REPORT OF AUDIT

UNION COLLEGE
of Union County, NJ

2022

FISCAL YEAR ENDED JUNE 30, 2022
CRANFORD, NEW JERSEY

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OTHER COLLEGE OFFICIALS
AS OF NOVEMBER 30, 2022

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	Assistant VP of Academic & 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
Dr. Andrew Ziner	Executive Director of Assessment Planning & Research
Douglas E. Rouse	Executive Director of Union County College Foundation

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the 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 units of the College, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the College implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 87 – for the year ended June 30, 2022, which represent changes in accounting principle. The College's June 30, 2021 statement of net position and statement of revenues, expenses, and changes in net position were restated to reflect the impact of adoption. A summary of the restatement is presented in Note 1. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 28, 2023

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, 2022 and 2021 and its changes in financial position for the fiscal years then ended with FY 2021 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 $1.5 million for deferred outflows as well as a $10.7 million for deferred inflows in FY 2022 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 2022 and FY 2021, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense of $6.8 million and $6.6 million, respectively.

The College implemented GASB Statement No. 87, *Accounting and Financial Reporting for Leases* which establishes a single model for lease accounting. The standard is meant to increase the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that were previously classified as operating leases. Therefore for FY 2022, the College recognizes a lease receivable, deferred inflows of resources related to leases, and lease liability of $2.1 million, $2.1 million and $16.3 million as well as amounts for FY 2021 of $1.2 million, $1.2 million and $16.6 million, respectively. Further information on the adoption and related restatement of FY 2021 balances is included within Footnote 1.

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.

			2022 vs 2021			2021 vs 2020	
Key Financial Data ($000)	2022	2021	Inc (Dec)	% Change	2020	Inc (Dec)	% Change
Operating Revenues	$ 77,275	$ 68,547	$ 8,728	12.7 %	$ 61,304	$ 7,243	11.8 %
Educational and General Expense	95,515	87,946	7,569	8.6	87,165	781	0.9
Operating (Loss)	(18,240)	(19,399)	1,159	6.0	(25,861)	6,462	25.0
Nonoperating Revenues, Net	34,064	31,891	2,173	6.8	28,258	3,633	12.9
Capital Contributions and Grants	3,121	2,920	201	6.9	9,189	(6,269)	(68.2)
Increase in Net Position	18,946	15,412	3,534	22.9	11,586	3,826	33.0
Net Position - Beginning of Year	128,795	113,383	15,412	13.6	101,797	11,586	11.4
Net Position - End of Year	$ 147,741	$ 128,795	$ 18,946	14.7	$ 113,383	$ 15,412	13.6

The preceding table summarizes key financial data for fiscal years ended June 30, 2022 (FY 2022), June 30, 2021 (FY 2021), and June 30, 2020 (FY 2020). Comparisons represented above show FY 2022 contrasted with FY 2021 and FY 2021 contrasted with FY 2020 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.

			2022 vs 2021			2021 vs 2020	
Operating Revenues ($000)	2022	2021	Inc (Dec)	% Change	2020	Inc (Dec)	% Change
Tuition and Fees (Net of Scholarship Allowance)	$ 22,916	$ 26,386	$ (3,470)	(13.2)%	$ 26,135	$ 251	1.0 %
Federal Grants	44,777	32,002	12,775	39.9	23,976	8,026	33.5
State Grants	8,304	9,099	(795)	(8.7)	9,873	(774)	(7.8)
Local Grants	21	88	(67)	(75.7)	101	(13)	(12.9)
Gifts and Contributions	246	314	(68)	(21.8)	266	48	18.0
Other Operating Revenues	1,012	658	354	53.8	953	(295)	(31.0)
Total Operating Revenues	$ 77,275	$ 68,547	$ 8,728	12.7	$ 61,304	$ 7,243	11.8

Total Operating Revenues increased $8.7 million or 12.7% in FY 2022 as compared to FY 2021. The major areas of change were as follows:

- Tuition and Fees, net of scholarship allowance, decreased by $3.5 million as compared to FY 2021. The College experienced a decline in enrollment resulting in a $1.7 million decrease in tuition and fees revenue. While there was a decrease in overall enrollment, there was a $1.0 million increase to the institutional resources provided by Financial Aid to students. This increase is a reflection of the needs of our students.

- Federal grants increased by $12.8 million or 39.9% from FY 2021. The College continued to employ the Higher Education Emergency Relief Funds (HEERF) for student relief disbursements. The total disbursed to students during FY 2022 was $12.1 million compared to $6.1 million in FY 2021. In addition, the College received additional institutional funding. During FY 2022, more than $12.0 million in funding was utilized for new and enhanced technology for remote learning, providing remote student support services and discharging outstanding balances for students.

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 more in last-dollar financial aid than the prior fiscal year.

- Other operating revenues decreased by $295 thousand 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.

			2022 vs 2021			2021 vs 2020	
Operating Expense ($000)	2022	2021	Inc (Dec)	% Change	2020	Inc (Dec)	% Change
Instructional	$ 33,619	$ 34,480	$ (861)	(2.5)%	$ 35,932	$ (1,452)	(4.0)%
Public Service	1,499	1,601	(102)	(6.4)	2,014	(413)	(20.5)
Academic Support	5,883	4,924	959	19.5	6,336	(1,412)	(22.3)
Student Services	7,813	7,302	511	7.0	7,933	(631)	(8.0)
Institutional Support	10,376	8,008	2,368	29.6	10,475	(2,467)	(23.6)
Plant	9,084	9,840	(756)	(7.7)	10,401	(561)	(5.4)
Student Aid	19,745	14,858	4,887	32.9	7,783	7,075	90.9
Depreciation	7,498	6,933	565	8.1	6,291	642	10.2
Total Operating Expenses	95,515	87,946	7,569	8.6	87,165	781	0.9
Interest on Capital Asset Related Debt	565	583	(18)	(3.1)	747	(164)	(22.0)
Total Expenses	$ 96,080	$ 88,529	$ 7,551	8.5	$ 87,912	$ 617	0.7

Operating expenses in FY 2022 increased $7.6 million over the same period in FY 2021. The major areas of change were:

- Instructional decreased $861 thousand or 2.5% in FY 2022. Similar to the previous year, the decrease is a result of reductions in compensation and other operating expenses.

- Academic Support increased by $959 thousand or 19.5% in FY 2022 for several reasons. Previously vacant full-time positions were filled. In addition, the College instated part-time positions, as needed. Lastly, as a result of the change in modalities, there was an increase to costs in software and other learning resources.

- Institutional support increased $2.4 million or 29.6% in FY 2022 compared to FY 2021. The implementation of GASB 87 required an adjustment to the asset and liability balances for FY2021. The $3.2 million GASB 87 adjustment is offset by an overall decrease in benefit expenses including employee health benefits, tuition remission and reimbursement, and PERS pension expense.

- Student Aid increased by $4.9 million or 32.9% in FY 2022. As noted earlier, the College received additional HEERF funding and actively disbursed the funds to students throughout the year. During this period, the College distributed over $12.0 million to students.

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.

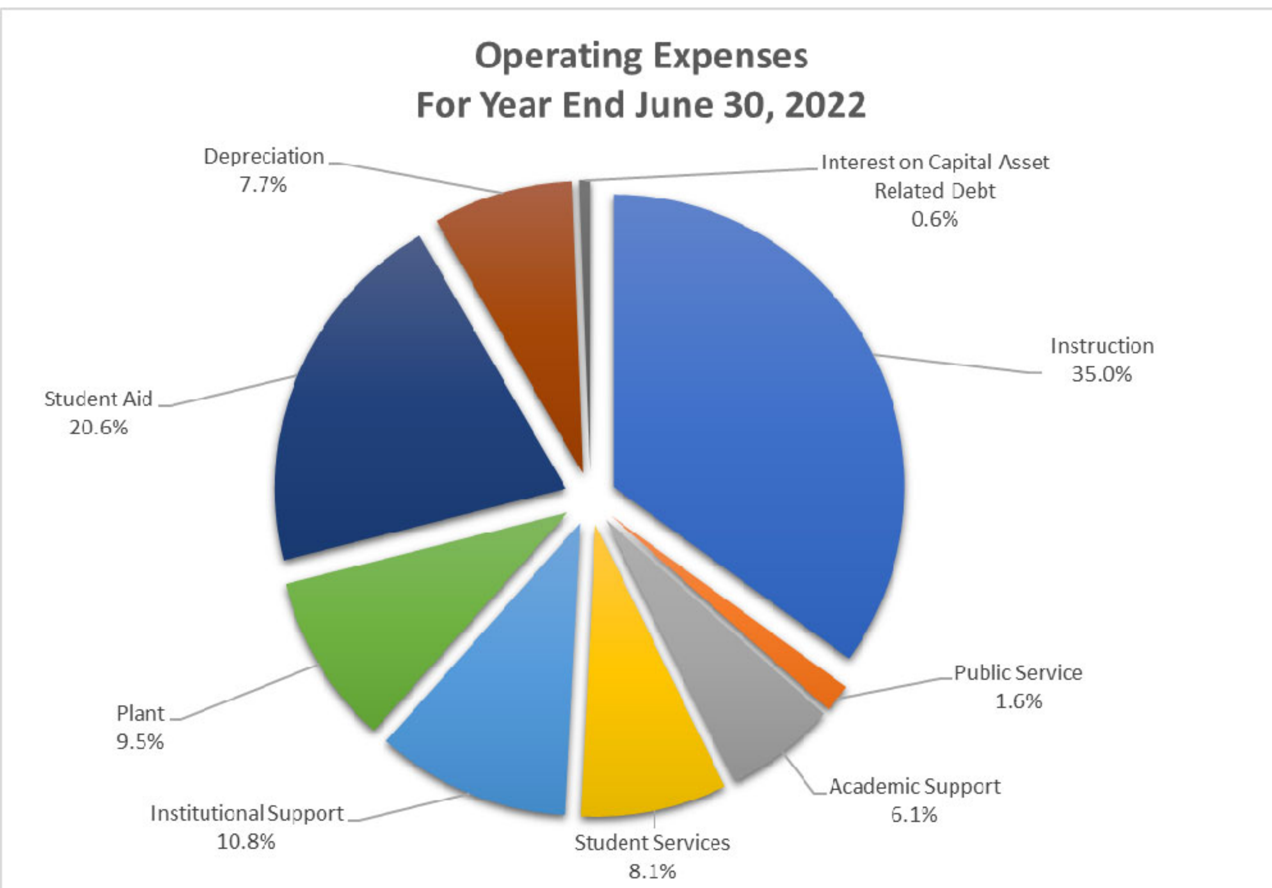
- Academic Support decreased $1.4 million or 22.3% in FY 2021. The decrease is a direct result of the pandemic. There were reductions in variable compensation and other operating expenses. Additionally, expenses, including compensation and software, license and maintenance, were reimbursed by pandemic-related funding. The decreases are offset by an increase in OPEB.

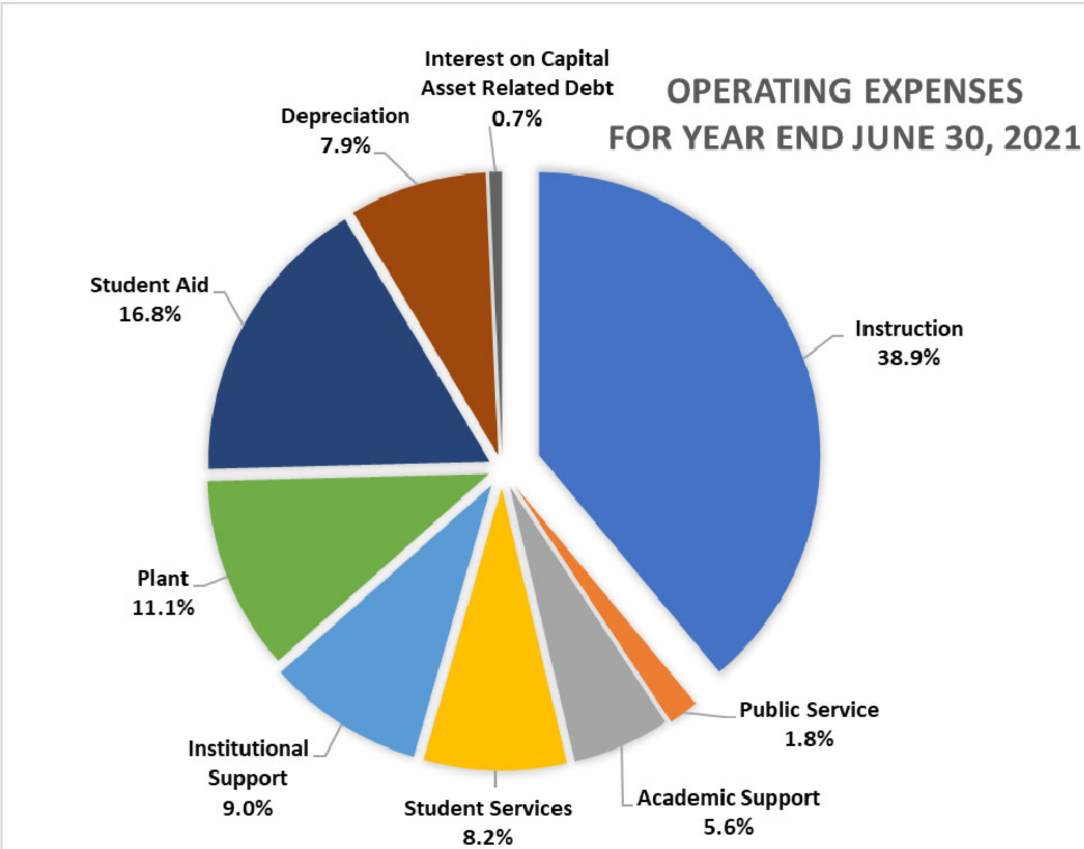
- Student services decreased $631 thousand or 8.0% in FY 2021. The decrease is primarily due to compensation savings year over year as a result of vacancies. Additionally, reductions in operating expenses, including athletic events and in-person graduation, were a direct result of the pandemic. The decreases are offset by an increase in OPEB.

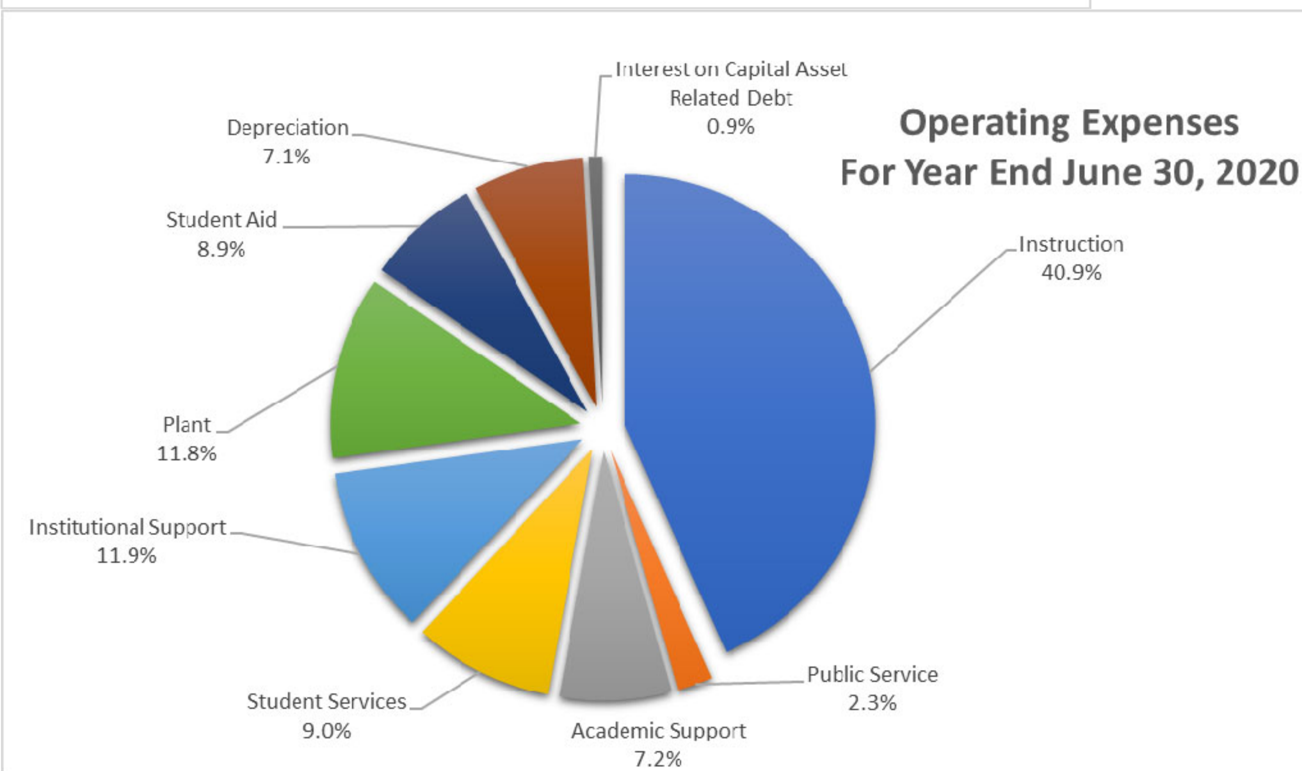
- Institutional support decreased $2.5 million or 23.6% in FY 2021. The decrease is a direct result of the GAS 87 implementation which required a $3.2 million adjustment. The adjustment is offset by the increases in pandemic-related expenses including cleaning and sanitation supplies, personal protective equipment and technology to aid in a remote environment.

- 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.

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




OPERATING EXPENSES
FOR YEAR END JUNE 30, 2021
Interest on Capital Asset Related Debt 0.7%
Depreciation 7.9%
Student Aid 16.8%
Plant 11.1%
Institutional Support 9.0%
Student Services 8.2%
Academic Support 5.6%
Public Service 1.8%
Instruction 38.9%


Operating Expenses
For Year End June 30, 2020
Interest on Capital Asset Related Debt 0.9%
Depreciation 7.1%
Student Aid 8.9%
Plant 11.8%
Institutional Support 11.9%
Student Services 9.0%
Academic Support 7.2%
Public Service 2.3%
Instruction 40.9%

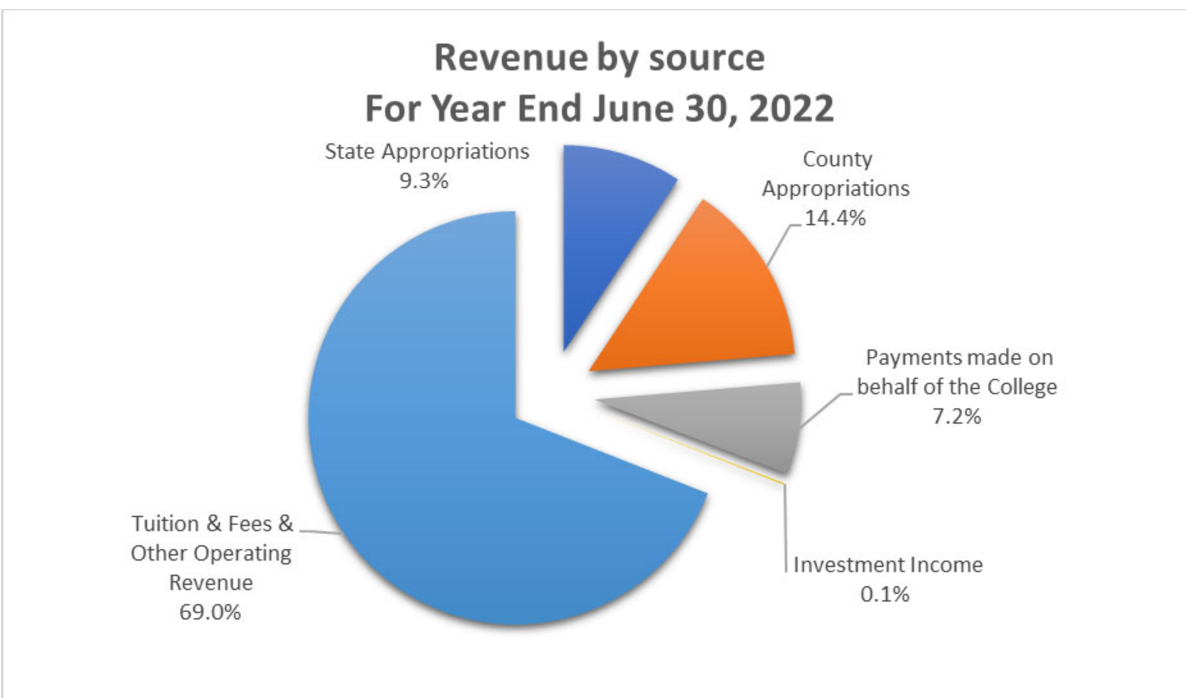
Operating Loss

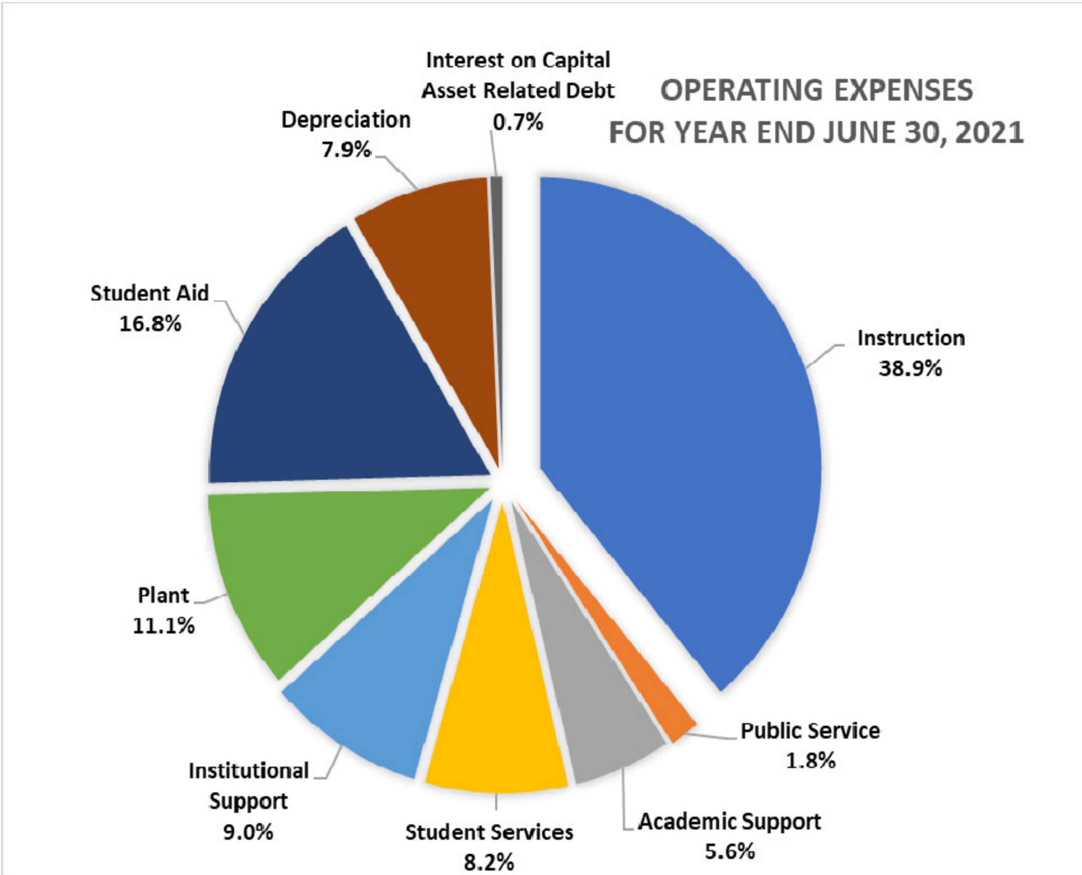
The College reported an operating loss of $18.2 million in FY 2022 as compared to a loss of $19.4 million in FY 2021. The decrease in operating loss year over year reflects an increase in total operating revenues of $8.7 million offset by an increase in educational and general expenses of $4.9 million. The loss reinforces the importance of two major components of nonoperating revenue – the State and County Appropriations. The College relies on the appropriations to provide an affordable, high-quality two-year college education to the students.

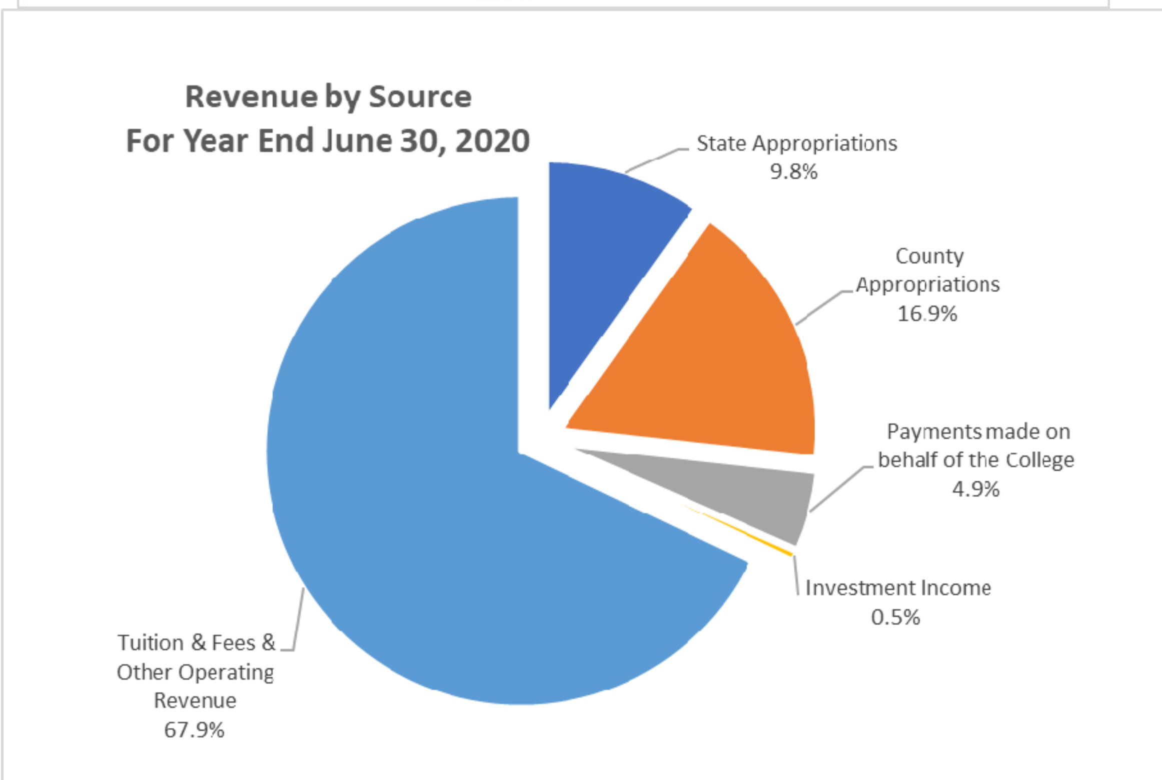
			2022 vs 2021			2021 vs 2020	
Nonoperating Revenues, Net ($000)	2022	2021	Inc (Dec)	% Change	2020	Inc (Dec)	% Change
State Appropriations	$ 10,411	$ 8,692	$ 1,719	19.8 %	$ 8,885	$ (193)	(2.2)%
County Appropriations	16,053	15,739	314	2.0	15,258	481	3.2
Payments on behalf of the College	8,053	7,927	126	1.6	4,435	3,492	78.7
Investment Income	112	116	(4)	(3.6)	427	(311)	(72.8)
Total Nonoperating Revenues, Net	$ 34,629	$ 32,474	$ 2,155	6.6	$ 29,005	$ 3,469	12.0

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 $2.2 million, or 6.6% in FY 2022 primarily due to the increase in State Appropriation resulting from a new funding formula model. Tuition and fee revenue from students, inclusive of third-party payments on their behalf, resulted in 69.0% of the College's total revenue.

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




OPERATING EXPENSES
FOR YEAR END JUNE 30, 2021
Interest on Capital Asset Related Debt 0.7%
Depreciation 7.9%
Student Aid 16.8%
Instruction 38.9%
Plant 11.1%
Public Service 1.8%
Institutional Support 9.0%
Student Services 8.2%
Academic Support 5.6%


Revenue by Source
For Year End June 30, 2020
State Appropriations 9.8%
County Appropriations 16.9%
Payments made on behalf of the College 4.9%
Investment Income 0.5%
Tuition & Fees & Other Operating Revenue 67.9%

Capital Contributions and Grants

Capital Grants and Contributions increased by $201 thousand in FY 2022. During the Fall of 2021, the storm effects from Hurricane Ida impacted the College. Several projects were halted due to flood-related damage in Kellogg on the Elizabeth Campus. As a result, the focus was on restoring the use of the Kellogg building. The slight increase is due to the preparation of the substation replacement project and substantial completion of the cooling tower renovation on the Cranford Campus.

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.

Statement of Net Position

			2022 vs 2021			2021 vs 2020	
Net Position ($000)	2022	2021	Inc (Dec)	% Change	2020	Inc (Dec)	% Change
Current Assets	$ 71,013	$ 59,956	$ 11,057	18.4 %	$ 50,503	$ 9,453	18.7 %
Noncurrent Assets:							
Lease Receivable	1,777	920	857	93.2	-	920	-
Capital Assets, Net of Depreciation	129,622	125,270	4,352	3.5	118,388	6,882	5.8
Total Assets	202,412	186,146	16,266	8.7	168,891	17,255	10.2
Deferred Outflows of Resources	1,524	3,038	(1,514)	(49.8)	4,083	(1,045)	(25.6)
Current Liabilities	13,186	12,111	1,075	8.9	12,631	(520)	(4.1)
Noncurrent Liabilities	30,228	36,647	(6,419)	(17.5)	36,563	84	0.2
Total Liabilities	43,414	48,758	(5,344)	(11.0)	49,194	(436)	(0.9)
Deferred Inflows of Resources	12,781	11,631	1,150	9.9	10,397	1,234	11.9
Capital Assets - Net Position	112,667	107,808	4,859	4.5	103,885	3,923	3.8
Unrestricted - Net Position	35,074	20,987	14,087	67.1	9,498	11,489	121.0
Total Net Position	$ 147,741	$ 128,795	$ 18,946	14.7	$ 113,383	$ 15,412	13.6

Current Assets in FY 2022 increased $11.1 million or 18.4% year over year. Cash and cash equivalents increased by $13.1 million. Similar to the previous year, the College utilized the pandemic-related funding for compensation and other operating expenses as well as to reduce the outstanding student balances,. There continued to be reductions in operating expenses because of the pandemic. This included full-time vacancy savings, other variable compensation, employee benefits and travel.

Current Assets in FY 2021 increased $9.5 million or 18.7% 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 $2.7 million, respectively.

Summary and Outlook

This fiscal year includes a number of achievements as the College continues to focus on student success. The Aspen Institute for Community College Excellence recognized the College as a top 25 community college in the nation. This is an acknowledgement of the work that is done by everyone as the College strives to provide excellent student success support.

The College conferred 1,760 certificates and degrees which was its largest graduating class to date. The spring commencement returned to the Cranford campus for the first time in many years. This venue allowed for students to celebrate their achievements with family, faculty and staff in a familiar and joyous setting.

With the national recognition and a scan of industry trends, the Board of Trustees unanimously determined that a name change to Union County of Union County, New Jersey would better support the reputation of the institution. This has been embraced by the College community.

The Kellogg building is back in service as of August 2022 after the severe damage incurred due to Hurricane Ida the year before. The College also has full use of the renovated Scotch Plains Campus. This site provides academic, administrative and conference space, as well as, expanded the footprint of the College in Union County. It was at this campus the College was able to support the Union County Educational Services Commission as they needed a temporary location due to displacement from Hurricane Ida damage to their facility.

The College continues to receive funds through grants by the CARES Act to support students as well as institutional initiatives. These funds have allowed the College to expand the classroom technology to support remote instruction and expand Cisco conference rooms across all campuses. The funding also allowed for a campus-wide network infrastructure upgrade where all end-of-life equipment was replaced with Cisco DNA capable devices, adding an extra layer of security to the college network. Exterior wireless access is also being expanded and all end-of-life uninterruptible power supplies (UPS's) are being replaced as well.

As stated in the mission statement, the College strives to be a high quality and affordable higher education institution and that continues to drive decisions made whether fiscal or academic. There is a disciplined focus on responsible control and managing costs. There are several capital projects in the near future that will improve learning spaces and support of the empowerment for students to achieve their goals. On the Cranford campus the electrical substation replacement is in its preliminary stages. The College is focusing on destinations. As such, a grant-funded project to create an Engineering Hub and a second innovation center is in the works.

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, 2022 AND 2021

	2022		2021	
	College	Component Unit - UCC Foundation	(Restated) College	Component Unit - UCC Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 61,381,151	$ 216,372	$ 48,315,728	$ 25,495
Investments	-	7,760,126	-	12,064,419
Student Accounts Receivable, Net of Allowance of $586,145 in 2022 and $258,358 in 2021	649,165	-	2,283,580	-
Grants Receivable	2,439,523	-	2,690,394	-
State of New Jersey Receivable:				
Alternative Benefit Program	467,252	-	465,525	-
County of Union Receivable	4,101,315	-	4,258,485	-
Lease Receivables, Current	347,307	-	302,727	-
Other Receivables	1,282,513	97,921	1,348,574	56,161
Other Assets	344,373	136,341	291,067	168,138
Total Current Assets	71,012,599	8,210,760	59,956,080	12,314,213
NONCURRENT ASSETS				
Endowment Investments	-	14,076,967	-	13,878,578
Lease Receivables, Noncurrent	1,777,100	-	920,147	-
Capital Assets, Net	129,622,050	540,032	125,270,034	543,988
Total Noncurrent Assets	131,399,150	14,616,999	126,190,181	14,422,566
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	1,523,880	-	3,038,141	-
Total Assets and Deferred Outflows of Resources	$ 203,935,629	$ 22,827,759	$ 189,184,402	$ 26,736,779

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022		2021	
	College	Component Unit - UCC Foundation	(Restated) College	Component Unit - UCC Foundation
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	$ 3,798,189	$ 23,844	$ 3,772,187	$ 3,657
Accrued Expenses	5,168,822	64,676	5,034,016	53,514
Due to State of New Jersey	718,022	-	655,417	-
Unearned Revenue	-	496,173	-	134,495
Unearned Student Tuition and Fee Revenue	1,205,238	-	1,370,382	-
Unearned Federal and State Grant Revenue	1,733,674	-	772,382	-
Lease Liability, Current	386,703	-	338,588	-
Financed Purchase Agreement, Current	174,935	-	167,780	-
Total Current Liabilities	13,185,583	584,693	12,110,752	191,666
NONCURRENT LIABILITIES				
Lease Liability, Noncurrent	15,889,634	-	16,276,337	-
Financed Purchase Agreement, Noncurrent	503,832	-	678,767	-
Net Pension Liability	13,834,215	-	19,692,537	-
Total Noncurrent Liabilities	30,227,681	-	36,647,641	-
Total Liabilities	43,413,264	584,693	48,758,393	191,666
DEFERRED INFLOWS OF RESOURCES				
Pension Related	10,708,954	-	10,437,317	-
Lease Receivable	2,072,627	-	1,193,444	-
	12,781,581	-	11,630,761	-
NET POSITION				
Net Investment in Capital Assets	112,666,945	540,032	107,808,562	543,988
Restricted for:				
Nonexpendable:				
Program	-	566,362	-	557,702
Scholarships	-	13,510,605	-	13,320,876
Expendable:				
Program	-	-	-	-
Scholarships	-	3,087,046	-	2,784,844
Other	-	3,428,770	-	7,780,821
Unrestricted	35,073,839	1,110,251	20,986,686	1,556,882
Total Net Position	147,740,784	22,243,066	128,795,248	26,545,113
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 203,935,629	$ 22,827,759	$ 189,184,402	$ 26,736,779

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021	
	College	Component Unit - UCC Foundation	(Restated) College	Component Unit - UCC Foundation
REVENUES				
Operating Revenues:				
Student Tuition and Fees	$ 39,956,219	$ -	$ 41,660,347	$ -
Less: Scholarship Allowances	(17,040,293)	-	(15,274,887)	-
Net Student Tuition and Fees	22,915,926	-	26,385,460	-
Federal Grants	44,776,463	-	32,001,939	-
State Grants	8,304,171	-	9,099,323	-
Local Grants	20,400	-	88,335	-
Gifts and Contributions	245,663	1,188,583	314,404	2,176,547
Other	1,012,314	-	657,586	-
Total Operating Revenues	77,274,937	1,188,583	68,547,047	2,176,547
EXPENSES				
Operating Expenses:				
Educational and General:				
Instructional	33,619,349	-	34,480,279	-
Public Service	1,498,706	-	1,600,604	-
Academic Support	5,882,547	-	4,924,330	-
Student Services	7,812,400	-	7,301,884	-
Institutional Support	10,375,520	-	8,008,182	-
Plant Operations and Maintenance	9,083,718	-	9,839,522	-
Student Aid	19,744,800	1,534,195	14,858,317	2,284,591
Depreciation/Amortization	7,497,626	3,956	6,932,806	3,956
Other Expenses	-	564,354	-	594,248
Total Operating Expenses	95,514,666	2,102,505	87,945,924	2,882,795
OPERATING LOSS	(18,239,729)	(913,922)	(19,398,877)	(706,248)
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	10,410,567	-	8,691,919	-
County Appropriations	16,053,314	-	15,738,543	-
Investment Income	111,853	(3,586,514)	116,262	5,076,427
Interest on Capital Asset Related Debt	(564,832)	-	(582,506)	-
Additions to Permanent Endowments	-	198,389	-	2,730,276
On-Behalf Payments:				
Alternate Benefit Plan	1,258,824	-	1,313,683	-
Other Post Employment Benefits	6,794,428	-	6,613,309	-
Net Nonoperating Revenues	34,064,154	(3,388,125)	31,891,210	7,806,703
INCOME BEFORE OTHER REVENUES	15,824,425	(4,302,047)	12,492,333	7,100,455
CAPITAL GRANTS AND CONTRIBUTIONS	3,121,111	-	2,919,758	-
INCREASE IN NET POSITION	18,945,536	(4,302,047)	15,412,091	7,100,455
Net Position - Beginning of Year	128,795,248	26,545,113	113,383,157	19,444,658
NET POSITION - END OF YEAR	$ 147,740,784	$ 22,243,066	$ 128,795,248	$ 26,545,113

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Student Revenue	$ 5,158,869	$ 9,244,297
Receipts from Government Grants	53,351,905	43,952,566
Payments to Suppliers	(10,790,349)	(4,511,547)
Payments to and on Behalf of Employees	(52,688,982)	(52,156,336)
Receipts from Gifts and Contributions	245,663	314,404
Other Receipts	1,012,314	657,586
Net Cash Used by Operating Activities	(3,710,580)	(2,499,030)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	10,410,567	8,691,919
County Appropriations	16,053,314	15,738,543
Loan Program Receipts	3,860,822	4,409,497
Loan Program Disbursements	(3,860,822)	(4,409,497)
Net Cash Provided by Noncapital Financing Activities	26,463,881	24,430,462
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	3,121,111	2,919,758
Purchase of Capital Assets	(11,849,642)	(7,242,840)
Principal Paid on Debt and Leases	(506,368)	(3,613,926)
Interest Paid on Long-Term Debt and Leases	(564,832)	(582,506)
Net Cash Used by Capital and Related Financing Activities	(9,799,731)	(8,519,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	111,853	116,262
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,065,423	13,528,180
Cash and Cash Equivalents - Beginning of Year	48,315,728	34,787,548
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 61,381,151	$ 48,315,728
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (18,239,729)	$ (19,398,877)
Adjustment to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	7,497,626	6,932,806
On-Behalf Payments	8,053,252	7,926,992
Changes in Assets and Liabilities:		
Receivables, Net	2,031,134	4,348,521
Accounts Payable and Accrued Expenses	223,413	(745,615)
Net Pension Liability	(4,072,424)	(1,654,088)
Unearned Revenue:		
Student Tuition and Fees	(165,144)	(390,782)
Federal and State Grants	961,292	482,013
Net Cash Used by Operating Activities	$ (3,710,580)	$ (2,499,030)
SIGNIFICANT NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	$ 8,053,252	$ 7,926,992

See accompanying Notes to Financial Statements.

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 eighteen 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 2021 was 3,467 full time students and 4,438 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 their 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.

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. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Unit (Continued)

During the fiscal years ended June 30, 2022 and 2021, the Foundation distributed $1,534,195 and $2,284,591, 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, 2022, 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.

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, 2022.

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 and out of county. 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 as prescribed by N.J.S.A. 18A:64A-22. In FY 2022, a new funding formula was developed and approved. The funding formula now includes metrics that allocate funding based on enrollment, access, equity/diversity, adult enrollment, and student progress and completion.

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.

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	5 to 20 Years

Depreciation expense for the fiscal years ending June 30, 2022 and 2021, was $7,497,626 and $6,932,806, 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.

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, 2022 and 2021 was $586,145 and $258,358, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021 was $17,040,293 and $15,274,887, 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, 2022 and 2021, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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 purpose. 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 assets 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 assets 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.

Leases

The College routinely engages in lease agreements to meet operational needs. The College's lease contracts generally relate to land and, buildings. For short-term leases with a maximum possible term of 12 months or less at commencement, the College recognizes periodic revenue or expense based on the provision of the lease contract. For all other contracts where the College is the lessee, that meet the requirements of GASB 87, the College recognized a lease liability and an intangible right of use asset based on the present value of the future lease payments over the contracted term of the lease. Lease right of use assets are reported with capital assets, and lease liabilities are reported as long-term debt in the statement of net position. The right of use lease assets are amortized over the term of the lease, as the College is not expected to lease assets beyond the underlying asset's useful life. The College also serves as a lessor for certain real estate. For those agreements required to be capitalized, the financial statements recognize a lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term period and the deferred inflow of resources is amortized evenly over the term of the lease. Lease receivables are reported with other current assets and other noncurrent assets. Deferred inflow – lease receivable is reported as deferred inflow in the statement of net position. The College uses its estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but recognized as expense or revenue in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

New Accounting Standards

In June 2017, GASB issued Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021. 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources for all leases with lease terms greater than 12 months. The adoption of this statement resulted in the recognition of lease related assets, liabilities, and deferred inflows of resources. Notes 3 and 8 provide details on the balances reported. The financial statements for the fiscal year ended June 30, 2021 were restated as summarized below.

Statement of Revenues, Expenses, and Change in Net Position	2021
Change in Net Position, as Previously Reported	$ 125,832,118
Change Due to Implementation of GASB 87	
Operating Revenue	29,428
Operating Expenses	(2,817,703)
Nonoperating Revenues (Expenses)	115,999
Change in Net Position, as Restated	$ 128,795,248

Statement of Net Position as of June 30, 2021	Balance, as Previously Reported	GASB 87 Changes	Balance, as Restated
Total Current Assets	$ 59,653,353	$ 302,727	$ 59,956,080
Total Noncurrent Assets	119,005,734	7,184,447	126,190,181
Deferred Outflow of Resources	3,038,141	-	3,038,141
Total Assets	$ 181,697,228	$ 7,487,174	$ 189,184,402
Total Current Liabilities	$ 12,042,902	$ 67,850	$ 12,110,752
Total Noncurrent Liabilities	33,384,893	3,262,748	36,647,641
Deferred Inflow of Resources	10,437,315	1,193,446	11,630,761
Net Position	125,832,118	2,963,130	128,795,248
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 181,697,228	$ 7,487,174	$ 189,184,402

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, 2022 and 2021, the College's bank balances were exposed to custodial credit risk as follows:

	2022	2021
Insured	$ 1,750,000	$ 1,750,000
Collateralized Under GUDPA	59,500,224	46,563,176
Total	$ 61,250,224	$ 48,313,176

NOTE 3 LEASE RECEIVABLES

The College routinely leases various land or facilities to third parties. The contracts, at times, may include variable payments that are not known or certain to be exercised at the time of the lease receivable valuation. These are recognized as income in the period that they occur.

The lease revenue and interest income for the fiscal year ended June 30, 2022 and 2021 are summarized in the following schedule.

	June 30, 2022	(Restated) June 30, 2021
Lease Revenue	$ 330,564	$ 321,502
Interest Income	40,864	44,004
Total	$ 371,428	$ 365,506

NOTE 3 LEASE RECEIVABLES (CONTINUED)

Total future minimum lease payments to be received under lease agreements are as follows:

	Lease Receivables	
Fiscal Year Ending June 30,	Principal	Interest
2023	$ 347,307	$ 62,794
2024	359,825	51,318
2025	81,691	44,514
2026	86,708	41,782
2027	90,941	38,895
2028-2032	361,998	152,956
2033-2037	279,719	106,713
2038-2042	343,981	56,245
2043-2045	172,237	5,932
Total	$ 2,124,407	$ 561,149

The following summary provides aggregated information reported for June 30, 2022 and 2021 lease receivables including additions and reductions for the years then ended.

	Balance as of July 1, 2021 (Restated)	2021-22 Additions	2021-22 Reductions	Balance as of June 30, 2022
Lease Receivable	$ 1,222,874	$ 1,209,747	$ (308,214)	$ 2,124,407

	Balance as of July 1, 2020 (Restated)	2020-21 Additions (Restated)	2020-21 Reductions (Restated)	Balance as of June 30, 2021 (Restated)
Lease Receivable	$ 1,514,948	$ -	$ (292,074)	$ 1,222,874

NOTE 4 CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source at June 30, 2022 and 2021:

	Balance July 1, 2021 (Restated)	Increases	Decreases	Adjustments	Balance June 30, 2022
Capital Assets, Nondepreciable:					
Land	$ 4,833,320	$ -	$ -	$ -	$ 4,833,320
Construction in Progress	12,563,570	11,143,344	(4,784,544)	-	18,922,370
Total Capital Assets, Nondepreciable	17,396,890	11,143,344	(4,784,544)	-	23,755,690
Capital Assets, Depreciable:					
Building and Improvements	168,907,366	1,802,472	-	-	170,709,838
Intangible Asset - Easement	2,100,000	-	-	-	2,100,000
Equipment, Software, and Vehicles	28,986,488	3,691,835	(36,167)	-	32,642,156
Right of Use Asset	16,942,701	-	-	-	16,942,701
Total Capital Assets, Depreciable	216,936,555	5,494,307	(36,167)	-	222,394,695
Less: Accumulated Depreciation for:					
Buildings and Improvements	(88,862,952)	(4,348,478)	-	-	(93,211,430)
Intangible Asset - Easement	(52,500)	(105,000)	-	-	(157,500)
Equipment, Software, and Vehicles	(19,359,926)	(2,256,115)	32,702	-	(21,583,339)
Right of Use Asset	(788,033)	(788,033)	-	-	(1,576,066)
Total Depreciation	(109,063,411)	(7,497,626)	32,702	-	(116,528,335)
Total Capital Assets, Depreciable Net	107,873,144	(2,003,319)	(3,465)	-	105,866,360
Capital Assets, Net	$ 125,270,034	$ 9,140,025	$ (4,788,009)	$ -	$ 129,622,050

	Balance July 1, 2020 (Restated)	Increases (Restated)	Decreases (Restated)	Adjustments (Restated)	Balance June 30, 2021 (Restated)
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	2,000,000	100,000	-	-	2,100,000
Equipment, Software, and Vehicles	25,125,522	3,874,766	(13,800)	-	28,986,488
Right of Use Asset	16,942,701	-	-	-	16,942,701
Total Capital Assets, Depreciable	206,496,311	10,454,044	(13,800)	-	216,936,555
Less: Accumulated Depreciation for:					
Buildings and Improvements	(84,545,497)	(4,328,477)	11,022	-	(88,862,952)
Intangible Asset - Easement	-	(52,500)	-	-	(52,500)
Equipment, Software, and Vehicles	(17,598,908)	(1,774,818)	13,800	-	(19,359,926)
Right of Use Asset	-	(788,033)	-	-	(788,033)
Total Depreciation	(102,144,405)	(6,943,828)	24,822	-	(109,063,411)
Total Capital Assets, Depreciable Net	104,351,906	3,510,216	11,022	-	107,873,144
Capital Assets, Net	$ 124,960,000	$ 9,185,902	$ (8,813,515)	$ (62,353)	$ 125,270,034

Adjustments represent transfers of completed projects from construction in progress.

NOTE 5 ACCRUED COMPENSATED ABSENCES

It is the College's policy to payout 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, 2022 and 2021, the liabilities for accrued compensated absences, included in accrued expenses on the statements of net position, consist of the following:

	2022	2021
Vacation:		
Balance - Beginning of Fiscal Year	$ 1,225,526	$ 1,327,226
Decrease	(74,111)	(101,700)
Balance - End of Fiscal Year	$ 1,151,415	$ 1,225,526

NOTE 6 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

NOTE 6 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, 2022, 2021, and 2020 were \$1,233,649, \$1,367,617, and \$1,321,037, respectively.

NOTE 6 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019. This actuarial valuation used the following actuarial assumptions, applied to the June 30, 2021 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, 2021, 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 2022 and 2021.

NOTE 6 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	2021 Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
Cash	4.00 %	0.50 %
U.S. Treasuries	5.00	0.95
Investment Grade Credit	8.00	1.68
High Yield Bonds	2.00	3.75
Private Credit	8.00	7.60
Real Assets	3.00	7.40
Real Estate	8.00	9.15
U.S. Equity	27.00	8.09
Non-U.S. Developed Markets Equity	13.50	8.71
Emerging Markets Equity	5.50	10.96
Private Equity	13.00	11.30
Risk Mitigation Strategies	3.00	3.35
Total	100.00 %	

	2020 Target Allocation	Long-Term Expected Real Rate of Return
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	100.00 %	

NOTE 6 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The discount rate used to measure the total PERS pension liability was 6.28% and 7.00% as of June 30, 2021 and 2020, 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 3.50% as of June 30, 2020 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, 2022 and 2021, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00% in 2022 and 2021) or one percentage point higher (8.00% in 2022 and 2021) than the current rate.

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%
2022	$ 18,839,395	$ 13,834,215	$ 9,586,610
	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
2021	$ 24,984,550	$ 19,692,537	$ 15,488,365

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.

NOTE 6 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

PERS measured the net pension liability as of June 30, 2021. 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, 2020 to June 30, 2021. 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, 2021, the College's proportion was 0.1168%, a decrease of 0.0040% from its proportion calculated as of June 30, 2020.

At June 30, 2022, the amount recognized as the College's proportionate share of the PERS June 30, 2021 net pension liability (measurement date) was $13,834,215. For the year ended June 30, 2022, the College recognized PERS pension expense of $(2,838,777). At June 30, 2022, 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	$ 218,183	$ 99,037
Changes of Assumptions	72,048	4,925,071
Net Difference Between Projected and Actual Investment Earnings	-	2,040,550
Changes in Proportions	-	3,644,296
Total Contributions and Proportionate Share of Contributions after the Measurement Date	1,233,649	-
Total	$ 1,523,880	$ 10,708,954

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	8,245,453
Net Difference Between Projected and Actual Investment Earnings	673,107	2,122,224
Changes in Proportions	-	-
Total Contributions and Proportionate Share of Contributions after the Measurement Date	1,367,617	-
Total	$ 3,038,141	$ 10,437,317

NOTE 6 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The College will recognize the $1,233,649 reported as 2022 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, 2022. 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.

Year Ending June 30,	Amortization
2023	$ (4,035,142)
2024	(3,008,624)
2025	(1,965,141)
2026	(1,388,440)
2027	(21,376)
Total	$ (10,418,723)

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 2022 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 2022 and 2021, the state reimbursed $1,258,824 and $1,313,683, 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.

NOTE 6 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
2022	$ 1,715,915	$ 1,258,824	$ 457,091
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

NOTE 7 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, 2022 and 2021, the College did not report a liability related to the School Employees' Health Benefit Program (SEHBP) due to a special funding situation. The State of New Jersey (the State) is responsible for the employer contributions and the total OPEB liability resulting from a special funding situation. Therefore, for the fiscal years ended June 30, 2022 and 2021, 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:

	2022	2021
State's Proportionate Share of the OPEB Liability	$ 87,658,726	$ 99,790,013
College's Proportionate Share of the OPEB Liability	-	-
Total	$ 87,658,726	$ 99,790,013

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized OPEB expenses of $6,794,428 and $6,613,309, respectively, and revenues of $6,794,428 and $6,613,309, 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 Annual Comprehensive Financial Report (ACFR). The ACFR is an audited financial statement and is available at www.state.nj.us/treasury/pensions/financial-reports.shtml.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	TPAF/ABP	PERS	PFRS
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	2.75 - 5.65% Based on Years of Service	3.00 - 7.00% Based on Years of Service	Not applicable

- Inflation of 2.50%

- Healthcare cost trend assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

- The discount rate for June 30, 2021 and 2020 was 3.50% and 3.87%, 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-2019. 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-2019. 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-2019.

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

NOTE 8 LEASE OBLIGATIONS

Kellogg Building

On March 1, 2006, the College entered into Sublease Purchase Agreement (Sublease) with the County of Union (County) for the Kellogg Building on the Elizabeth campus. The County obtained its rights under a 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. This is presented as a depreciable capital asset and a financed purchase agreement liability within the Statement of Net Position.

Principal and interest payments for the financed purchase agreement liability were $167,780 and $32,220, respectively, for fiscal year 2022 and $160,918 and $39,082, respectively, for fiscal year 2021.

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. This is presented as a right of use lease asset and right of use lease liability within the Statement of Net Position.

Principal and interest payments for the easement right of use liability were $338,588 and $532,612, respectively, for fiscal year 2022 and $327,776 and $543,424, respectively, for fiscal year 2021.

NOTE 8 LEASE OBLIGATIONS (CONTINUED)

The following schedule provides future minimum principal and interest payments to maturity for the right of use lease liabilities and the financed purchase agreement liabilities.

	Financed Purchase		Leases, Third Parties	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2023	$ 174,935	$ 25,065	$ 386,703	$ 520,797
2024	182,394	17,606	451,184	507,136
2025	190,172	9,828	466,068	492,252
2026	131,266	2,068	481,442	476,878
2027	-	-	537,965	460,285
2028-2032	-	-	3,425,371	1,994,727
2033-2037	-	-	4,740,848	1,337,216
2038-2042	-	-	5,786,756	442,051
Total	$ 678,767	$ 54,567	$ 16,276,337	$ 6,231,342

The following summary provides aggregated information for June 30, 2022 and 2021 for right of use lease liabilities and financed purchase agreement liabilities, including additions, reductions and reported liabilities for the years then ended.

	Balance as of July 1, 2021 (Restated)	2021-22 Additions	2021-22 Reductions	Balance as of June 30, 2022
Financed Purchases	$ 846,547	$ -	$ (167,780)	$ 678,767
Leases, Third Parties	16,614,925	-	(338,588)	16,276,337
Total	$ 17,461,472	$ -	$ (506,368)	$ 16,955,104

	Balance as of July 1, 2020 (Restated)	2020-21 Additions (Restated)	2020-21 Reductions (Restated)	Balance as of June 30, 2021 (Restated)
Financed Purchases	$ 1,007,465	$ -	$ (160,918)	$ 846,547
Leases, Third Parties	16,942,701	-	(327,776)	16,614,925
Total	$ 17,950,166	$ -	$ (488,694)	$ 17,461,472

NOTE 9 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 10 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.

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 $206,609 and $232,130, respectively, for fiscal years ended 2022 and 2021.

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.

NOTE 11 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 12 EDUCATION AND GENERAL EXPENSES BY FUNCTION

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

	2022						
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	Total
Educational and General Expenditures:							
Instruction	$ 29,173,495	$ 1,168,618	$ 3,277,236	$ -	$ -	$ -	$ 33,619,349
Public Service	1,290,250	38,440	170,016	-	-	-	1,498,706
Academic Support	3,740,950	35,477	2,106,120	-	-	-	5,882,547
Student Services	6,871,531	174,437	766,432	-	-	-	7,812,400
Institutional Support	1,433,927	818,434	8,123,159	-	-	-	10,375,520
Operation and Maintenance of Plant	6,395,650	462,430	808,238	-	1,417,400	-	9,083,718
Scholarship Aid	-	-	-	19,744,800	-	-	19,744,800
Depreciation	-	-	-	-	-	7,497,626	7,497,626
Total	$ 48,905,803	$ 2,697,836	$ 15,251,201	$ 19,744,800	$ 1,417,400	$ 7,497,626	$ 95,514,666

NOTE 12 EDUCATION AND GENERAL EXPENSES BY FUNCTION (CONTINUED)

	2021						
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	Total
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	1,914,373	-	-	-	8,008,182
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	-	-	-	-	-	6,932,806	6,932,806
Total	$ 53,561,354	$ 2,753,548	$ 8,098,498	$ 14,858,317	$ 1,741,401	$ 6,932,806	$ 87,945,924

NOTE 13 OTHER RECEIVABLES

Other receivables as of June 30, 2022 and 2021, consist of the following amounts due to the College:

	2022	2021
Noncredit Sponsors	$ 187,464	$ 252,201
JFK Muhlenberg	84,455	108,187
Trinitas Regional Medical Center	119,167	119,167
EMT - State of NJ	360,375	438,000
County Chargebacks	12,735	16,549
Union County College Foundation	23,844	3,657
Other	494,473	410,813
Total	$ 1,282,513	$ 1,348,574

NOTE 14 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, 2022.

NOTE 15 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, 2022 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, 2022 and 2021, the Foundation did not have any uninsured balances.

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:

	2022		
	Cost	Fair Market Value	Unrealized Appreciation
Common Stock	$ 15,837,838	$ 16,898,244	$ 1,060,405
Bond Fixed Income	4,882,267	4,311,572	(570,695)
Short-Term Investments	627,277	627,277	-
Total	$ 21,347,382	$ 21,837,093	$ 489,710

	2021		
	Cost	Fair Market Value	Unrealized Appreciation
Common Stock	$ 12,089,973	$ 17,232,615	$ 5,142,642
Bond Fixed Income	7,816,010	8,272,976	456,966
Short-Term Investments	437,406	437,406	-
Total	$ 20,343,388	$ 25,942,997	$ 5,599,609

NOTE 15 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, 2022, 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.

NOTE 15 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:

	2022	2021
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Common Stock:		
Consumer Discretionary	$ 1,278,462	$ 2,270,078
Consumer Staples	981,134	952,239
Emerging Markets	-	157,553
Energy	869,224	592,134
Financials	1,842,610	2,152,901
Foreign Stock	-	1,135
Healthcare	2,177,064	2,047,273
Industrials	1,512,340	1,781,421
Information Technology	2,659,740	3,416,552
Large Cap Funds	-	309,307
Materials	703,728	637,234
Other Equity	-	866,143
Real Estate	595,757	582,313
Private Debt	2,705,082	-
Telecommunications Services	1,128,315	1,166,710
Utilities	444,787	299,622
Total Common Stock	16,898,243	17,232,615
Bond Fixed Income:		
Funds	3,625,139	7,306,563
Individual Holding	686,434	966,413
Total Bond Fixed Income	4,311,573	8,272,976
Total	$ 21,209,816	$ 25,505,591

Not included above are short-term investments at June 30, 2022 and 2021 of $627,277 and $437,406, 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, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

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
2021	0.1167789303%	$ 13,834	$ 7,495	184.58 %	70.33 %
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
2022	$ 1,234	$ 1,368	$ (134)	$ 7,495	18.25 %
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, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	2022	2021	2020	2019	2018
College's Proportion of the OPEB Liability	0.0%	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	87,658,726	99,790,013	61,864,102	59,828,577	69,935,001
Total	$ 87,658,726	$ 99,790,013	$ 61,864,102	$ 59,828,577	$ 69,935,001
College's Covered Employee Payroll	$ 4,822,885	$ 5,810,992	$ 5,569,159	$ 5,559,861	$ 5,522,049
College's Proportionate Share of the OPEB Liability as a Percentage of its Covered Employee Payroll	0.00%	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%	0.00%

	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 6,794,428	$ 6,613,309	$ 3,134,364	$ 4,444,569	$ 6,339,731	$ 7,049,922
Contributions in Relation to the Contractually Required Contribution	(6,794,428)	(6,613,309)	(3,134,364)	(4,444,569)	(6,339,731)	(7,049,922)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's Covered-Employee Payroll	$ 4,822,885	$ 5,810,992	$ 5,569,159	$ 5,559,861	$ 5,522,049	$ 5,087,590
Contributions as a Percentage of Covered-Employee Payroll	140.88%	113.81%	56.28%	79.94%	114.81%	138.57%

Notes to Required Supplementary Information

Changes in Assumptions: The decrease in the liability from June 30, 2021 to June 30, 2022 is due to the increase in the assumed discount rate from 2.21% as of June 30, 2021 to 3.87% as of June 30, 2022; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2021 to June 30, 2022; 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, 2022

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 2022 Expenditures
U.S. Department of Education:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A112620	$ -	$ 683,219
Federal Direct Student Loans	84.268	P268K131820	-	3,860,822
Federal Pell Grant Program	84.063	P063P111820	-	15,745,743
Federal Work-Study Program	84.033	P033A112620	-	250,745
Total Student Financial Aid Cluster			-	20,540,529
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	-	12,119,631
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	-	12,473,661
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	-	852,445
Passed Through the Office of the N.J. Secretary of Higher Education:				
COVID-19, Governors Emergency Education Relief Fund (GEERF)	84.425C	N/A	-	8,692
Passed Through the Office of the N.J. Secretary of Higher Education:				
Opportunity Meets Innovation Challenge (OMIC)	84.425C	N/A	-	17,109
Total OESE Education Stabilization Fund			-	25,471,538
Title V Funding				
ExCEL	84.031S	P031S210186	-	146,940
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	-	455,301
Adult Education and Family Literacy:				
Passed Through State Department of Labor and Workforce Development:				
Adult Basic Skills	84.002	ASB - FY2014-009	552,499	1,360,640
Total U.S. Department of Education			552,499	47,974,948

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, 2022

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 2022 Expenditures
U.S. Department of Labor:				
Employment and Training Administration:				
NJ Trade Relocation Act Contracts	17.245	N/A	$ -	$ 10,265
H-1B Job Training Grants:				
Passed through Bergen Community College:				
Scaling Apprenticeship through Sector-Based Strategies	17.268	HG-33026-19-60-A-34	-	31,688
Workforce Innovation and Opportunity Act (WIOA) Cluster:				
Passed Through County of Union, NJ:				
WIOA - Adult	17.258	N/A	-	9,474
WIOA - Dislocated Worker	17.278	N/A	-	46,015
WIOA - Workforce Innovation Business Center	17.258	N/A	-	300,071
Total WIOA Cluster			-	355,560
Total U.S. Department of Labor			-	397,513
Research and Development Cluster:				
National Science Foundation:				
Education and Human Resources:				
Infusing Research as Pedagogy	47.076	1832425	-	236,385
National Scholarships in Science, Technology, Engineering & Mathematics	47.076	2129808	-	18,643
Total Education and Human Resources			-	255,028
Computer and Information Science and Engineering:				
Passed Through Passaic County Community College:				
Northern New Jersey Bridges to the Baccalaureate Degree Program	47.070	1410389	-	11,804
Total National Science Foundation			-	266,832
National Aeronautics and Space Administration:				
Office of Stem Engagement (OSTEM):				
Passed through Rutgers, The State University of New Jersey:				
Community Development Block Grants/Entitlement Grants	43.008	80NSSC20M0066	-	2,202
Total National Aeronautics and Space Administration			-	2,202
Total Research and Development Cluster			-	269,034
Total Federal Financial Assistance			$ 552,499	$ 48,641,495

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, 2022

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 From	Grant Period To	FY 2022 Expenditures	Cumulative Expenditures
N.J. Commission of Higher Education:							
Educational Opportunity Fund - Article III	10-100-074-2401-001	$ 293,800	$ 206,042	07/01/21	06/30/22	$ 189,900	$ 189,900
Educational Opportunity Fund - Article III Summer	10-100-074-2401-001	140,856	138,787	06/01/21	08/31/21	127,668	127,966
Educational Opportunity Fund - Article III Winter	10-100-074-2401-001	27,130	18,832	07/01/21	06/30/22	25,402	25,402
Educational Opportunity Fund - Article IV	10-100-074-2401-002	9,796	10,031	07/01/21	06/30/22	9,796	9,796
Educational Opportunity Fund - Article IV Summer	10-100-074-2401-002	11,150	-	06/01/22	08/31/22	2,100	2,100
Educational Opportunity Fund - Article IV Summer	10-100-074-2401-002	362,188	260,558	07/01/21	06/30/22	315,015	315,015
Total Educational Opportunity Fund						669,881	670,179
Tuition Aid Grants	10-100-074-2405-007	3,357,650	3,357,650	07/01/21	06/30/22	3,357,650	3,357,650
New Jersey Stars Program	10-100-074-2405-313	111,502	111,502	07/01/21	06/30/22	111,502	111,502
NJ Class Loans	Not Applicable	68,850	68,850	07/01/21	06/30/22	68,850	68,850
Urban Scholars Program	10-100-074-US11-278	3,500	-	07/01/21	06/30/22	2,000	2,000
Community College Opportunity Grant (CCOG)	10-100-074-2405-332	3,331,510	3,331,510	07/01/21	06/30/22	3,331,510	3,331,510
LEOM Scholarship Program	23-100-074-2405-312	12,334	-	10/21/21	06/30/22	12,516	12,516
Total N.J. Commission on Higher Education						7,553,909	7,554,207
N.J. Office of the Secretary of Higher Education:							
CCOG Planning Project-Capacity-Building Grant	Not Applicable	404,628	404,628	09/15/21	06/30/22	404,628	404,628
Passed Through NJ Council of County Colleges:							
College Readiness Now	Not Applicable	61,482	-	07/01/21	06/30/22	47,348	47,348
NJ Best/Gear-Up	Not Applicable	3,000	3,000	07/01/21	06/30/22	5,000	5,000
NJ Pathways to Career Opportunities (Planning Phase)	Not Applicable	15,714	-	02/21/22	06/30/22	15,714	15,714
Total N.J. Office of the Secretary of Higher Education						472,690	472,690
N.J. Department of Labor and Workforce Development:							
New Jersey Endures	G-02-20-365-373-734	270,310	-	09/01/20	02/28/22	124,318	250,688
Total N.J. Department of Labor and Workforce Development						124,318	250,688

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, 2022

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 From	Grant Period To	FY 2022 Expenditures	Cumulative Expenditures
N.J. Department of Children and Family:							
Displaced Homemaker	10-100-016-1630-014	$ 169,999	$ 169,999	07/01/21	06/30/22	$ 66,786	$ 66,786
Total N.J. Department of Children and Family						66,786	66,786
N.J. Department of Treasury:							
Operational Costs - County Colleges	10-100-082-2155-015	10,410,567	10,410,567	07/01/21	06/30/22	10,410,567	10,410,567
Employer Contributions - Alternate Benefit Program - Faculty and Staff	10-100-082-2155-017	723,467	723,467	07/01/21	06/30/22	953,315	953,315
Employer Contributions - Alternate Benefit Program - Adjuncts	10-100-082-2155-017	295,108	295,108	07/01/21	06/30/22	305,509	305,509
Total Employer Contributions - Alternative Benefit Program						1,258,824	1,258,824
Building Our Future Bond Act	5860742400080	3,961,671	1,132,340	09/01/16	Open	4,119	3,895,506
Total N.J. Department of Treasury						11,673,510	15,564,897
Total State Financial Assistance						$ 19,891,213	$ 23,909,268

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

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% 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, 2022. The amount reported on the schedules of expenditures of federal awards is the amount of loans awarded in the current year.

CliftonLarsonAllen LLP
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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 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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 28, 2023. 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.

Report on Internal Control Over Financial Reporting

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

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

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-002.

The College's Response to Findings

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 28, 2023

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 of New Jersey Program

Opinion on Each Major Federal and State of New Jersey Program

We have audited Union County College's (the College) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state of New Jersey programs for the year ended June 30, 2022. The College's major federal and state of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state of New Jersey programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State of New Jersey Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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*. Our responsibilities under those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state of New Jersey 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 of New Jersey 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 of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 28, 2023

UNION COUNTY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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? __X__ yes ____ 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

Section I – Summary of Auditors' Results (Continued)

Identification of Major Federal and State of New Jersey Programs

ALN Number(s)/State Account Number	Name of Federal/State of New Jersey Program or Cluster
Federal:	
84.425E	COVID-19, Student Emergency Aid Portion of the HEERF
84.425F	COVID-19, Institutional Portion of the HEERF
84.425L	COVID-19, Minoring Serving Institutions Portion of the HEERF
84.425C	COVID-19, Governors Emergency Education Relief Fund (GEERF)
State:	
10-100-082-2155-015	Operational Costs - County Colleges
10-100-074-2405-332	Community College Opportunity Grant (CCOG)
10-100-082-2155-017	Alternate Benefit Program

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

Federal	$ 1,459,245
State	$ 750,000

Auditee qualified as low-risk auditee? ___X___ yes ________ no

Section II – Financial Statement Findings

2022 – 001 – Financial Reporting

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: During the audit, we noted that the College incorrectly implemented GASB87 *Leases* which led to delays in financial reporting.

Criteria or specific requirement: The College must be able to prevent or detect misstatements in the financial statements, including disclosure and the underlying financial records.

Effect: The delays of implementing the new accounting standard led to delays in the financial reporting process.

Cause: The College did not implement the new lease accounting standard as of July 1, 2020 and applied the standard as of July 1, 2021. The College also applied the incorrect rate when calculating the present value of their leases.

Repeat finding: No.

Recommendation: The College should have a proper review and procedures in place when implementing new accounting standards on a timely basis.

Views of responsible officials and planned corrective actions: Management agrees with the finding and has developed a plan to correct the finding.

2022 – 002 – Schedule of Expenditures of State Awards

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: During our testing of the Schedule of Expenditures of State Awards (SESA), the Alternate Benefit Program (ABP) expenditures were incorrectly presented in the SESA, however, their underlying records within the system were correct.

Criteria or specific requirement: NJ OMB Circular 15-08 requires the auditee to prepare a SESA which must include the total state awards expended as determined in accordance with the Uniform Guidance sub-section 200.502. 2 CFR 200.510.

Effect: The ABP expenditures were not being accurately reported on the SESA based on the expended dollar amount during the fiscal year.

Section II – Financial Statement Findings (Continued)

Cause: The College did not reconcile the SESA amount to underlying expenditure amount for the fiscal year.

Repeat finding: No.

Recommendation: CLA recommends that the College reconcile the SESA amount to underlying expenditure support.

Views of responsible officials and planned corrective actions: Management agrees with the finding and has developed a plan to correct the finding.

Section III – Findings and Questioned Costs – Major Federal Awards and State of New Jersey Awards

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) or NJ OMB 15-08.

Union County College

1033 SPRINGFIELD AVENUE, CRANFORD, NEW JERSEY 07016

CRANFORD CAMPUS (908) 709-7000 | ELIZABETH CAMPUS (908) 965-6000 | PLAINFIELD CAMPUS (908) 412-3599 | SCOTCH PLAINS CAMPUS (908) 889-2483

UNION COUNTY COLLEGE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022

Union County College respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 01, 2021 – June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2022-001 Financial Reporting

Recommendation: The College should have a proper review and procedures in place when implementing new accounting standards on a timely basis.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: Finance will establish a planning committee to review the standard and, as needed, engage the auditing firm, consultant or outside counsel. A checklist will be created to ensure that all required actions are performed.

Name(s) of the contact person(s) responsible for corrective action: Marlene Sousa

Planned completion date for corrective action plan: 06/01/2023

2022-002 Schedule of Expenditures of State Awards

Recommendation: CLA recommends that the College reconcile the SESA amount to underlying expenditure support.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Finance will update the process to include an additional reconciliation. The Director of Financial Reporting & Grant Accounting will provide the SESA and corresponding workpapers to the Senior Grant Accountant for their review. The Senior Grant Accountant will reconcile the amount reported on the SESA to the trial balance and the workpapers.

Name(s) of the contact person(s) responsible for corrective action: Jane Marie Kane

Planned completion date for corrective action plan: 09/01/2023

If the Department of Education has questions regarding this plan, please contact Marlene Sousa at marlene.sousa@ucc.edu and 908-709-7583.