, Depreciable Net	101,488,714	(3,674,078)	(34,560)	-	97,780,076
Capital Assets, Net	<u>\$ 112,760,016</u>	<u>\$ 6,914,927</u>	<u>\$ (1,286,773)</u>	<u>\$ -</u>	<u>\$ 118,388,170</u>

Adjustments represent transfers of completed projects from construction in progress.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 ACCRUED COMPENSATED ABSENCES

It is the College's policy to reimburse employees upon termination for accrued vacation at their current rate of pay. Physical Plant and Public Safety employees can accrue up to 192 hours of accrued vacation and all other employees can accrue up to 168 hours of accrued vacation. An employee may request to carry forward additional hours; however, in no event shall they carry forward more than 192 hours and 168 hours, respectively. As of June 30, 2021 and 2020, the liabilities for accrued compensated absences, included in accrued expenses on the statements of net position, consist of the following:

	<u>2021</u>	<u>2020</u>
Vacation:		
Balance - Beginning of Fiscal Year	\$ 1,327,226	\$ 1,223,939
(Decrease)/Increase	(101,700)	103,287
Balance - End of Fiscal Year	<u>\$ 1,225,526</u>	<u>\$ 1,327,226</u>

NOTE 5 PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of Plan members are determined by state statute. In accordance with Chapter 62, P.L. 1994, Plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012, and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Annually, employer contributions to the PERS are actuarially determined and include the College's normal contribution plus any accrued liability, which ensures adequate funding for future pension system liability. The amount of contributions recognized by PERS from the College as of June 30, 2021, 2020, and 2019 were \$1,367,617, \$1,321,037, and 1,216,057 respectively.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. This actuarial valuation used the following actuarial assumptions, applied to the June 30, 2020 measurement date:

- Actuarial cost method is entry age normal, level percent of pay.
- Straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits.
- Inflation rate:
 - Price 2.75%
 - Wage 3.25%
- Investment return of 7.00%, including inflation.
- Salary increases of 2.00 – 6.00% based on years of service through 2026, and 3.00 – 7.00% based on years of service thereafter.
- Asset Valuation using fair (market) value.
- 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 generational basis. Mortality improvement is based on Scale MP-2019.

In accordance with state statute, the long-term expected rate of return on pension plan investments was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table below.

PERS's policy in regard to the allocation of invested Plan assets is established and may be amended by the PERS Board of Trustees. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension. Following is the PERS Board of Trustees' adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30 2021 and 2020.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	<u>2020 Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
Cash	4.00 %	0.50 %
U.S. Treasuries	5.00	1.94
Investment Grade Credit	8.00	2.67
High Yield Bonds	2.00	5.95
Private Credit	8.00	7.59
Real Assets	3.00	9.73
Real Estate	8.00	9.56
U.S. Equity	27.00	7.71
Non-U.S. Developed Markets Equity	13.50	8.57
Emerging Markets Equity	5.50	10.23
Private Equity	13.00	11.42
Risk Mitigation Strategies	3.00	3.40
Total	<u>100.00 %</u>	
	<u>2019 Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
Cash	5.00 %	2.00 %
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield Bonds	2.00	5.37
Private Credit	6.00	7.92
Real Assets	2.50	9.31
Real Estate	7.50	8.33
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.00
Emerging Markets Equity	6.50	11.37
Private Equity	12.00	10.85
Risk Mitigation Strategies	3.00	4.67
Total	<u>100.00 %</u>	

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The discount rate used to measure the total PERS pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 and 7.00% and 3.50%, respectively, as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the College's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00% as of June 30, 2021 and 6.28% as of June 30, 2020, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00% in 2021 and 5.28% in 2020) or one percentage point higher (8.00% in 2021 and 7.28% in 2020) than the current rate.

Sensitivity of the College's Proportionate Share of the PERS Net Pension Liability to Changes in the Discount Rate			
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
2021	\$ 24,984,550	\$ 19,692,537	\$ 15,488,365
	1% Decrease 5.28%	Current Rate 6.28%	1% Increase 7.28%
2020	\$ 28,532,012	\$ 22,431,710	\$ 17,578,886

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

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

PERS measured the net pension liability as of June 30, 2020. The total PERS pension liability used to calculate the net pension liability was determined by rolling forward the total pension liability calculated as of June 30, 2019 to June 30, 2020. PERS calculated the employer's proportion of the net pension liability using the ratio of each employer's one-year contributions to total participating employers' contributions for the group. At June 30, 2020, the College's proportion was 0.1208%, a decrease of 0.0037% from its proportion calculated as of June 30, 2019.

At June 30, 2021, the amount recognized as the College's proportionate share of the PERS June 30, 2020 net pension liability (measurement date) was \$19,692,537. For the year ended June 30, 2021, the College recognized PERS pension expense of (\$286,473). At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Experience	\$ 358,569	\$ 69,640
Changes of Assumptions	638,848	8,245,452
Net Difference Between Projected and Actual Investment Earnings	673,107	2,122,223
Changes in Proportions	-	-
Total Contributions and Proportionate Share of Contributions after the Measurement Date	1,367,617	-
Total	<u>\$ 3,038,141</u>	<u>\$ 10,437,315</u>

At June 30, 2020, the amount recognized as the College's proportionate share of the PERS June 30, 2019 net pension liability (measurement date) was \$22,431,710. For the year ended June 30, 2020, the College recognized PERS pension expense of \$591,071. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Experience	\$ 402,620	\$ 99,093
Changes of Assumptions	2,239,889	7,785,975
Net Difference Between Projected and Actual Investment Earnings	-	354,092
Changes in Proportions	119,737	2,158,212
Total Contributions and Proportionate Share of Contributions after the Measurement Date	1,321,037	-
Total	<u>\$ 4,083,283</u>	<u>\$ 10,397,372</u>

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The College will recognize the \$1,367,617 reported as 2021 deferred outflows of resources resulting from pension contributions after the measurement date as a reduction of the PERS net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as PERS pension expense as follows.

<u>Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ (3,246,452)
2023	(2,855,747)
2024	(1,797,415)
2025	(728,662)
2026	(138,515)
Total	<u>\$ (8,766,791)</u>

New Jersey Alternate Benefit Program

The New Jersey Alternate Benefit Program (ABP) is a defined contribution pension plan, which was established pursuant to P.L. 1969, c. 242 (N.J.S.A. 18A:66-167 et seq.). The ABP provides retirement, death and disability, and medical benefits to qualified members.

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 up to \$141,000, are 5% for Plan members, and 8% for employers. Plan members may make additional voluntary contributions subject to section 403(b) of the IRC.

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 nonacademic 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:

AXA Financial; MassMutual Retirement Services; MetLife; Prudential; TIAA; VALIC; and
Voya Financial

The State of New Jersey is responsible for contributing the employer's share of certain defined academic positions towards the annual pension cost of Alternate Benefits for qualified employees. The 2021 Employer's share was 8% of annualized wages. The College pays the employer's share and is reimbursed by the State of New Jersey. During fiscal years 2021 and 2020, the state reimbursed \$1,313,683 and \$1,300,900, respectively, to the College for the employer share of qualified employees. This amount is reflected in the accompanying financial statements as both revenues and expenditures.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5 PENSIONS PLANS (CONTINUED)

New Jersey Alternate Benefit Program (Continued)

Amounts billed and paid for the New Jersey Alternate Benefit Program were:

Fiscal Year	Total Liability	Funded by State	Paid by College
2021	\$ 1,820,475	\$ 1,313,683	\$ 506,792
2020	1,832,483	1,300,900	531,583
2019	1,872,857	1,287,426	585,431
2018	1,970,413	1,309,193	661,220

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

SEHBP

At June 30, 2021 and 2020, the College did not report a liability related to the School Employees' Health Benefit Program (SEHBP) due to a special funding situation. The State of New Jersey (the State) is responsible for the employer contributions and the total OPEB liability resulting from a special funding situation. Therefore, for the fiscal years ended June 30, 2021 and 2020, the College has reported its proportionate share of the collective OPEB expenses and revenues for the State's OPEB expense and is not required to record its share of the unfunded OPEB liability but instead, that liability is recorded by the State. The amount recognized by the College as its proportionate share of the OPEB liability, the related State support, and the total portion of the OPEB liability that was associated with the College were as follows as of June 30:

	2021	2020
State's Proportionate Share of the OPEB Liability	\$ 99,790,013	\$ 61,864,102
College's Proportionate Share of the OPEB Liability	-	-
Total	<u>\$ 99,790,013</u>	<u>\$ 61,864,102</u>

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

For the years ended June 30, 2021 and 2020, the College recognized OPEB expenses of \$6,613,309 and \$3,134,364, respectively, and revenues of \$6,613,309 and \$3,134,364, respectively, for support provided by the State. Due to the special funding situation noted above related to the SEHBP, the College did not report deferred outflows of resources and deferred inflows of resources related to the SEHBP.

Plan Description

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

The SEHBP provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The state of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for the SEHBP. The employer contributions for the participating local education employers are legally required to be funded by the state of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: Teachers' Pensions and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for 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. The SEHBP does not issue a stand-alone financial report but is reported in the State's Comprehensive Annual Financial Report (CAFR). The CAFR is an audited financial statement and is available at www.state.nj.us/treasury/pensions/financial-reports.shtml.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
Through 2026	Based on Years of Service	Based on Years of Service	Based on Years of Service
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to all future years
	Based on Years of Service	Based on Years of Service	

- Inflation of 2.50%
- Healthcare cost trend assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, 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.
- 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-2020. 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-2020. 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-2020.
- The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 DEFERRED COMPENSATION

The College offers its employees a choice of deferred compensation plans created in accordance with IRC Sections 403(b) and 457(b). The 403(b) plan is administered by the State of New Jersey and the 457(b) plan is administered by the College. Both Plans 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 carriers are as follows:

403(b)

AXA Financial; MassMutual Retirement Services; MetLife; Prudential; TIAA; VALIC; and
Voya Financial

457(b)

TIAA, AXA Financial; Valic; and Voya Financial

NOTE 8 RISK MANAGEMENT

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

Property and Liability Insurance

The College maintains commercial insurance coverage for a broad range of insurance coverage with the exception of Worker's Compensation Insurance.

Joint Insurance Pool

Union County College is a member of the New Jersey Community College Insurance Pool for Worker's Compensation Insurance. The Insurance Pool is generally self-insured for losses and liabilities arising from workers' compensation claims. Losses are accrued based upon estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in their insurance industry and on the historical experience of the Insurance Pool. The Insurance Pool maintains cash balances in financial institutions that may exceed federally insured limits. It historically has not experienced any credit-related losses.

The contributions to the fund, are payable in an annual premium that are based on actuarial assumptions determined by the fund's actuary. Contributions to the pool totaled \$232,130 and \$261,118, respectively, for fiscal years ended 2021 and 2020.

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.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 CAPITAL LEASE PAYABLE

Kellogg Building

On March 1, 2006, the College entered into Sublease Purchase Agreement (Sublease), a capital lease, with the County of Union (County) for the Kellogg Building on the Elizabeth campus. The County obtained its rights under a capital lease agreement (Master Lease) with the Union County Improvement Authority (UCIA) who had acquired the property and constructed the Kellogg Building through the issuance of \$48,626,000 County of Union General Obligation Lease Revenue Bonds, of which \$36,097,620 was issued under the provisions of the College Bond Act, pursuant to which the state of New Jersey remits, on behalf of the County, one-half of the principal and interest due, otherwise known as "Chapter 12" funding.

The Kellogg Building was issued a Certificate of Occupancy in August 2009 and under the terms of the Sublease, annualized College payments of \$200,000 begin on the date of occupancy and end February 1, 2026. Immediately prior to the expiration of the Sublease, per the terms of both the Master Lease and the Sublease, title to the property and building is to be passed from UCIA to the County to the College for a nominal amount. The following is a schedule of the future minimum lease payments at June 30, 2021:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 167,780	\$ 32,220	\$ 200,000
2023	174,935	25,065	200,000
2024	182,394	17,605	199,999
2025	190,172	9,828	200,000
2026	131,266	2,068	133,334
Total	<u>\$ 846,547</u>	<u>\$ 86,786</u>	<u>\$ 933,333</u>

Principal and interest payments for the above capital lease were \$160,918 and \$39,082, respectively, for fiscal year 2021 and \$154,336 and \$45,664, respectively, for fiscal year 2020.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 CAPITAL LEASE PAYABLE (CONTINUED)

Easement (Parking Authority of the City of Elizabeth)

On November 5, 2009, the College entered into a Special Use Easement Agreement (Agreement) with the Parking Authority of the City of Elizabeth (the Parking Authority). Under the terms of the Agreement, the College is to receive the irrevocable right to exclusive use, twenty-four (24) hours per day, seven days per week, of 600 parking spaces (The Easement) in a 1515 parking space garage (the Facility) located between the Lessner and Kellogg buildings on the College's Elizabeth Campus in the City of Elizabeth. The Easement expires 30 years subsequent to the issuance to the Parking Authority of a temporary certificate of occupancy for the Facility. In exchange for the Easement, the County contributed \$2,500,000 funded through Chapter 12, and the College has an obligation of annual payments at an initial annual rate of \$720,000 escalating 10% after the first three years and 10% after each subsequent four-year period. The annual payments have a present value of \$13,496,105 assuming the cost of debt of the Facility, and the first monthly payment began February 1, 2012. The Easement expires upon expiration of the Agreement, and the 600 parking spaces are to be returned to the Parking Authority.

The following is a schedule of the future minimum lease payments at June 30, 2021:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 270,738	\$ 600,462	\$ 871,200
2023	272,243	635,257	907,500
2024	274,348	683,972	958,320
2025	322,480	635,840	958,320
2026	392,872	565,448	958,320
2027-2031	2,365,051	2,893,730	5,258,781
2032-2036	3,478,688	2,483,419	5,962,107
2037-2041	5,094,510	1,591,361	6,685,871
2042	813,397	5,063	818,461
Total	<u>\$ 13,284,327</u>	<u>\$ 10,094,552</u>	<u>\$ 23,378,880</u>

Principal and interest payments for the above easement were \$211,777 and \$659,422, respectively, for fiscal year 2021 and \$169,663 and \$701,537, respectively, for fiscal year 2020.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 AUXILIARY OPERATIONS — BOOKSTORE

The College contracts with a private contractor for the operation of the official Campus Store (Bookstore). A five-year contract was approved by the board of trustees on May 21, 2013, for the period starting July 1, 2013. An amendment to the Bookstore operating agreement was made on June 26, 2018 exercising its five-year option beginning July 1, 2018 through June 30, 2023. Under the contract, the contractor has agreed to make minimum annual guarantee payments in the greater amounts of:

- (1) Contractor will provide an amount equal to 90% of the calculated commission on gross revenue of the immediate preceding year.
- (2) 14.75% on all gross revenue from \$-0- to \$4,000,000 plus 15.75% on all gross revenue between \$4,000,000 and \$5,000,000 plus 16.75% in excess of \$5,000,000 in any contract year.
- (3) Also the contractor has agreed to provide additional capital facilities funding of \$15,000 for Bookstore renovation and refurbishment.
- (4) The contractor provided a one-time payment of this extended five-year term of \$100,000.

A second amendment was made on May 1, 2020 which closed the Plainfield campus store. In addition, commissions were modified to 10% on noncourse materials on commissionable sales and no commissions on course materials.

NOTE 11 EDUCATION AND GENERAL EXPENSES BY FUNCTION

The College's operating expenses by functional classification are presented as follows:

	2021						Total
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	
Educational and							
General Expenditures:							
Instruction	\$ 30,566,746	\$ 749,755	\$ 3,163,778	\$ -	\$ -	\$ -	\$ 34,480,279
Public Service	1,361,474	36,833	202,297	-	-	-	1,600,604
Academic Support	3,322,555	538,215	1,063,560	-	-	-	4,924,330
Student Services	6,766,582	140,966	394,336	-	-	-	7,301,884
Institutional Support	5,259,387	834,422	5,039,606	-	-	-	11,133,415
Operation and							
Maintenance of Plant	6,284,610	453,357	1,360,154	-	1,741,401	-	9,839,522
Scholarship Aid	-	-	-	14,858,317	-	-	14,858,317
Depreciation	-	-	-	-	-	6,625,276	6,625,276
Total	<u>\$ 53,561,354</u>	<u>\$ 2,753,548</u>	<u>\$ 11,223,731</u>	<u>\$ 14,858,317</u>	<u>\$ 1,741,401</u>	<u>\$ 6,625,276</u>	<u>\$ 90,763,627</u>

UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 EDUCATION AND GENERAL EXPENSES BY FUNCTION (CONTINUED)

	2020						
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	Total
Educational and							
General Expenditures							
Instruction	\$ 31,350,591	\$ 1,031,781	\$ 3,549,276	\$ -	\$ -	\$ -	\$ 35,931,648
Public Service	1,679,116	53,229	281,737	-	-	-	2,014,082
Academic Support	4,334,514	231,787	1,769,792	-	-	-	6,336,093
Student Services	7,898,197	34,632	-	-	-	-	7,932,829
Institutional Support	4,832,322	1,171,396	4,470,822	-	-	-	10,474,540
Operation and							
Maintenance of Plant	6,432,964	-	2,047,693	-	1,920,769	-	10,401,426
Scholarship Aid	-	-	-	7,783,240	-	-	7,783,240
Depreciation	-	-	-	-	-	6,291,422	6,291,422
Total	<u>\$ 56,527,704</u>	<u>\$ 2,522,825</u>	<u>\$ 12,119,320</u>	<u>\$ 7,783,240</u>	<u>\$ 1,920,769</u>	<u>\$ 6,291,422</u>	<u>\$ 87,165,280</u>

NOTE 12 OTHER RECEIVABLES

Other receivables as of June 30, 2021 and 2020 consist of the following amounts due to the College:

	2021	2020
Noncredit Sponsors	\$ 252,201	\$ 282,076
JFK Muhlenberg	108,187	289,345
Trinitas Regional Medical Center	119,167	95,671
EMT - State of NJ	438,000	169,875
County Chargebacks	16,549	1,949
Union County College Foundation	3,657	167,717
Other	410,813	439,845
Total	<u>\$ 1,348,574</u>	<u>\$ 1,446,478</u>

NOTE 13 COMMITMENTS AND CONTINGENCIES

Contingencies

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, would not be material to the financial statements or would be covered by insurance coverages less the deductible.

Covid-19 Pandemic

Covid-19 may impact various parts of the operations and financial results of the College, including method of educational delivery, athletics, and food service. Management believes that the College are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated June 30, 2021.

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The Union County College Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation received a determination letter from the Internal Revenue Service (IRS) concluding that it is exempt from Federal income taxes in accordance with Section 501(c)(3) of the IRC. The Foundation acts primarily as a fundraising entity that provides funding for scholarships and awards for qualifying students attending the College, that supplements funding provided by federal, state, and other programs. The Foundation support comes primarily from special events and donations from public and private donors. Although the College does not control the timing or amount of the receipts from the Foundation, the assets of the Foundation are used for the benefit, support and the promotion of the College and its educational activities. The Foundation meets the criteria to be discretely presented in the College's financial statements. Complete financial statements for the Foundation, for the fiscal year ended June 30, 2021 can be obtained from the Foundation at 1033 Springfield Avenue, Cranford, New Jersey 07016.

Cash and Investments

During the year, the Foundation could have cash balances in excess of \$250,000 in their banking institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2021 and 2020, the Foundation's uninsured balances were \$-0- and \$141,971, respectively.

Investments are stated at fair value and consist primarily of common stock, U.S. government obligations, and short-term investments. Fair values and unrealized appreciation are summarized as follows:

	2021		
	Cost	Fair Market Value	Unrealized Appreciation
Common Stock	\$ 12,089,973	\$ 17,232,615	\$ 5,142,643
Bond Fixed Income	7,816,010	8,272,976	456,966
Short-Term Investments	437,406	437,406	-
Total	<u>\$ 20,343,388</u>	<u>\$ 25,942,997</u>	<u>\$ 5,599,609</u>

	2020		
	Cost	Fair Market Value	Unrealized Appreciation
Common Stock	\$ 9,728,202	\$ 11,190,849	\$ 1,462,647
Bond Fixed Income	6,345,073	6,826,455	481,382
Short-Term Investments	587,972	587,972	-
Total	<u>\$ 16,661,247</u>	<u>\$ 18,605,276</u>	<u>\$ 1,944,029</u>

**UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

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 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 on 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 will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments at fair value.

Marketable Securities: The fair value of investment securities 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.

UNION COUNTY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis:

	<u>2021</u>	<u>2020</u>
<i>Quoted Prices in Active Markets for Identical Assets</i>		
<i>(Level 1)</i>		
Common Stock:		
Consumer Discretionary	\$ 2,270,078	\$ 1,237,924
Consumer Staples	952,239	760,320
Emerging Markets	157,553	86,667
Energy	592,134	281,576
Financials	2,152,901	1,374,569
Foreign Stock	1,135	12,020
Healthcare	2,047,273	1,639,671
Industrials	1,781,421	866,479
Information Technology	3,416,552	2,431,255
Large Cap Funds	309,307	150,501
Materials	637,234	317,981
Other Equity	866,143	522,614
Real Estate	582,313	305,084
Telecommunications Services	1,166,710	920,506
Utilities	299,622	283,682
Total Common Stock	<u>17,232,615</u>	<u>11,190,849</u>
 Bond Fixed Income:		
Funds	7,306,563	4,982,948
Individual Holding	966,413	1,843,507
Total Bond Fixed Income	<u>8,272,976</u>	<u>6,826,455</u>
 Total	<u>\$ 25,505,591</u>	<u>\$ 18,017,304</u>

Not included above are short-term investments at June 30, 2021 and 2020 of \$437,406 and \$587,972, respectively. These assets are recorded at cost that approximates fair value and are not subject to the above classification.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY COLLEGE
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND CONTRIBUTIONS
JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Schedule of Proportionate Share of Net Pension Liability (NPL)
Determined as of Measurement Date
(in Thousands)

Measurement Date	College's Proportion	College's Proportion Share	College's Covered Employee Payroll	College's Proportionate Share of NPL as a Percent of Covered-Employee Payroll	PERS Fiduciary Net Position as a % of Total Pension Liability
2020	0.1207584010%	\$ 19,693	\$ 8,779	224.32 %	58.32
2019	0.1244927760%	22,432	8,650	259.33	56.27
2018	0.1295566405%	25,509	9,110	280.01	53.60
2017	0.1341361313%	31,225	9,175	340.33	48.10
2016	0.1363010432%	40,368	9,743	414.33	40.14
2015	0.1425842332%	32,007	10,051	318.45	47.93
2014	0.1422470301%	26,633	9,665	275.56	52.08

Schedule of Contributions
(in Thousands)

Fiscal Year	Contractually Required Contributions	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percent of Covered-Employee Payroll
2021	\$ 1,368	\$ 1,321	\$ 47	\$ 8,779	15.05
2020	1,321	1,211	110	8,650	14.00
2019	1,216	1,289	(73)	9,110	14.15
2018	1,295	1,242	53	9,175	13.54
2017	1,261	1,210	51	9,743	12.42
2016	1,210	1,226	(16)	10,051	12.20
2015	1,226	1,223	3	9,665	12.65

UNION COUNTY COLLEGE
SCHEDULES OF PROPORTIONATE SHARE OF OPEB LIABILITY
AND CONTRIBUTIONS
JUNE 30, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	2021	2020	2019	2018
College's Proportion of the OPEB Liability	0.0%	0.0%	0.0%	0.0%
College's Proportionate Share of the OPEB Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the OPEB Liability of the College	99,790,013	61,864,102	59,828,577	69,935,001
Total	<u>\$ 99,790,013</u>	<u>\$ 61,864,102</u>	<u>\$ 59,828,577</u>	<u>\$ 69,935,001</u>
College's Covered Employee Payroll	<u>\$ 5,810,992</u>	<u>\$ 5,569,159</u>	<u>\$ 5,559,861</u>	<u>\$ 5,522,049</u>
College's Proportionate Share of the OPEB Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%

	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 6,613,309	\$ 3,134,364	\$ 4,444,569	\$ 6,339,731	\$ 7,049,922
Contributions in Relation to the Contractually Required Contribution	(6,613,309)	(3,134,364)	(4,444,569)	(6,339,731)	(7,049,922)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered-Employee Payroll	<u>\$ 5,810,992</u>	<u>\$ 5,569,159</u>	<u>\$ 5,559,861</u>	<u>\$ 5,522,049</u>	<u>\$ 5,087,590</u>
Contributions as a Percentage of Covered-Employee Payroll	113.81%	56.28%	79.94%	114.81%	138.57%

Notes to Required Supplementary Information

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2021 is due to the decrease in the assumed discount rate from 3.50% as of June 30, 2020 to 2.21% as of June 30, 2021; and a decrease in the assumed health care cost trend and excise tax assumptions. The increase in the liability from June 30, 2020 to June 30, 2021; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

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

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number or Grant Number, if Applicable	Passed Through to Subrecipients	FY 2021 Expenditures
U.S. Department of Education:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A112620	\$ -	\$ 514,794
Federal Direct Student Loans	84.268	P268K131820	-	4,409,497
Federal Pell Grant Program	84.063	P063P111820	-	14,905,940
Federal Work-Study Program	84.033	P033A112620	-	122,614
Total Student Financial Aid Cluster			-	19,952,845
Office of Elementary and Secondary Education (OESE) Education Stabilization Fund:				
COVID-19, Student Emergency Aid Portion of the Higher Education Emergency Relief Fund (HEERF) authorized by Section 18004(a)(1) of the CARES Act	84.425E	P425E201250	-	6,044,096
COVID-19, Institutional Portion of the Higher Educational Emergency Relief Fund (HEERF) authorized by Section 18004(a)(1) of the CARES Act	84.425F	P425F200654	-	2,545,148
COVID-19, Minority Serving Institutions of the Higher Education Emergency Relief Fund (HEERF) authorized by Section 18004(a)(2) of the CARES Act	84.425L	P425L200500	-	951,328
Passed Through the Office of the N.J. Secretary of Higher Education: COVID-19, Governors Emergency Education Relief Fund (GEERF)	84.425C	N/A	-	978,620
Total OESE Education Stabilization Fund			-	10,519,192
Coronavirus Relief Fund:				
Passed Through the Office of the N.J. Secretary of Higher Education: COVID-19, Coronavirus Relief Fund (CRF) Grant	21.019	N/A	-	1,690,705
COVID-19, Coronavirus Relief Fund II (CRF II) Grant	21.019	N/A	-	1,889,998
Total Coronavirus Relief Fund			-	3,580,703
Erma Byrd Scholarship Program:				
Passed Through Bergen County Community College: Alternative Math Placement, an Unprecedented Program	84.116E	P116F150138	-	12,560
Career and Technical Education - Basic Grants to States:				
Passed Through State of New Jersey Department of Treasury: Vocational Education - Perkins	84.048	PSF Consol 7185-039	-	721,027
Adult Education - Basic Grants to States:				
Passed Through State Department of Labor and Workforce Development: Adult Basic Skills	84.002	ASB - FY2014-009	409,259	1,147,443
Total U.S. Department of Education			409,259	35,933,770

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

UNION COUNTY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number or Grant Number, if Applicable	Passed Through to Subrecipients	FY 2021 Expenditures
U.S. Department of Labor:				
Trade Adjustment Assistance:				
NJ Trade Relocation Act Contracts	17.245	N/A	\$ -	\$ 2,781
H-1B Job Training Grants:				
Passed through Bergen Community College:				
Scaling Apprenticeship through Sector-Based Strategies	17.268	HG-33026-19-60-A-34	-	20,545
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed Through County of Union, NJ:				
WIOA - Dislocated Worker	17.278	N/A	-	4,000
WIOA - Workforce Innovation Business Center	17.258	N/A	-	342,816
Total WIOA Cluster			-	346,816
Total U.S. Department of Labor			-	370,142
National Science Foundation:				
Education and Human Resources:				
Infusing Research as Pedagogy	47.076	1832425	-	302,525
Computer and Information Science and Engineering:				
Passed Through Passaic County Community College:				
Northern New Jersey Bridges to the Baccalaureate Degree Program	47.070	1410389	-	36,882
Total National Science Foundation			-	339,407
U.S. Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants:				
Passed through the County of Union, N.J.:				
Community Development Block Grants/Entitlement Grants	14.218	019-045	-	52,000
Total U.S. Department of Housing and Urban Development			-	52,000
Total Federal Financial Assistance			\$ 409,259	\$ 36,695,319

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

UNION COUNTY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

State of New Jersey Grantor / Pass-Through Grantor / Program or Cluster Title	State GMIS Number or Grant Account Number, if Applicable	Program or Award Amount	Program Funds Received	Grant Period		FY 2021 Expenditures	Cumulative Expenditures
				From	To		
N.J. Commission of Higher Education:							
Educational Opportunity Fund - Article III	10-100-074-2401-001	\$ 336,000	\$ 206,042	07/01/20	06/30/21	\$ 206,042	\$ 206,042
Educational Opportunity Fund - Article III Summer	10-100-074-2401-001	139,947	138,787	06/01/20	08/31/20	127,345	138,787
Educational Opportunity Fund - Article III Summer	10-100-074-2401-001	140,856	80,927	06/01/21	08/31/21	298	298
Educational Opportunity Fund - Winter	10-100-074-2401-001	18,832	18,832	07/01/20	06/30/21	18,832	18,832
Educational Opportunity Fund - Article IV	10-100-074-2401-002	83,908	81,327	07/01/20	06/30/21	81,327	81,327
Educational Opportunity Fund - Article IV Summer	10-100-074-2401-001	10,234	10,031	06/01/20	08/31/20	10,031	10,031
Educational Opportunity Fund - Article IV	10-100-074-2401-002	260,558	260,558	10/01/20	06/30/21	204,139	204,139
Total Educational Opportunity Fund						648,014	659,456
Tuition Aid Grants	10-100-074-2405-007	3,391,797	3,391,797	07/01/20	06/30/21	3,391,797	3,391,797
New Jersey Stars Program	10-100-074-2405-313	275,841	275,841	07/01/20	06/30/21	275,841	275,841
NJ Class Loans	Not Applicable	39,429	39,429	07/01/20	06/30/21	39,429	39,429
Urban Scholars Program	10-100-074-US11-278	3,500	-	07/01/20	06/30/21	3,500	3,500
Community College Opportunity Grant (CCOG)	10-100-074-2405-332	3,340,346	3,340,346	07/01/20	06/30/21	3,340,346	3,340,346
Total N.J. Commission on Higher Education						7,698,926	7,710,368
N.J. Office of the Secretary of Higher Education:							
CCOG Planning Project-Capacity-Building Grant	Not Applicable	265,000	265,000	09/15/20	06/30/21	258,672	258,672
Passed Through NJ Council of County Colleges:							
College Readiness Now	Not Applicable	60,094	-	07/01/20	06/30/21	95,727	55,190
NJ Best/Gear-Up	Not Applicable	3,000	3,000	07/01/20	06/30/21	3,000	3,000
Total N.J. Office of the Secretary of Higher Education						357,399	316,862
N.J. Department of Labor and Workforce Development:							
New Jersey Youth Corps	ACNY16N	33,427	33,427	07/01/20	09/30/20	33,427	33,427
New Jersey Youth Corps	ACNY16N	450,000	228,119	10/01/20	06/30/21	346,053	346,053
New Jersey Youth Corps - RISE	RISE 1903	54,545	54,076	06/01/20	06/30/21	29,539	54,076
Total New Jersey Youth Corps						409,019	433,556
Opportunity Partnership Grant - Welding	OPGFY1801011	120,000	56,400	09/25/20	03/31/21	35,400	56,400
Opportunity Partnership Grant - Patient Care	OPGFY1904003	65,631	50,370	05/01/19	07/31/20	1,750	50,536
Total Opportunity Partnership Grant						37,150	106,936
New Jersey Endures	G-02-20-365-373-734	270,310	-	09/01/20	08/31/21	126,370	126,370
Total N.J. Department of Labor and Workforce Development						572,539	666,862

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

UNION COUNTY COLLEGE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2021

State of New Jersey Grantor / Pass-Through Grantor / Program or Cluster Title	State GMIS Number or Grant Account Number, if Applicable	Program or Award Amount	Program Funds Received	Grant Period		FY 2021 Expenditures	Cumulative Expenditures
				From	To		
N.J. Department of Children and Family:							
Displaced Homemaker	10-100-016-1630-014	169,999	169,999	07/01/19	06/30/21	\$ 115,579	\$ 261,304
Total N.J. Department of Children and Family						115,579	261,304
N.J. Department of Treasury:							
Passed Through County of Union, Department of Human Services: Work First New Jersey (WFNJ), Job Search/Job Readiness (JS/JR) TANF/GA/SNAP	17 WFNJ 100/101	450,000	189,150	07/01/19	12/31/20	1,500	189,150
Operational Costs - County Colleges	10-100-082-2155-015	8,691,919	8,691,919	07/01/20	6/30/2021	8,691,919	8,691,919
Employer Contributions - Alternate Benefit Program - Faculty	10-100-082-2155-017	723,467	723,467	07/01/20	6/30/2021	1,018,575	1,018,575
Employer Contributions - Alternate Benefit Program - Adjuncts	10-100-082-2155-017	295,108	295,108	07/01/20	6/30/2021	295,108	295,108
Total Employer Contributions - Alternative Benefit Program						1,313,683	1,313,683
Building Our Future Bond Act	5860742400080	3,961,671	1,132,340	09/01/16	Open	203,148	3,891,386
Total N.J. Department of Treasury						10,210,250	14,086,138
Total State Financial Assistance						\$ 18,954,694	\$ 23,041,534

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**UNION COUNTY COLLEGE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) present the activity of all federal awards and state financial assistance programs of Union County College. The College is defined in Note 1 to the College's basic financial statements. All federal awards and state financial assistance 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.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedules are presented using the accrual basis of accounting. The accrual basis of accounting is described in Note 1 to the financial statements. The information in the Schedules is presented in accordance with the requirements of 2 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the financial statements.

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 STUDENT LOAN PROGRAMS

The College is responsible only for the performance of certain administrative duties with respect to Federal Direct Student Loans; accordingly, these loan 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 this program as of June 30, 2021. The amount reported on the schedules of expenditures of federal awards is the amount of loans awarded in the current year.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and
Members of the Board of Trustees
Union County College
Cranford, New Jersey

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 Union County College (the College), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 22, 2022. The financial statements of the discretely presented component unit, Union County College Foundation, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with Union County College Foundation.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Honorable Chairman and
Members of the Board of Trustees
Union County College

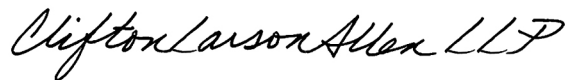
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
February 22, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY CIRCULAR 15-08 OMB**

Honorable Chairman and
Members of the Board of Trustees
Union County College
Cranford, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited Union County College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey 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 fiscal year ended June 30, 2021. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

Honorable Chairman and
Members of the Board of Trustees
Union County College

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
February 22, 2022

**UNION COUNTY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Part 200 of the Uniform Guidance or NJ OMB 15-08? _____ yes X no

**UNION COUNTY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021**

Section I – Summary of Auditors’ Results (Continued)

Identification of Major Federal Programs

**CFDA Number(s)/State
Account Number**

Name of Federal/State Program or Cluster

Federal:

84.007, 84.033, 84.038
84.063, 84.268

Student Financial Assistance Cluster

21.019

COVID-19, Coronavirus Relief Fund

84.425E

COVID-19, Student Emergency Aid Portion of the HEERF

84.425F

COVID-19, Institutional Portion of the HEERF

84.425L

COVID-19, Minor Serving Institutions Portion of the HEERF

84.425C

COVID-19, Governors Emergency Education Relief Fund (GEERF)

State:

10-100-085-2155-015

Operational Costs - County Colleges

10-100-074-2405-007

Tuition Aid Grants

Dollar threshold used to distinguish between
Type A and Type B programs:

Federal

\$ 1,100,860

State

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes

 no

UNION COUNTY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2021

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

***Section III – Findings and Questioned Costs – Major Federal Awards
and State Financial Assistance***

None noted.

Union County College respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF EDUCATION

2020 – 001 Student Financial Aid – CFDA No. 84.007, 84.268, 84.063, 84.033

Condition:

During our testing, we noted:

- 1) 10 of 40 students were reported to NSLDS with an incorrect enrollment effective date.
- 2) 2 of 40 students were not reported twice to NSLDS for the withdrawal status.
- 3) 3 of 40 students were not reported correctly with the correct begin date for their respective program.
- 4) 2 of 40 students were not reported correctly with the correct program enrollment status.
- 5) 3 of 40 students were reported to NSLDS with an incorrect program enrollment effective date.

Status: Corrected. There were no similar findings in the current year.

If the Department of Education has questions regarding this schedule, please contact Dayne Chance, Director of Financial Aid at 908-709-7089.