REPORT OF AUDIT

UNION COUNTY COLLEGE

Transforming Our Community... One Student at a Time

2020

FISCAL YEAR ENDED JUNE 30, 2020CRANFORD, NEW JERSEY

UNION COUNTY COLLEGE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

UNION COUNTY COLLEGE
MEMBERS OF THE BOARDS OF TRUSTEES AND GOVERNORS

MEMBERS OF THE BOARD OF TRUSTEES AS OF JUNE 30, 2020

MEMBERS OF THE BOARD OF GOVERNORS AS OF JUNE 30, 2020

UNION COUNTY COLLEGE
OTHER COLLEGE OFFICIALS

OTHER COLLEGE OFFICIALS
AS OF NOVEMBER 30, 2020

Dr. Margaret M. McMenamin	President
Dr. Maris Lown	Vice President of Academic Affairs
Lynne A. Welch	Vice President of Financial Affairs and Treasurer
Dr. Demond Hargrove	Vice President of Student Development
Vacant	Vice President of Administrative Services
Dr. Lori Wilkin	Associate Vice President of Finance
Vincent Lotano	Associate Vice President of Administration
Dr. Bernard Polnariev	Associate Vice President of Academic Affairs and Dean of Scotch Plains Campus
Rebecca Royal	Assistant Vice President and Dean of Student Success
Dr. Melissa Sande	Dean of Humanities
Dr. Carlos Barrezueta	Dean of Social Science, Business & History
Dr. Victoria Ukachukwu	Dean of Plainfield Campus and Allied Sciences
Dr. Melinda Norelli	Interim 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. Elizabeth A. Cooner	Executive Director of Assessment Planning & Research
Douglas E. Rouse	Executive Director of Union County College Foundation

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Union County College (the College), a component unit of the County of Union, State of New Jersey, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit (Union County College Foundation) were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Union County College as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of New Jersey Department of Treasury Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 23, 2021

This section of Union County College's Financial Report presents management's discussion and analysis of the financial performance of Union County College (the College) during the fiscal years ended June 30, 2020 and 2019 and its changes in financial position for the fiscal years then ended with FY 2019 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 $4.1 million for deferred outflows as well as a $10.4 million for deferred inflows in FY 2020 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 2020 and FY 2019, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense of $3.1 million and $4.4 million, respectively.

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.

			2020 vs 2019			2019 vs 2018	
Key Financial Data ($000)	2020	2019	Inc (Dec)	% Change	2018	Inc (Dec)	% Change
Operating Revenues	$ 61,303	$ 58,061	$ 3,242	5.6 %	$ 56,090	$ 1,971	3.5 %
Educational and General Expense	87,165	87,875	(710)	(0.8)	91,609	(3,734)	(4.1)
Operating (Loss)	(25,862)	(29,814)	3,952	13.3	(35,519)	5,705	16.1
Nonoperating Revenues, Net	28,259	30,573	(2,314)	(7.6)	32,008	(1,435)	(4.5)
Capital Contributions and Grants	9,189	6,693	2,496	37.3	7,143	(450)	(6.3)
Increase in Net Position	11,586	7,452	4,134	55.5	3,632	3,820	105.2
Net Position - Beginning of Year	101,797	94,345	7,452	7.9	90,713	3,632	4.0
Net Position - End of Year	$ 113,383	$ 101,797	$ 11,586	11.4	$ 94,345	$ 7,452	7.9

The preceding table summarizes key financial data for fiscal years ended June 30, 2020 (FY 2020), June 30, 2019 (FY 2019), and June 30, 2018 (FY 2018). Comparisons represented above show FY 2020 contrasted with FY 2019 and FY 2019 contrasted with FY 2018 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.

			2020 vs 2019			2019 vs 2018	
Operating Revenues ($000)	2020	2019	Inc (Dec)	% Change	2018	Inc (Dec)	% Change
Tuition and Fees (Net of Scholarship Allowance)	$ 26,135	$ 27,474	$ (1,339)	(4.9)%	$ 26,705	$ 769	2.9 %
Federal Grants	23,976	22,342	1,634	7.3	22,728	(386)	(1.7)
State Grants	9,873	6,818	3,055	44.8	4,950	1,868	37.7
Local Grants	101	152	(51)	(33.7)	51	101	198.0
Gifts and Contributions	265	260	5	1.7	357	(97)	(27.2)
Other Operating Revenues	953	1,015	(62)	(6.1)	1,299	(284)	(21.9)
Total Operating Revenues	$ 61,303	$ 58,061	$ 3,242	5.6	$ 56,090	$ 1,971	3.5

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

- ❖ Net tuition and fees decreased $1.3 million year over year. Tuition rates for FY 2020 remained the same as FY 2019. Total credit hours declined in FY 2020 by 2.4% compared to FY 2019.
- ❖ Federal grants increased $1.6 million or 7.3% from FY 2019. The increase is primarily due to the CARES Act Higher Education Emergency Relief Fund (HEERF) distributed to students. The College was awarded the grant in April and distributed $1.3 million in FY 2020.
- ❖ State grant revenues increased $3.0 million, or 44.0%, as compared to FY 2019. The renovation of the Health Science Building in Plainfield continued in FY 2020 which is primarily funded by the NJ GoBond Grant. During FY 2020, the reimbursement for the costs of construction totaled $2.6 million compared to $1.1 million in FY 2019. In addition, the Community College Opportunity Grant program provided last-dollar financial aid awards totaling $1.8 million in FY 2020 compared to $673 thousand in FY 2019.

Total Operating Revenues increased $2.0 million or 3.5% in FY 2019 as compared to FY 2018. The major areas of change were as follows:

- ❖ Net tuition and fees increased $769 thousand year over year. Tuition rates increased by 7% and 9% for full-time block rate and part-time per credit, respectively. The increase in tuition rates was offset by a decline in credit hours of 2.92% compared to FY 2019.
- ❖ Federal grants decreased $386 thousand or 1.7% from FY 2019. PELL decreased by $242 thousand year over due to the decline in enrollment. In addition, the LEAP and TAACCT grants ended in FY 2019.
- ❖ State grant revenues increased $1.9 million or 37.7% as compared to FY 2019. The renovation of the Health Science Building in Plainfield is primarily funded by the NJ GoBond Grant. During FY 2020, the reimbursement for the costs of construction totaled $1.1 million compared to $69 thousand in FY 2019. In addition, the College participated in the State's pilot program for the Community College Opportunity Grant. The Grant provided last-dollar financial aid awards totaling $673 thousand as well as a planning grant of $197 thousand in FY 2020.
- ❖ Other operating revenues decreased by $284 thousand in FY 2020 as compared to FY 2019. The decline in enrollment directly affected other operating revenues including parking and commission-based revenues which decreased by $45 thousand and $93 thousand, respectively.

Operating Expense ($000)	2020	2019	2020 vs 2019 Inc (Dec)	2020 vs 2019 % Change	2018	2019 vs 2018 Inc (Dec)	2019 vs 2018 % Change
Instructional	$ 38,117	$ 35,368	$ 2,749	7.8 %	$ 37,850	$ (2,482)	(6.6)%
Public Service	2,014	1,986	28	1.4	2,159	(173)	(8.0)
Academic Support	6,336	6,588	(252)	(3.8)	7,647	(1,059)	(13.8)
Student Services	7,933	9,229	(1,296)	(14.0)	9,113	116	1.3
Institutional Support	9,586	11,467	(1,881)	(16.4)	11,409	58	0.5
Plant	10,401	10,415	(14)	(0.1)	10,385	30	0.3
Student Aid	6,487	6,909	(422)	(6.1)	7,859	(950)	(12.1)
Depreciation	6,291	5,913	378	6.4	5,187	726	14.0
Total Operating Expenses	87,165	87,875	(710)	(0.8)	91,609	(3,734)	(4.1)
Interest on Capital Asset Related Debt	747	705	42	6.0	666	39	5.9
Total Expenses	$ 87,912	$ 88,580	$ (668)	(0.8)	$ 92,275	$ (3,695)	(4.0)

Operating expenses in FY 2020 decreased $711 thousand over the same period in FY 2019. The major areas of change were:

- Instructional increased $2.7 million or 7.8% in FY 2020. The College implemented a textbook subscription program which provides students with access to course material. The cost associated with the program totaled $1.4 million in FY 2020. In addition, the College spent $1.0 million as a result of the pandemic.

- Student services decreased $1.3 million or 14.0% in FY 2020. The decrease is primarily due capital projects including the completion of the Lessner One Stop renovation in FY2019. Operationally, there were compensation savings year over year as a result of vacancies. Lastly, there was decrease in expenses related to the College's athletic programs as a result of the pandemic.

- Institutional support decreased $1.9 million or 16.4% in FY 2020. The College realized $700 thousand in savings resulting from the reduction of full-time personnel as well as the decrease in health insurance premiums that became effective in January of 2020. Additionally, the GASB 68 PERS pension expense decreased $633 thousand year over year.

Operating expenses in FY 2019 decreased $3.7 million or 4.1% over the same period in FY 2018. The major areas of change were:

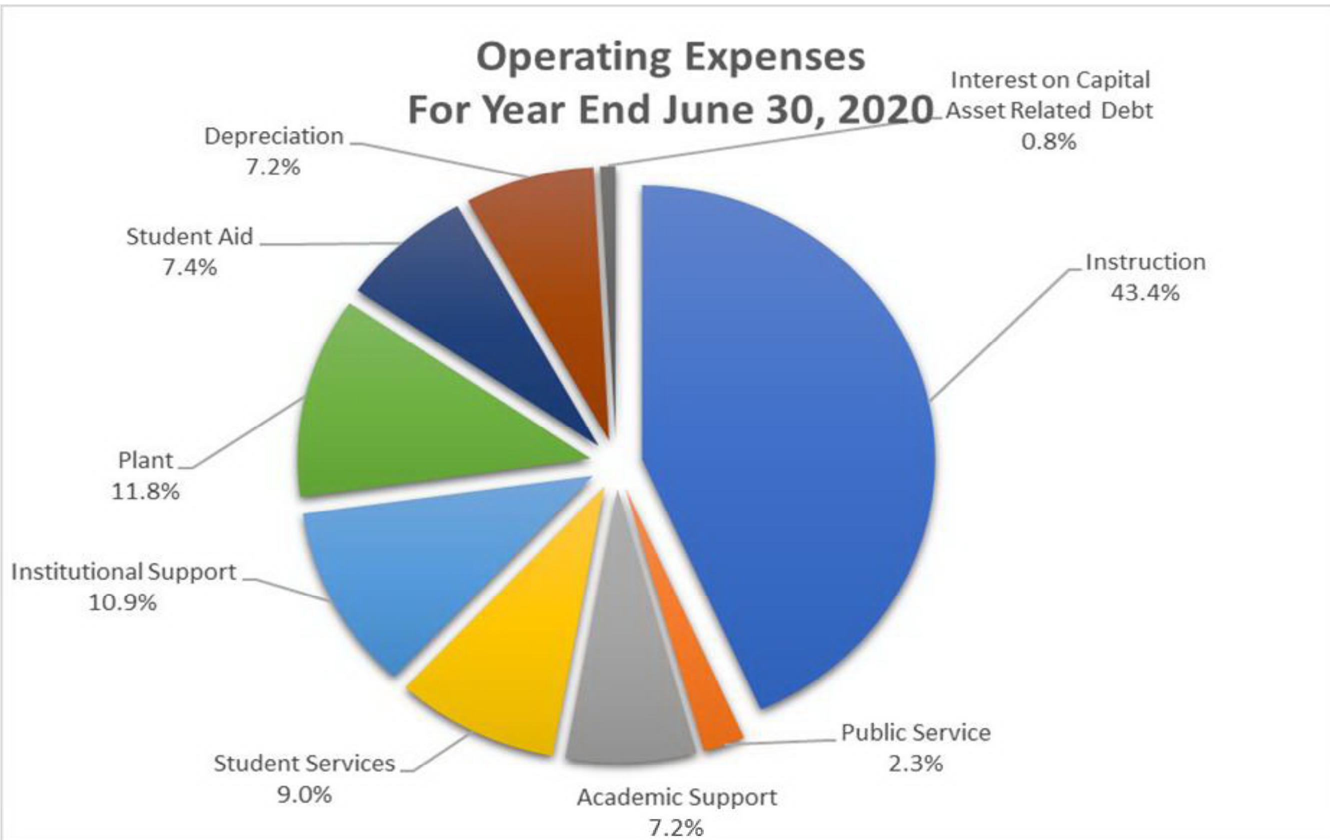
- Instructional expenses decreased $2.5 million or 6.6% in FY 2019 as compared to FY 2018 Faculty retirements and vacancies resulted in a $1.1 million reduction in compensation. In addition, other postemployment benefits decreased $1.4 million year over year.

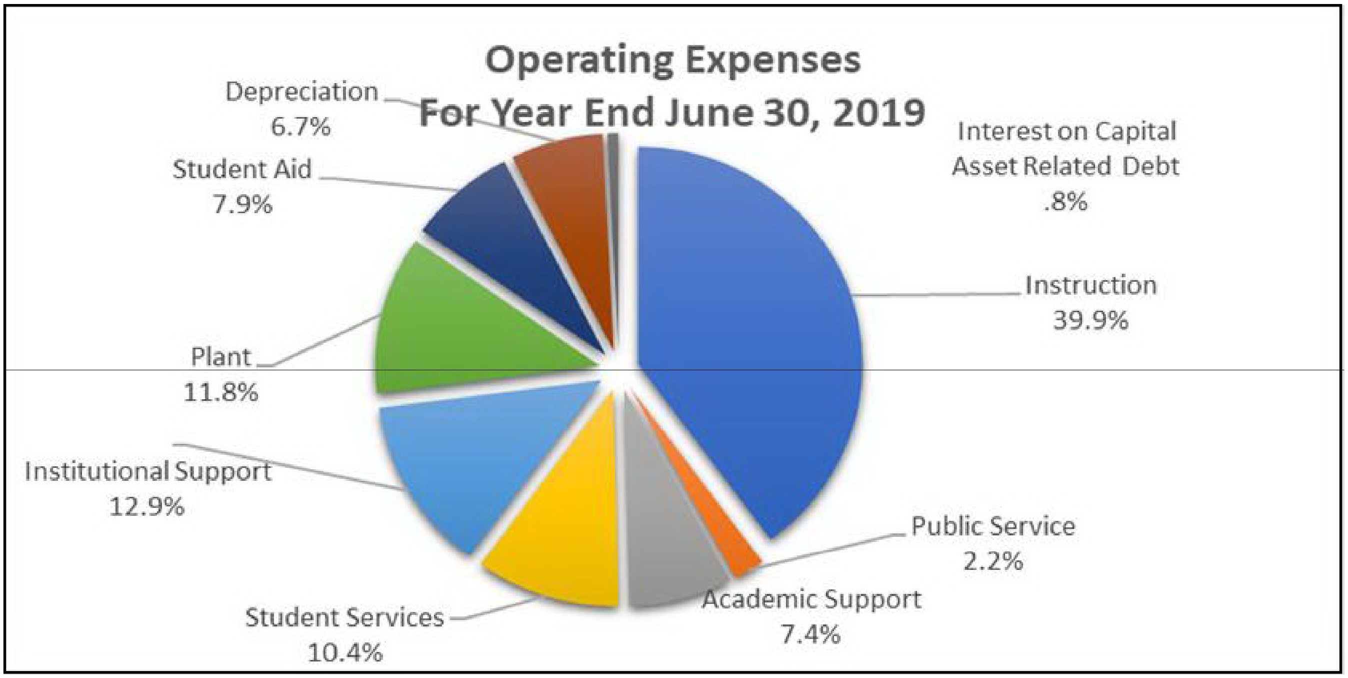
- Academic support decreased $1.0 million or 13.8% in FY 2019. The College began offering its own American Honors Program and created a Health Science program for future nursing students. These initiatives reduced the total cost to third-party providers in the amount of $722 thousand. Additionally, retirements and vacancies during FY 2019 resulted in $259 thousand reduction in compensation expense.

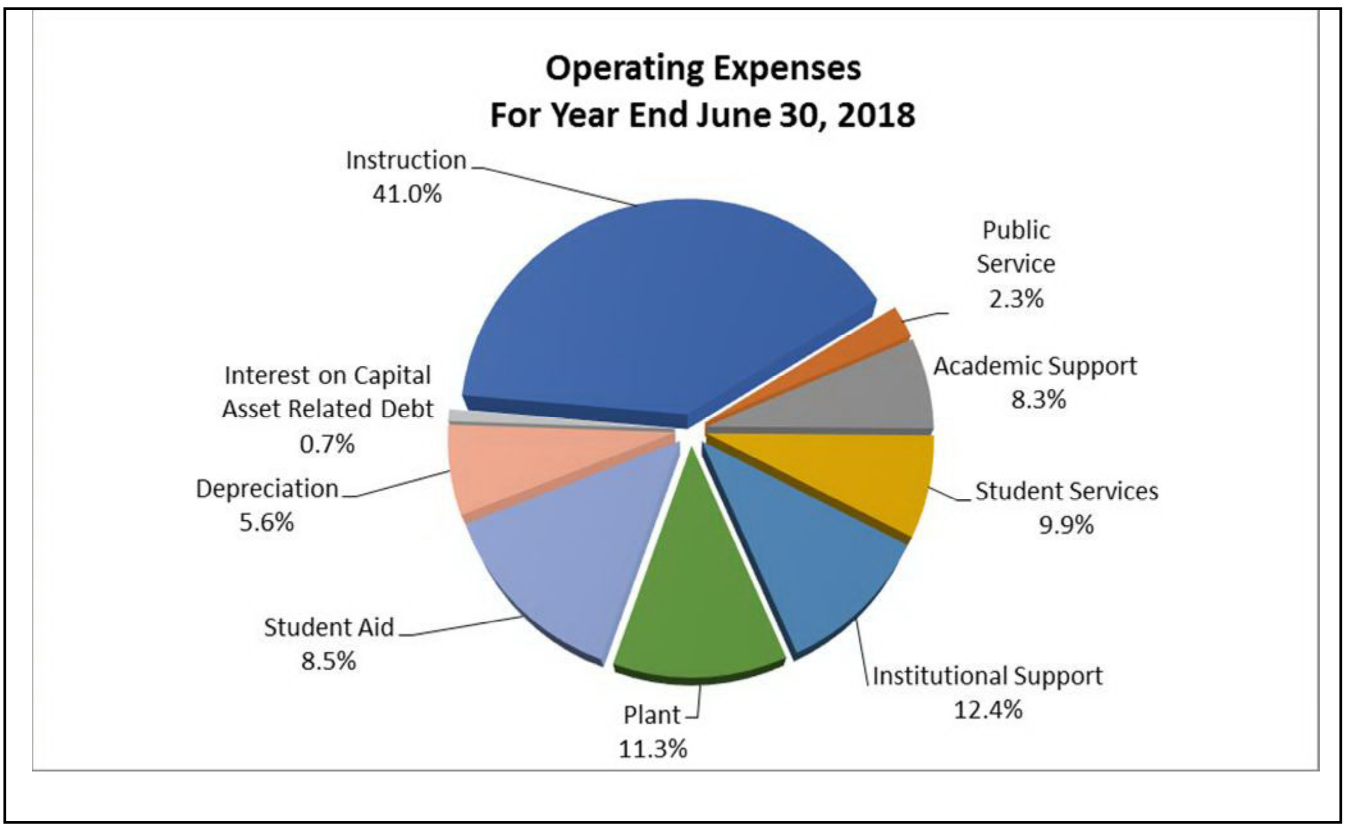
- Student aid decreased $949 thousand or 12.1% in FY 2019. A decline in credit hours of 2.92% impacted total aid awarded.

- Depreciation increased $726 thousand or 14.0% in FY 2019 as compared to FY 2018. Several projects were completed in FY 2019 including the renovation of the first floor and lower level of the Lessner Building on the Elizabeth Campus.

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




Operating Expenses
For Year End June 30, 2019
Depreciation 6.7%
Student Aid 7.9%
Interest on Capital Asset Related Debt .8%
Instruction 39.9%
Plant 11.8%
Institutional Support 12.9%
Public Service 2.2%
Academic Support 7.4%
Student Services 10.4%


Operating Expenses
For Year End June 30, 2018
Instruction 41.0%
Public Service 2.3%
Academic Support 8.3%
Interest on Capital Asset Related Debt 0.7%
Depreciation 5.6%
Student Services 9.9%
Student Aid 8.5%
Institutional Support 12.4%
Plant 11.3%

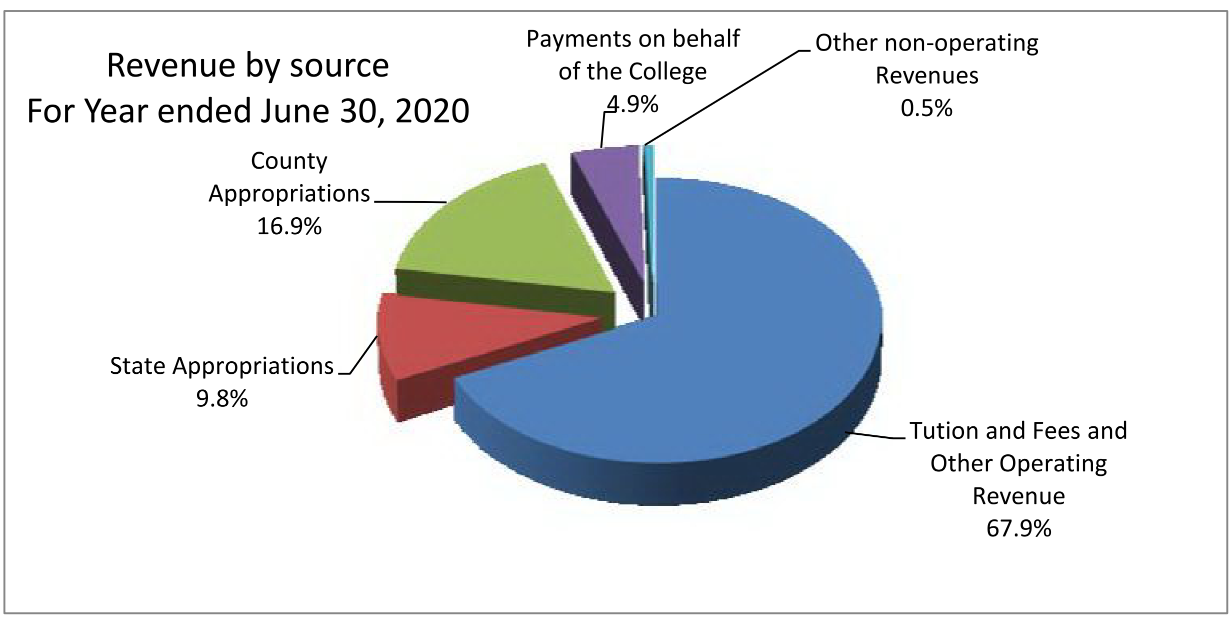
Operating Loss

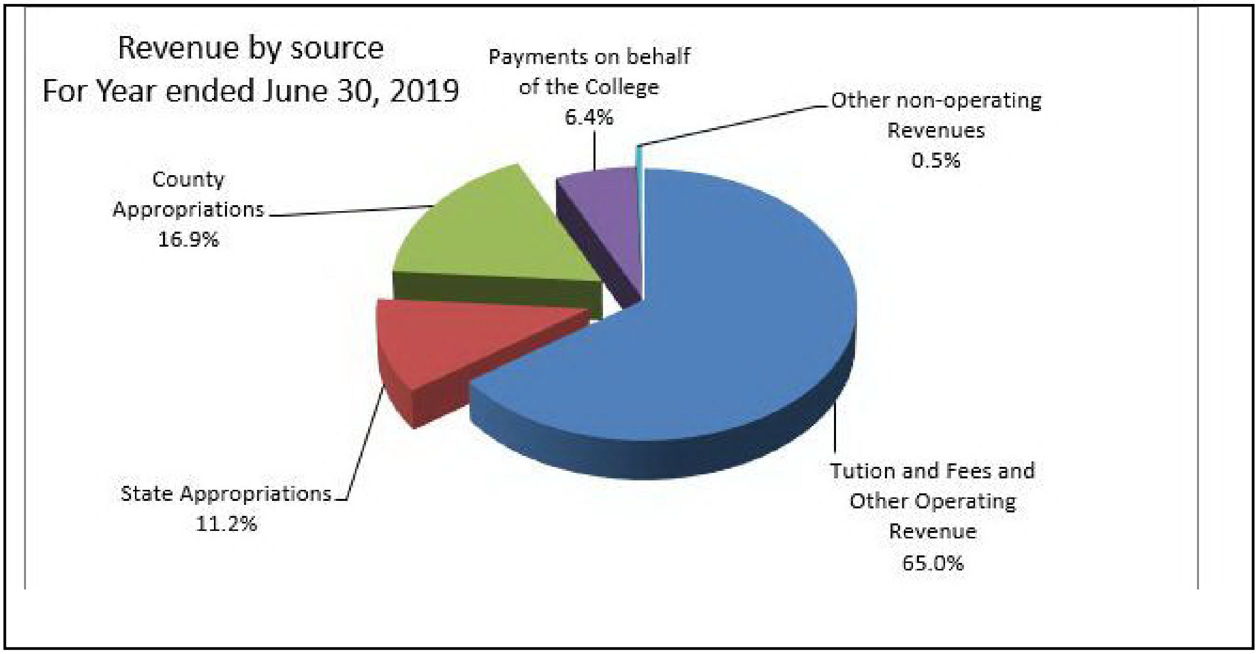
The College reported an operating loss of $25.9 million in FY 2020 as compared to a loss of $29.8 million in FY 2019. The decrease in operating loss year over year reflects an increase in revenues of $3.2 million as well as a decrease in educational and general expenses of $710 thousand. The loss reinforces the dependence and importance to the institution of two major components of nonoperating revenue – the State and County Appropriations. Were it not for this aid to the College, the attainment of a two-year college education would not be a realistic goal for many students.

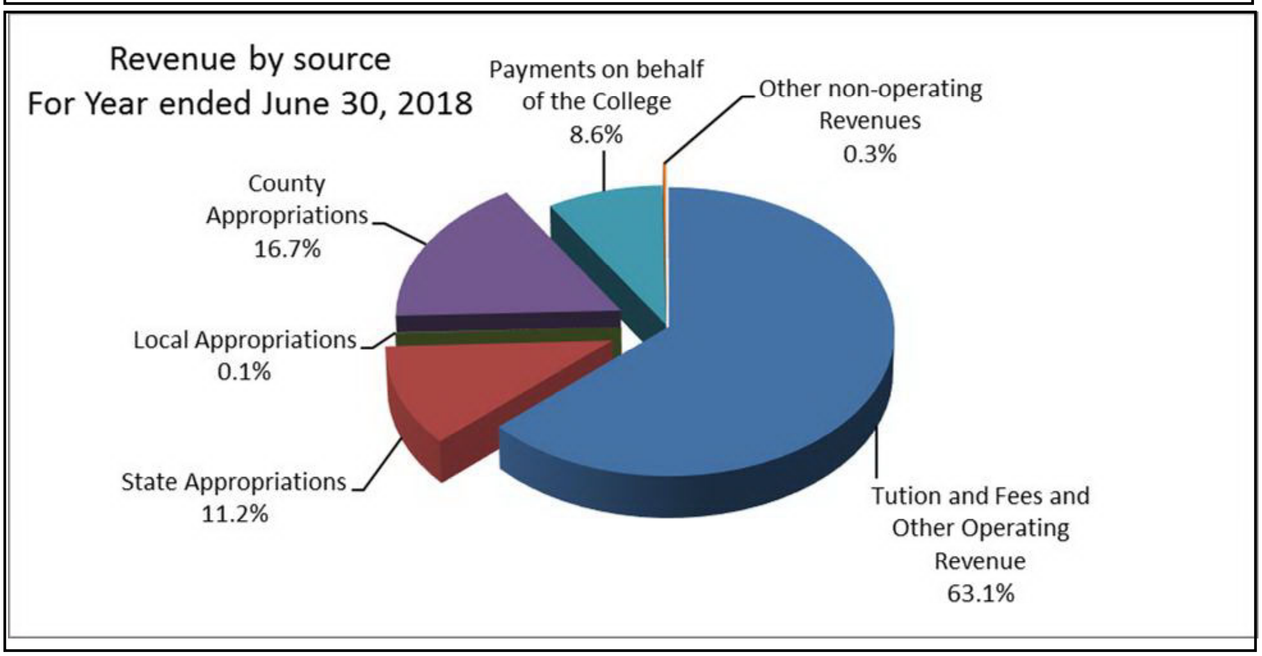
			2020 vs 2019			2019 vs 2018	
Nonoperating Revenues, Net ($000)	2020	2019	Inc (Dec)	% Change	2018	Inc (Dec)	% Change
State Appropriations	$ 8,885	$ 9,995	$ (1,110)	(11.1)%	$ 9,964	$ 31	0.3 %
County Appropriations	15,258	15,127	131	0.9	14,831	296	2.0
Payments on behalf of the College	4,435	5,732	(1,297)	(22.6)	7,649	(1,917)	(25.1)
Investment Income	427	424	3	0.8	230	194	84.3
Total Nonoperating Revenues, Net	$ 29,005	$ 31,278	$ (2,273)	(7.3)	$ 32,674	$ (1,396)	(4.3)

The College relies on nonoperating revenue to subsidize the cost of education for its students. Chief among these revenues are the appropriations of County and State aid. Funding from nonoperating revenues decreased $2.3 million, or 7.3% in FY 2020 due to a reduction in State aid and other postemployment benefits. The $1.1 million decrease in State Appropriation funds puts added pressure on the College's tuition and fee structure because income from students, inclusive of third-party payments on their behalf, provides 67.9% of the College's operating expense.

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




Revenue by source
For Year ended June 30, 2019
Payments on behalf of the College 6.4%
Other non-operating Revenues 0.5%
County Appropriations 16.9%
State Appropriations 11.2%
Tution and Fees and Other Operating Revenue 65.0%


Revenue by source
For Year ended June 30, 2018
Payments on behalf of the College 8.6%
Other non-operating Revenues 0.3%
County Appropriations 16.7%
Local Appropriations 0.1%
State Appropriations 11.2%
Tution and Fees and Other Operating Revenue 63.1%

Capital Contributions and Grants

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

Capital Contributions and Grants decreased $450 thousand in FY 2019. During FY 2019, the College completed renovations of the first floor and lower level in the Lessner Building of the Elizabeth Campus which started in FY 2018.

Statement of Net Position

			2019 vs 2018			2018 vs 2017	
Net Position ($000)	2020	2019	Inc (Dec)	% Change	2018	Inc (Dec)	% Change
Current Assets	$ 50,503	$ 46,428	$ 4,075	8.8 %	$ 38,760	$ 7,668	19.8 %
Noncurrent Assets:							
Capital Assets, Net of Depreciation	118,388	112,760	5,628	5.0	111,966	794	0.7
Total Assets	168,891	159,188	9,703	6.1	150,726	8,462	5.6
Deferred Outflows of Resources	4,083	6,290	(2,207)	(35.1)	9,167	(2,877)	(31.4)
Current Liabilities	12,631	13,416	(785)	(5.9)	12,042	1,374	11.4
Noncurrent Liabilities	36,563	40,013	(3,450)	(8.6)	46,053	(6,040)	(13.1)
Total Liabilities	49,194	53,429	(4,235)	(7.9)	58,095	(4,666)	(8.0)
Deferred Inflows of Resources	10,397	10,252	145	1.4	7,453	2,799	37.6
Capital Assets - Net Position	103,885	97,932	5,953	6.1	96,819	1,113	1.1
Unrestricted - Net Position	9,498	3,865	5,633	(145.7)	(2,474)	6,339	256.2
Total Net Position	$ 113,383	$ 101,797	$ 11,586	11.4	$ 94,345	$ 7,452	7.9

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

Current Assets in FY 2019 increased $7.7 million or 19.8% year over year. Cash and cash equivalents increased $7.4 million. This resulted from increases in operating revenues including State grant revenues and tuition and fees revenues. This is coupled with a reduction in operating expenses resulting from faculty and staff retirements, personnel vacancies, changes in academic third-party cost sharing, tighter control over expenses and a decline in enrollment. Current Liabilities increased $1.4 million or 11.4% due to increases in accounts payable and accrued expenses pertaining to the construction costs incurred in FY 2019 from several projects. The decrease in Noncurrent Liabilities year over year resulted from a $5.7 million decrease in the College's share of net pension liability recorded in FY 2019 based upon GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary and Outlook

The COVID-19 pandemic presented higher education with many challenges and Union County College was no exception. The College was closed to students for in person activities from March 18, 2020 until August 3, 2020 as it continued to provide the necessary services required to support student success remotely. With massive planning efforts, students were welcomed back to the campus August 3, 2020 to begin to avail themselves of some in person student services in a social distanced and responsible way. There has been a decline in student enrollment over the last few years, but the Fall 2020 took this to a new level with a decrease in credit hours of 10%. This level of decline put the College in the position of identifying what resources were actually needed to serve students while continuing to control and manage costs. This forced the College to evaluate services and how they could be delivered more effectively and efficiently.

The start of the Fall 2020 semester saw the College with approximately 86.5% of classes running Online or Remote Live while the remaining classes or 13.5% were Face-to-Face. Innovative efforts were introduced to increase student success during the start of fiscal year 2021. The College invested in additional technology such as Instructor Insight to better account for faculty-student engagement in online courses and provide virtual tutoring to students. With college instruction and services moving to a remote environment during the pandemic, the College moved forward with a number of initiatives to support this "new normal". Because students could not be on campus to access computer classrooms, a Virtual Desktop Infrastructure (VDI) environment was implemented that provided students access to specialized software such as AUTO-CAD previously only available on specific computers on campus. The College started implementing several other software products to meet its needs for enhanced technology and data. Coursedog is an integrated course scheduling software to create efficient room assignments. Elevate, a student and class management system designed to help continuing education and workforce development programs, is also being implemented. Zogotech, a data reporting system that aggregates data from multiple sources to present it in a clean and consistent manner is a project currently underway. In addition, thirty classrooms had technology installed that allows faculty to interact with remote students in a real classroom setting. Further, with today's "new normal", network uptime is crucial and therefore the College added redundancy to its core network services with firewalls also being configured for complete failover for externally facing services.

The College will continue to renovate, refurnish and improve facilities throughout the upcoming fiscal year with remaining County of Union funds available. The renovation of the Roy Smith Theater project is underway with expected completion in Spring 2021. The College also continues renovation work on the Scotch Plains Building, which will house four-year partner higher education institutions at its University Center. The release of FY2020 Chapter 12 funds in Fall 2020 in the amount of $3.6 million will enable the College to complete the renovation of that building along with other necessary projects. Facilities projects expected to start in late 2020-early 2021 include the replacement of the MacKay cooling tower and associated building upgrades. The College will undertake the relocation of the Academic Learning Center in the Lessner Building in Elizabeth to locate this service closer to the One Stop on the main level. This would provide easier access for students along while opening up the space thereby providing a better environment for tutoring services.

The College continues to assure a high-quality and affordable education for its students with services, facilities and technology to meet their expectations and needs. Student success is at the core of the College's institutional goals. This is evidenced by the 2017 FTFT cohort graduation rate of 34.9% in FY 2020 as compared to 33.0% for the 2016 FTFT cohort in FY 2019. The College is working to expand the alignment of noncredit programs with select academic programs. It did not increase tuition from FY 2020 to FY 2021. The College is committed to providing a quality education to its students regardless of the instructional delivery method while being mindful of the current COVID-19 environment and the future.

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, 2020 AND 2019

	2020		2019	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 34,787,548	$ 391,971	$ 37,811,262	$ 29,937
Investments	-	7,456,974	-	7,094,525
Student Accounts Receivable, Net of Allowance of $694,771 in 2020 and $1,050,300 in 2019	846,222	-	799,416	-
Grants Receivable	5,453,363	-	2,560,743	-
State of New Jersey Receivable:				
Alternative Benefit Program	441,587	-	418,849	-
County of Union Receivable	7,462,340	-	3,504,103	-
Other Receivables	1,446,478	45,350	1,279,944	69,670
Other Assets	65,586	188,773	53,618	190,028
Total Current Assets	50,503,124	8,083,068	46,427,935	7,384,160
NONCURRENT ASSETS				
Endowment Investments	-	11,148,302	-	10,969,885
Capital Assets, Net	118,388,170	547,944	112,760,016	551,900
Total Noncurrent Assets	118,388,170	11,696,246	112,760,016	11,521,785
DEFERRED OUTFLOWS OF RESOURCES	4,083,283	-	6,290,631	-
Total Assets and Deferred Outflows of Resources	$ 172,974,577	$ 19,779,314	$ 165,478,582	$ 18,905,945

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020		2019	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	$ 4,605,252	$ 167,717	$ 4,702,566	$ 34,070
Accrued Expenses	5,008,799	37,140	5,503,026	36,670
Due to State of New Jersey	593,184	-	523,640	-
Unearned Revenue	-	129,799	-	21,631
Unearned Student Tuition and Fee Revenue	1,761,164	-	1,936,970	-
Unearned Federal and State Grant Revenue	290,369	-	426,243	-
Capital Lease, Current Portion	372,695	-	323,999	-
Total Current Liabilities	12,631,463	334,656	13,416,444	92,371
NONCURRENT LIABILITIES				
Capital Lease, Noncurrent Portion	14,130,875	-	14,503,570	-
Net Pension Liability	22,431,710	-	25,509,057	-
Total Noncurrent Liabilities	36,562,585	-	40,012,627	-
Total Liabilities	49,194,048	334,656	53,429,071	92,371
DEFERRED INFLOWS OF RESOURCES	10,397,372	-	10,252,235	-
NET POSITION				
Net Investment in Capital Assets	103,884,600	547,944	97,932,447	551,900
Restricted for:				
Nonexpendable:				
Program	-	565,242	-	555,211
Scholarships	-	10,583,060	-	10,414,674
Expendable:				
Program	-	76,630	-	46,989
Scholarships	-	2,588,331	-	2,418,773
Other	-	4,074,515	-	4,442,934
Unrestricted	9,498,557	1,008,936	3,864,829	383,093
Total Net Position	113,383,157	19,444,658	101,797,276	18,813,574
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 172,974,577	$ 19,779,314	$ 165,478,582	$ 18,905,945

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	College	Component Unit - UCC Foundation	College	Component Unit - UCC Foundation
REVENUES				
Operating Revenues:				
Student Tuition and Fees	$ 43,640,277	$ -	$ 43,361,032	$ -
Less: Scholarship Allowances	(17,505,198)	-	(15,887,314)	-
Net Student Tuition and Fees	26,135,079	-	27,473,718	-
Federal Grants	23,976,117	-	22,342,049	-
State Grants	9,873,526	-	6,818,151	-
Local Grants	100,720	-	152,182	-
Gifts and Contributions	265,535	1,822,120	259,655	940,077
Other	952,614	-	1,015,322	-
Total Operating Revenues	61,303,591	1,822,120	58,061,077	940,077
EXPENSES				
Operating Expenses:				
Educational and General:				
Instructional	38,116,488	-	35,368,310	-
Public Service	2,014,082	-	1,986,041	-
Academic Support	6,336,093	-	6,587,664	-
Student Services	7,932,829	-	9,228,679	-
Institutional Support	9,585,588	-	11,466,989	-
Plant Operations and Maintenance	10,401,426	-	10,414,841	-
Student Aid	6,487,352	1,414,155	6,909,646	1,184,249
Depreciation	6,291,422	3,956	5,913,171	3,956
Other Expenses	-	461,384	-	537,134
Total Operating Expenses	87,165,280	1,879,495	87,875,341	1,725,339
OPERATING LOSS	(25,861,689)	(57,375)	(29,814,264)	(785,262)
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	8,884,930	-	9,994,995	-
County Appropriations	15,258,377	-	15,127,395	-
Investment Income	427,239	510,042	424,249	672,924
Interest on Capital Asset Related Debt	(747,201)	-	(705,207)	-
Additions to Permanent Endowments	-	178,417	-	321,164
On-Behalf Payments:				
Alternate Benefit Plan	1,300,900	-	1,287,426	-
Other Post Employment Benefits	3,134,364	-	4,444,569	-
Net Nonoperating Revenues	28,258,609	688,459	30,573,427	994,088
INCOME BEFORE OTHER REVENUES	2,396,920	631,084	759,163	208,826
CAPITAL GRANTS AND CONTRIBUTIONS	9,188,961	-	6,692,732	-
INCREASE IN NET POSITION	11,585,881	631,084	7,451,895	208,826
Net Position - Beginning of Year	101,797,276	18,813,574	94,345,381	18,604,748
NET POSITION - END OF YEAR	$ 113,383,157	$ 19,444,658	$ 101,797,276	$ 18,813,574

See accompanying Notes to Financial Statements.

UNION COUNTY COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Student Revenue	$ 19,873,195	$ 20,752,400
Receipts from Government Grants	31,057,743	28,410,659
Payments to Suppliers	(14,504,305)	(10,838,691)
Payments to and on Behalf of Employees	(61,437,227)	(56,724,040)
Receipts from Gifts and Contributions	265,535	259,655
Other Receipts	952,614	1,015,322
Net Cash Used by Operating Activities	(23,792,445)	(17,124,695)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	8,884,930	9,994,995
County Appropriations	15,258,377	15,127,395
Loan Program Receipts	6,643,641	8,047,301
Loan Program Disbursements	(6,643,641)	(8,047,301)
Net Cash Provided by Noncapital Financing Activities	24,143,307	25,122,390
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants	9,188,961	6,692,732
Purchase of Capital Assets	(11,919,576)	(6,706,853)
Principal Paid on Debt	(323,999)	(319,793)
Interest Paid on Long-Term Debt	(747,201)	(705,207)
Net Cash Used by Capital and Related Financing Activities	(3,801,815)	(1,039,121)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	427,239	424,249
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,023,714)	7,382,823
Cash and Cash Equivalents - Beginning of Year	37,811,262	30,428,439
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 34,787,548	$ 37,811,262
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (25,861,689)	$ (29,814,264)
Adjustment to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	6,291,422	5,913,171
On-Behalf Payments	4,435,264	5,731,995
Changes in Assets and Liabilities:		
Receivables, Net	(7,098,903)	(285,133)
Accounts Payable and Accrued Expenses	(521,997)	1,163,603
Net Pension Liability	(724,862)	(40,545)
Unearned Revenue:		
Student Tuition and Fees	(175,806)	181,801
Federal and State Grants	(135,874)	24,677
Net Cash Used by Operating Activities	$ (23,792,445)	$ (17,124,695)
SIGNIFICANT NONCASH TRANSACTIONS		
Expenses Paid on Behalf of the College	$ 4,435,264	$ 5,731,995

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 nineteen county colleges and is a component unit of the County of Union. The College operates campuses in Cranford, Elizabeth, Plainfield, and Scotch Plains. The College's enrollment for Fall 2019 was 4,226 full time students and 4,955 part time students. The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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

Component Unit

Union County College Foundation (the Foundation) is a New Jersey nonprofit corporation organized in December 1977. Its purpose is to support Union County College by providing scholarships to students and raising funds for capital projects. The Foundation solicits public and private contributions to carry out its objectives. The Foundation is governed by a board of trustees, some of which are management of the College. In addition, College employees and facilities are used for virtually all activities of the Foundation. The Foundation reports under Financial Accounting Standards Board (FASB) Standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

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

In accordance with GASB 61, the Foundation meets the requirements for discrete presentation in the financial statements of the College. In accordance with GASB Statement Nos. 34 and 35, certain presentation adjustments to the financial statements of the Foundation were required to conform to the classification and display requirements in the aforementioned GASB statements as applicable to the College.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Unit (Continued)

During the fiscal years ended June 30, 2020 and 2019, the Foundation distributed $1,414,155 and $1,184,249, 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, 2020 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, 2020.

Tuition

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

State Aid

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

County Aid

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

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

Capital Assets

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

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

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

Depreciation expense for the fiscal years ending June 30, 2020 and 2019 was $6,291,422 and $5,913,171, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The allowance for doubtful accounts of student accounts receivable is based on average percentages of past years collection rates. The allowance for June 30, 2020 and 2019 was $694,771 and $1,050,300, respectively.

Use of Estimates

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

Federal Financial Assistance Programs

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

Scholarship Discounts and Allowances

Student tuition and fee revenues are reported net of scholarship discount and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discount and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, as well as other federal grants and state grants, are recorded as operating revenue in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, the College has recorded a scholarship discount and allowance. The amount of scholarship discount and allowances for the fiscal years ending June 30, 2020 and 2019 was $17,505,198 and $15,887,314, 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, 2020 and 2019, the College has reported its proportionate share of the collective OPEB expense and revenue for the State's OPEB expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

Classification of Revenue

The College has classified its revenues as either operating or nonoperating revenues in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Operating Revenues

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

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

Nonoperating Revenues

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

Net Position

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

Net Investment in Capital Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Restricted

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

Unrestricted Net Position

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

Deferred Inflows and Outflows of Resources

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

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

New Accounting Standards

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

In May 2020, GASB issued Statement No. 95, *Postponement of Effective Dates*, which is effective immediately. Statement 95 provides relief to governments and other stakeholders in light of the COVID-19 pandemic. It postpones the following standards, which are evaluated below, by one year from the original effective date: Statements 84, 89, 92 and 93. It postpones the effective date of Statement 87 by 18 months. Statement 94 and those issued after were not affected by Statement 95.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments to determine whether an activity should be reported in a fiduciary fund in the financial statements. The College is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 84 are effective for reporting periods beginning after December 15, 2020.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

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

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

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, 2020 and 2019, the College's bank balances were exposed to custodial credit risk as follows:

	2020	2019
Insured	$ 1,750,000	$ 2,000,000
Collateralized Under GUDPA	34,484,188	36,376,571
Total	$ 36,234,188	$ 38,376,571

NOTE 3 CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source at June 30, 2020 and 2019:

	Balance July 1, 2019	Increases	Decreases	Adjustments	Balance June 30, 2020
Capital Assets, Nondepreciable:					
Land	$ 4,833,320	$ -	$ -	$ -	$ 4,833,320
Construction in Progress	6,437,982	10,589,005	(1,252,213)	-	15,774,774
Total Capital Assets, Nondepreciable	11,271,302	10,589,005	(1,252,213)	-	20,608,094
Capital Assets, Depreciable:					
Building and Improvements	161,240,339	1,187,749	-	-	162,428,088
Intangible Asset - Easement	16,415,112	-	-	-	16,415,112
Equipment, Software, and Vehicles	24,292,677	1,429,596	-	(596,751)	25,125,522
Total Capital Assets, Depreciable	201,948,128	2,617,345	-	(596,751)	203,968,722
Less: Accumulated Depreciation for:					
Buildings and Improvements	(80,316,557)	(4,228,940)	-	-	(84,545,497)
Intangible Asset - Easement	(3,563,737)	(480,504)	-	-	(4,044,241)
Equipment, Software, and Vehicles	(16,579,120)	(1,581,979)	-	562,191	(17,598,908)
Total Depreciation	(100,459,414)	(6,291,423)	-	562,191	(106,188,646)
Total Capital Assets, Depreciable Net	101,488,714	(3,674,078)	-	(34,560)	97,780,076
Capital Assets, Net	$ 112,760,016	$ 6,914,927	$ (1,252,213)	$ (34,560)	$ 118,388,170

	Balance July 1, 2016	Increases	Decreases	Adjustments	Balance June 30, 2017
Capital Assets, Nondepreciable:					
Land	$ 4,833,320	$ -	$ -	$ -	$ 4,833,320
Construction in Progress	6,013,288	5,499,828	-	(4,906,246)	6,606,870
Total Capital Assets, Nondepreciable	10,846,608	5,499,828	-	(4,906,246)	11,440,190
Capital Assets, Depreciable:					
Building and Improvements	132,615,086	16,330,335	-	3,153,485	152,098,906
Intangible Asset - Easement	14,415,112	-	-	-	14,415,112
Equipment, Software, and Vehicles	17,537,255	3,372,706	(2,739,246)	1,752,761	19,923,476
Total Capital Assets, Depreciable	164,567,453	19,703,041	(2,739,246)	4,906,246	186,437,494
Less Accumulated Depreciation for:					
Buildings and Improvements	(69,158,132)	(3,543,604)	(712)	-	(72,702,448)
Intangible Asset - Easement	(2,122,225)	(480,504)	-	-	(2,602,729)
Equipment, Software, and Vehicles	(13,358,029)	(1,505,326)	407,593	-	(14,455,762)
Total Depreciation	(84,638,386)	(5,529,434)	406,881	-	(89,760,939)
Total Capital Assets, Depreciable Net	79,929,067	14,173,607	(2,332,365)	4,906,246	96,676,555
Capital Assets, Net	$ 90,775,675	$ 19,673,435	$ (2,332,365)	$ -	$ 108,116,745

Adjustments represent transfers of completed projects from construction in progress.

NOTE 4 ACCRUED COMPENSATED ABSENCES

It is the College's policy to reimburse employees upon termination for accrued vacation at their current rate of pay. Physical Plant and Public Safety employees can accrue up to 192 hours of accrued vacation and all other employees can accrue up to 168 hours of accrued vacation. An employee may request to carry forward additional hours; however, in no event shall they carry forward more than 192 hours and 168 hours, respectively. As of June 30, 2020 and 2019, the liabilities for accrued compensated absences, included in accrued expenses on the statements of net position, consist of the following:

	2020	2019
Vacation:		
Balance - Beginning of Fiscal Year	$ 1,223,939	$ 1,174,788
(Decrease)/Increase	103,287	49,151
Balance - End of Fiscal Year	$ 1,327,226	$ 1,223,939

NOTE 5 PENSION PLANS

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

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

NOTE 5 PENSION PLANS (CONTINUED)

Public Employees' Retirement System

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

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

Annually, employer contributions to the PERS are actuarially determined and include the College's normal contribution plus any accrued liability, which ensures adequate funding for future pension system liability. The amount of contributions recognized by PERS from the College as of June 30, 2020, 2019, and 2018 were $1,321,037, $1,216,057, and $1,295,016, respectively.

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. This actuarial valuation used the following actuarial assumptions, applied to the June 30, 2019 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, 2019 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 2020 and 2019.

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

	2019 Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
Cash	5.00 %	2.00 %
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield Bonds	2.00	5.37
Private Credit	6.00	7.92
Real Assets	2.50	9.31
Real Estate	7.50	8.33
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.00
Emerging Markets Equity	6.50	11.37
Private Equity	12.00	10.85
Risk Mitigation Strategies	3.00	4.67
Total	100.00 %	

	2018 Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
Cash	5.50 %	1.00 %
U.S. Treasuries	3.00	1.87
Investment Grade Credit	10.00	3.78
High Yield Bonds	2.50	6.82
Broad U.S. Equities	30.00	8.19
Developed Foreign Equities	11.50	9.00
Emerging Market Equities	6.50	11.64
Private Equity	2.00	10.63
Hedge Funds / Absolute Return	1.00	6.60
Real Estate (Property)	3.50	18.44
Global Debt ex U.S.	5.00	7.10
Risk Mitigation Strategies	5.00	5.51
Buyouts/Venture Cap	8.25	13.08
REIT	6.25	9.23
Total	100.00 %	

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The discount rate used to measure the total PERS pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, 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, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the College's proportionate share of the PERS net pension liability calculated using the discount rate of 6.28% as of June 30, 2020 and 5.66% as of June 30, 2019, 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 (5.28% in 2020 and 4.66% in 2019) or one percentage point higher (7.28% in 2020 and 6.66% in 2019) 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 5.28%	Current Rate 6.28%	1% Increase 7.28%
2020	$ 28,532,012	$ 22,431,710	$ 17,578,886
	1% Decrease 4.66%	Current Rate 5.66%	1% Increase 6.66%
2019	$ 32,074,700	$ 25,509,057	$ 20,000,902

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 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

PERS measured the net pension liability as of June 30, 2019. 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, 2018 to June 30, 2019. 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, 2019, the College's proportion was 0.1245%, a decrease of 0.0051% from its proportion calculated as of June 30, 2018.

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

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

At June 30, 2019, the amount recognized as the College's proportionate share of the PERS June 30, 2018 net pension liability (measurement date) was $25,509,057. For the year ended June 30, 2019, the College recognized PERS pension expense of $1,217,857. At June 30, 2019, 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	$ 486,462	$ 131,533
Changes of Assumptions	4,203,470	8,156,440
Net Difference Between Projected and Actual Investment Earnings	-	239,276
Changes in Proportions	384,642	1,724,986
Total Contributions and Proportionate Share of Contributions after the Measurement Date	1,216,057	-
Total	$ 6,290,631	$ 10,252,235

NOTE 5 PENSIONS PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The College will recognize the $1,321,037 reported as 2020 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, 2020. 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
2021	$ (1,237,765)
2022	(2,714,640)
2023	(2,317,188)
2024	(1,229,001)
2025	(136,532)
Total	$ (7,635,126)

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 2020 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 2020 and 2019, the state reimbursed $1,300,900 and $1,287,426, 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 5 PENSIONS PLANS (CONTINUED)

New Jersey Alternate Benefit Program (Continued)

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

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

SEHBP

At June 30, 2020 and 2019, 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, 2020 and 2019, 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:

	2020	2019
State's Proportionate Share of the OPEB Liability	$ 61,864,102	$ 59,828,577
College's Proportionate Share of the OPEB Liability	-	-
Total	$ 61,864,102	$ 59,828,577

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expenses of $3,134,364 and $4,444,569, respectively, and revenues of $3,134,364 and $4,444,569, respectively, for support provided by the State. Due to the special funding situation noted above related to the SEHBP, the College did not report deferred outflows of resources and deferred inflows of resources related to the SEHBP.

Plan Description

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

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SEHBP (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 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 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Through 2026	Based on Years of Service	Based on Years of Service	Based on Years of Service
Thereafter	1.55 - 3.05% Based on Years of Service	3.00 - 7.00% Based on Years of Service	Applied to all future years

- 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, 2019 and 2018 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, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

NOTE 7 DEFERRED COMPENSATION

The College offers its employees a choice of deferred compensation plans created in accordance with IRC Sections 403(b) and 457(b). The 403(b) plan is administered by the State of New Jersey and the 457(b) plan is administered by the College. Both Plans permit participants to defer a portion of their salary until future years. Amounts deferred under the Plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan carriers are as follows:

403(b)
AXA Financial; MassMutual Retirement Services; MetLife; Prudential; TIAA; VALIC; and Voya Financial

457(b)
TIAA, AXA Financial; Valic; and Voya Financial

NOTE 8 RISK MANAGEMENT

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

Property and Liability Insurance

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

Joint Insurance Pool

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

The contributions to the fund, are payable in an annual premium that are based on actuarial assumptions determined by the fund's actuary. Contributions to the pool totaled $261,118 and $202,757, respectively, for fiscal years ended 2020 and 2019.

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 9 CAPITAL LEASE PAYABLE

Kellogg Building

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

The Kellogg Building was issued a Certificate of Occupancy in August 2009 and under the terms of the Sublease, annualized College payments of $200,000 begin on the date of occupancy and end February 1, 2026. Immediately prior to the expiration of the Sublease, per the terms of both the Master Lease and the Sublease, title to the property and building is to be passed from UCIA to the County to the College for a nominal amount. The following is a schedule of the future minimum lease payments at June 30, 2020:

Fiscal Year(s)	Principal	Interest	Total
2021	$ 160,918	$ 39,082	$ 200,000
2022	167,780	32,220	200,000
2023	174,935	25,065	200,000
2024	182,394	17,605	199,999
2025	190,172	9,828	200,000
2026	131,266	2,068	133,334
Total	$ 1,007,465	$ 125,868	$ 1,133,333

Principal and interest payments for the above capital lease were $154,336 and $45,664, respectively, for fiscal year 2020 and $148,024 and $51,976, respectively, for fiscal year 2019.

NOTE 9 CAPITAL LEASE PAYABLE (CONTINUED)

Easement (Parking Authority of the City of Elizabeth)

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

The following is a schedule of the future minimum lease payments at June 30, 2020:

Fiscal Year(s)	Principal	Interest	Total
2021	$ 211,777	$ 659,422	$ 871,199
2022	270,738	600,462	871,200
2023	272,243	635,257	907,500
2024	274,348	683,972	958,320
2025	322,480	635,840	958,320
2026-2030	2,201,104	2,917,922	5,119,026
2031-2035	3,256,081	2,528,577	5,784,658
2036-2040	4,673,848	1,884,470	6,558,318
2041-2042	2,013,486	208,052	2,221,538
Total	$ 13,496,105	$ 10,753,974	$ 24,250,079

Principal and interest payments for the above easement were $169,663 and $701,537, respectively, for fiscal year 2020 and $171,769 and $653,231, respectively, for fiscal year 2019.

NOTE 10 AUXILIARY OPERATIONS — BOOKSTORE

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

(1) Contractor will provide an amount equal to ninety percent (90%) of the calculated commission on gross revenue of the immediate preceding year.

(2) 14.75% on all gross revenue from $-0- to $4,000,000 plus 15.75% on all gross revenue between $4,000,000 and $5,000,000 plus 16.75% in excess of $5,000,000 in any contract year.

(3) Also the contractor has agreed to provide additional capital facilities funding of $15,000 for Bookstore renovation and refurbishment.

(4) The contractor provided a one-time payment of this extended five-year term of $100,000.

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

NOTE 11 EDUCATION AND GENERAL EXPENSES BY FUNCTION

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

	2020						
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	Total
Educational and General Expenditures:							
Instruction	$ 31,350,591	$ 1,031,781	$ 5,734,116	$ -	$ -	$ -	$ 38,116,488
Public Service	1,679,116	53,229	281,737	-	-	-	2,014,082
Academic Support	4,334,514	231,787	1,769,792	-	-	-	6,336,093
Student Services	7,898,197	34,632	-	-	-	-	7,932,829
Institutional Support	4,832,322	1,171,396	3,581,870	-	-	-	9,585,588
Operation and Maintenance of Plant	6,432,964	-	2,047,693	-	1,920,769	-	10,401,426
Scholarship Aid	-	-	-	6,487,352	-	-	6,487,352
Depreciation	-	-	-	-	-	6,291,422	6,291,422
Total	$ 56,527,704	$ 2,522,825	$ 13,415,208	$ 6,487,352	$ 1,920,769	$ 6,291,422	$ 87,165,280

NOTE 11 EDUCATION AND GENERAL EXPENSES BY FUNCTION (CONTINUED)

	2019						
	Salaries and Benefits	Supplies and Materials	Services	Scholarships	Utilities	Depreciation	Total
Educational and General Expenditures							
Instruction	$ 32,052,563	$ 659,135	$ 2,656,612	$ -	$ -	$ -	$ 35,368,310
Public Service	1,274,149	34,227	677,665	-	-	-	1,986,041
Academic Support	3,876,354	73,822	2,637,488	-	-	-	6,587,664
Student Services	8,042,956	1,185,723	-	-	-	-	9,228,679
Institutional Support	5,956,219	1,879,240	3,631,530	-	-	-	11,466,989
Operation and Maintenance of Plant	6,439,597	-	2,076,376	-	1,898,868	-	10,414,841
Scholarship Aid	-	-	-	6,909,646	-	-	6,909,646
Depreciation	-	-	-	-	-	5,913,171	5,913,171
Total	$ 57,641,838	$ 3,832,147	$ 11,679,671	$ 6,909,646	$ 1,898,868	$ 5,913,171	$ 87,875,341

NOTE 12 OTHER RECEIVABLES

Other receivables as of June 30, 2020 and 2019 consist of the following amounts due to the College:

	2020	2019
Noncredit Sponsors	$ 282,076	$ 220,761
JFK Muhlenberg	289,345	292,988
Trinitas Regional Medical Center	95,671	71,928
EMT - State of NJ	169,875	169,875
County Chargebacks	1,949	76,436
Union County College Foundation	167,717	34,070
Other	439,846	413,886
Total	$ 1,446,478	$ 1,279,944

NOTE 13 COMMITMENTS AND CONTINGENCIES

Contingencies

The College is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the College from such litigation is either unknown or potential losses, if any, would not be material to the financial statements or would be covered by insurance coverages less the deductible.

Covid-19 Pandemic

Covid-19 may impact various parts of the operations and financial results of the College, including method of educational delivery, athletics, and food service. Management believes that the College are taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated June 30, 2020.

NOTE 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The Union County College Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation received a determination letter from the Internal Revenue Service (IRS) concluding that it is exempt from Federal income taxes in accordance with Section 501(c)(3) of the IRC. The Foundation acts primarily as a fundraising entity that provides funding for scholarships and awards for qualifying students attending the College, that supplements funding provided by federal, state, and other programs. The Foundation support comes primarily from special events and donations from public and private donors. Although the College does not control the timing or amount of the receipts from the Foundation, the assets of the Foundation are used for the benefit, support and the promotion of the College and its educational activities. The Foundation meets the criteria to be discretely presented in the College's financial statements. Complete financial statements for the Foundation, for the fiscal year ended June 30, 2020 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, 2020 and 2019, the Foundation's uninsured balances were $141,971 and $-0-, respectively.

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

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

	2019		
	Cost	Fair Market Value	Unrealized Appreciation
Common Stock	$ 10,419,705	$ 12,029,263	$ 1,609,558
Bond Fixed Income	5,647,741	5,788,790	141,049
Short-Term Investments	246,357	246,357	-
Total	$ 16,313,803	$ 18,064,410	$ 1,750,607

NOTE 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Fair Value Measurements

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

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

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

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

For the fiscal year ended June 30, 2020, 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 14 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

Fair Value on a Recurring Basis

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

	2020	2019
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Common Stock:		
Consumer Discretionary	$ 1,237,924	$ 1,175,239
Consumer Staples	760,320	826,279
Emerging Markets	86,667	124,017
Energy	281,576	538,551
Financials	1,374,569	1,652,855
Foreign Stock	12,020	16,438
Healthcare	1,639,671	1,463,341
Industrials	866,479	1,262,751
Information Technology	2,431,255	2,018,561
Large Cap Funds	150,501	272,649
Materials	317,981	217,114
Other Equity	522,614	673,519
Real Estate	305,084	453,244
Telecommunications Services	920,506	890,176
Utilities	283,682	444,528
Total Common Stock	11,190,849	12,029,262
Bond Fixed Income:		
Funds	4,982,948	3,987,918
Individual Holding	1,843,507	1,800,873
Total Bond Fixed Income	6,826,455	5,788,791
Total	$ 18,017,304	$ 17,818,053

Not included above are short-term investments at June 30, 2020 and 2019 of $587,972 and $246,357, 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, 2020 AND 2019
(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
2019	0.1295566405%	$ 22,432	$ 8,806	254.74 %	43.73%
2018	0.1278795100%	25,509	9,110	280.01	46.40
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	47.94
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
2020	$ 1,321	$ 1,211	$ 110	$ 8,806	13.75%
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, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	2020	2019	2018
College's Proportion of the OPEB Liability	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	61,864,102	59,828,577	69,935,001
Total	$ 61,864,102	$ 59,828,577	$ 69,935,001
College's Covered Employee Payroll	$ 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%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%

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

Notes to Required Supplementary Information

Changes in Assumptions: The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; 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, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number or Grant Number, if Applicable	Passed Through to Subrecipients	FY 2020 Expenditures
U.S. Department of Education:				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A112620	$ -	$ 308,730
Federal Direct Student Loans	84.268	P268K131820	-	6,643,641
Federal Pell Grant Program	84.063	P063P111820	-	17,902,371
Federal Work-Study Program	84.033	P033A112620	-	370,353
Total Student Financial Aid Cluster			-	25,225,095
Higher Education Emergency Relief Fund (HEERF):				
Student Emergency Aid Portion of the Higher Educational Emergency Relief Fund authorized by Section 18004(a)(1) of the Cares Act	84.425E	P425E201250	-	1,319,081
Institutional Portion of the Higher Educational Emergency Relief Fund authorized by Section 18004(a)(1) of the Cares Act	84.425F	P425F200654	-	722,167
Total HEERF			-	2,041,248
Title V Funding:				
STEMpact	84.031	P031S140197-16	57,611	257,030
Passed Through Bergen County Community College:				
Alternative Math Placement, an Unprecedented Program	84.116E	P116F150138	-	257,883
Passed Through State of New Jersey Department of Treasury:				
Vocational Education - Perkins	84.048	PSF Consol 7185-039	-	706,135
Passed Through State Department of Labor and Workforce Development:				
Adult Education and Family Literacy:				
Adult Basic Skills	84.002	ASB - FY2014-009	434,283	1,176,124
Total U.S. Department of Education			491,894	29,663,515

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, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number or Grant Number, if Applicable	Passed Through to Subrecipients	FY 2020 Expenditures
U.S. Department of Labor:				
Employment and Training Administration:				
NJ Trade Relocation Act Contracts	17.245	N/A	-	15,218
Passed Through County of Union, NJ:				
WIOA - Adult	17.258	N/A	-	3,200
WIOA - Dislocated Worker	17.278	N/A	-	36,677
WIOA - Workforce Innovation Business Center	17.258	N/A	-	436,306
Total WIA Cluster			-	476,183
Total U.S. Department of Labor			-	491,401
National Science Foundation:				
Cyber Service	47.076	1601060	-	25,074
Infusing Research as Pedagogy	47.076	1832425	-	237,858
Total National Science Foundation - Direct			-	262,932
Passed Through Passaic County Community College:				
Northern New Jersey Bridges to the Baccalaureate Degree Program	47.070	1410389	-	25,916
Total National Science Foundation			-	288,848
Total Federal Financial Assistance			$ 491,894	$ 30,443,764

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, 2020

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 2020 Expenditures	Cumulative Expenditures
N.J. Commission of Higher Education:							
Educational Opportunities Fund - Article III	10-100-074-2401-001	$ 230,493	$ 230,493	07/01/19	06/30/20	$ 230,493	$ 230,493
Educational Opportunities Fund - Article III Summer	10-100-074-2401-001	141,392	141,309	06/01/19	08/31/19	135,560	141,309
Educational Opportunities Fund - Article III Summer	10-100-074-2401-001	139,947	64,174	06/01/20	08/31/20	11,442	11,442
Educational Opportunities Fund - Winter	10-100-074-2401-001	34,776	33,162	07/01/19	06/30/20	33,162	33,162
Educational Opportunities Fund - Article IV	10-100-074-2401-002	333,110	332,878	07/01/19	06/30/20	332,878	332,878
N.J. Higher Education Student Assistance Authority:							
Tuition Aid Grants	10-100-074-2405-007	2,973,971	2,973,971	07/01/19	06/30/20	2,973,971	2,973,971
New Jersey Stars Program	10-100-074-2405-313	318,880	318,880	07/01/19	06/30/20	318,880	318,880
Community College Opportunity Grant (CCOG)	Not Applicable	1,875,730	1,875,730	07/01/19	06/30/20	1,875,730	1,875,730
NJ Class Loans	10-100-074-2405-332	66,287	66,287	07/01/19	06/30/20	66,287	66,287
Total N.J. Commission on Higher Education						5,978,403	5,984,152
N.J. Office of the Secretary of Higher Education:							
CCOG Planning Grant	Not Applicable	265,000	265,000	09/15/19	06/30/20	300,211	300,211
Passed Through NJ Council of County Colleges:							
College Readiness Now	Not Applicable	58,766	-	07/01/19	06/30/20	10,712	10,712
NJ Best/Gear-Up	Not Applicable	4,500	4,500	07/01/19	06/30/20	4,500	4,500
Total Passed through NJ Council of County Colleges						15,212	15,212
Total NJ Office of the Secretary of Higher Education						315,423	315,423
N.J. Department of Labor and Workforce Development:							
New Jersey Youth Corps	ACNY16N	450,000	350,956	07/01/19	06/30/20	414,260	414,260
New Jersey Youth Corps- RISE	RISE 1903	54,545	19,933	06/01/19	06/30/20	24,537	24,537
Opportunity Partnership Grant - Welding	OPGFY1801011	120,000	16,500	09/25/19	09/24/20	21,000	21,000
Opportunity Partnership Grant - Patient Care	OPGFY1904003	65,631	27,181	08/01/19	07/31/20	48,786	48,786
Total N.J. Department of Labor						508,583	508,583
N.J. Department of Children and Family							
Displaced Homemaker Grant	10-100-016-1630-014	169,999	169,999	07/01/19	06/30/20	145,867	145,867

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, 2020

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 2020 Expenditures	Cumulative Expenditures
N.J. Department of Treasury - Vocational Education:							
Passed Through County of Union,							
Department of Human Services:							
Work First New Jersey:							
Job Search/Job Readiness (JS/JR):							
TANF/GA/SNAP	17 WFNJ 100/101	$ 450,000	$ 219,612	07/01/18	12/31/19	$ 15,000	$ 220,112
TANF/GA/SNAP	17 WFNJ 100/101	450,000	143,350	07/01/19	12/31/20	187,650	187,650
Total N.J. Department of Treasury - Vocational Education						202,650	407,762
N.J. Department of Treasury -							
Higher Education Administration:							
Operational Costs - County Colleges	10-100-082-2155-015	8,884,930	8,884,930	07/01/19	6/30/2020	8,884,930	8,884,930
Employer Contributions - Alternate Benefit Program - Faculty	10-100-082-2155-017	1,045,436	1,045,436	07/01/19	6/30/2020	1,045,436	1,045,436
Employer Contributions - Alternate Benefit Program - Adjuncts	10-100-082-2155-017	255,463	255,463	07/01/19	6/30/2020	255,463	255,463
Building Our Future Bond Act	5860742400080	3,961,671	1,132,340	09/01/16	Open	2,555,580	3,687,920
Total N.J. Department of Treasury						12,741,409	13,873,749
Total State Financial Assistance						$ 19,892,335	$ 21,235,536

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-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 STUDENT LOAN PROGRAMS

The College is responsible only for the performance of certain administrative duties with respect to Federal Direct Student Loans; accordingly, these loan balances are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under this program as of June 30, 2020. The amount reported on the schedules of expenditures of federal awards is the amount of loans awarded in the current year.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Union County College (the College), in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 23, 2021. The financial statements of the discretely presented component unit, Union County College Foundation, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with Union County College Foundation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 23, 2021

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

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

Report on Compliance for Each Major Federal and State Program

We have audited Union County College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the fiscal year ended June 30, 2020. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the State of New Jersey Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on the major federal and state programs is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 23, 2021

UNION COUNTY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___X___ no

   - Significant deficiency(ies) identified? ______ yes ___X___ none reported

3. Noncompliance material to financial statements noted? ______ yes ___X___ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes ___X___ no

   - Significant deficiency(ies) identified? ___X___ yes ______ 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? ___X___ yes ______ no

Section I – Summary of Auditors' Results (Continued)

Identification of Major Federal Programs

CFDA Number(s)/State Account Number	Name of Federal/State Program or Cluster
Federal:	
84.007, 84.003, 84.038 84.063, 84.268	Student Financial Assistance Cluster
84.002	Adult Basic Skills
84.425E	Student Emergency Aid Portion of the HEERF
84.425F	Institutional Portion of the HEERF
State:	
10-100-085-2155-015	Operational Costs - County Colleges
10-100-074-2401-001	Educational Opportunities Fund - Article III, Summer, and Winter
10-100-074-2405-313	New Jersey Stars Program

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

Federal	$ 913,313
State	$ 750,000

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

Section II – Financial Statement Findings

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

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

2020 – 001 National Student Loan Data System (NSLDS) Program and Enrollment Reporting

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

CFDA Number: 84.007, 84.268, 84.063, 84.033

Award Period: July 1, 2019 – June 30, 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309(b), states that:

1) schools must have some arrangement to report student enrollment data to NSLDS through an enrollment roster file. The school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Also, the Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not.
2) schools must have some arrangement to report student enrollment data to NSLDS through an enrollment roster file. The school is required to report the student status every 60 days at a minimum throughout the academic year. If the student withdrew or graduated from the institution, the status must be reported twice.
3) schools must have some arrangement to report student program begin date which is the date the student first began attending the program being reported.
4) schools must have some arrangement to report student program enrollment status.
5) schools must have some arrangement to report student program enrollment effective date.

Condition:

During our testing, we noted:
1) ten of 40 students were reported to NSLDS with an incorrect enrollment effective date.
2) two of 40 students were not reported twice to NSLDS for the withdrawal status.
3) three of 40 students were not reported correctly with the correct begin date for their respective program.
4) two of 40 students were not reported correctly with the correct program enrollment status.
5) three of 40 students were reported to NSLDS with an incorrect program enrollment effective date.

Questioned costs: None.

Context:

During our testing we noted the College did not have a proper procedure in place for:
1) unofficial withdrawals or students who withdrawal during the add/drop period in order to ensure the enrollment effective date reported to NSLDS matches the College's records. It was also noted 1 student was not reported timely due to miscommunication between the Registrar and Financial Aid.
2) students who withdrew during the add/drop period in order to ensure the student was reported at least twice to NSLDS.
3) students who withdrew during the add/drop period in order to ensure the student's program begin date was reported to NSLDS.
4) students who withdrew during the add/drop period in order to ensure the student's program status was reported.
5) students who withdrew during the add/drop period in order to ensure the student's program enrollment effective date was reported for 2 out of the 3 students. It was noted 1 out of the 3 students was not reported timely due to miscommunication between the Registrar and Financial Aid.

Cause:

The College did not have a process in place to ensure:
1) the effective date reported to NSLDS matches the effective date of the student's last date of attendance.
2) the student's status was reported at least twice.
3) the student's program begin date was accurately being reported.
4) the student's program enrollment status was being reported.
5) the student's program enrollment effective date was being accurately reported.

Effect:

1) The enrollment effective date reported to NSLDS is used to determine when the student's grace period should begin. By not reporting a correct effective date, the grace period begin date for the student will be incorrect.
2) Reporting every 60 days at a minimum or reporting twice ensures that the grace period should or should not begin.
3) The program begin date reported to NSLDS is used to determine the student's 150% limit for direct loans. By not reporting the correct begin date, the calculation of the 150% would be incorrect.
4) The program enrollment status reported to NSLDS is used to determine the student's 150% limit for direct loans as well as when grace period should begin. By not reporting the correct status, the calculation of the 150% would be incorrect and the grace period begin date would be incorrect.
5) The program enrollment effective date reported to NSLDS is used to determine the student's 150% limit for direct loans as well as when grace period should begin. By not reporting the correct status, the calculation of the 150% would be incorrect and the grace period begin date would be incorrect.

Repeat Finding: No.

Recommendation:

We recommend the College reevaluate its procedures and review policies surrounding reporting:

1) status changes to NSLDS to ensure the enrollment effective date reported to NSLDS is aligning with the College's last date of attendance.
2) status changes to NSLDS.
3) program begin dates to NSLDS.
4) program enrollment status changes to NSLDS.
5) program enrollment effective dates to NSLDS.

Views of responsible officials: See corrective action plan attached.

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 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2018 – June 30, 2019

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019 – 001 National Student Loan Data System (NSLDS) Enrollment Reporting

Condition: During our testing of 40 students, we noted two instances whose enrollment status was not timely reported. The sample size tested was a statistically valid sample.

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

If the Department of Education has questions regarding this schedule, please call Lynne Welch, Vice President of Financial Affairs and Treasurer at 908-709-7167.

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 (the College) respectfully submits the following corrective action plan for the year ended June 30, 2020.

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

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year.

FINDINGS — FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF EDUCATION

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

Recommendation:

1) We recommend the College reevaluate its procedures and review policies surrounding reporting status changes to NSLDS to ensure the enrollment effective date reported to NSLDS is aligning with the College's last date of attendance.
2) We recommend the College reevaluate its procedures and review policies surrounding reporting status changes to NSLDS.
3) We recommend the College reevaluate its procedures and review policies surrounding reporting program begin dates to NSLDS.
4) We recommend the College reevaluate its procedures and review policies surrounding reporting program enrollment status changes to NSLDS.
5) We recommend the College reevaluate its procedures and review policies surrounding reporting program enrollment effective dates to NSLDS.

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

Action taken in response to finding:

1) Unofficial withdrawals are now provided to the Registrar by the Director of Financial Aid. Colleague, the College's ERP system, has been modified to include students that did not have at least one course with a last attendance date on their record and are now reported to NSLDS. The date parameter used for the first-of-term enrollment transmission to NSLDS has been changed to the first date of the term (or semester).

2) Changes in status are now included in the transmission that had been omitted from this transmission previously. This is the result of the changed date parameter as noted in item 1 and will result in NSLDS receiving accurate information.

3) Changes in program begin dates are now included in the transmission that had been omitted from this transmission previously. This is the result of the changed date parameter as noted in item 1 and will result in NSLDS receiving accurate information.

4) Changes in program enrollment status are now included in the transmission that had been omitted from this transmission previously. This is the result of the changed date parameter as noted in item 1 and will result in NSLDS receiving accurate information.

5) Changes in program enrollment effective dates are now included in the transmission that had been omitted from this transmission previously. This is the result of the changed date parameter as noted in item 1 and will result in NSLDS receiving accurate information.

Name of the contact person responsible for corrective action: Nina Hernandez, Registrar at 908-709-7127

If the Department of Education has questions regarding this plan, please contact the appropriate individual outlined above.