

WARREN COUNTY COMMUNITY COLLEGE

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2023

WARREN COUNTY COMMUNITY COLLEGE  
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JUNE 30, 2023

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## FINANCIAL STATEMENTS



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## Independent Auditors' Report

The Honorable Chairman and  
Members of the Board of Trustees  
Warren County Community College  
Washington, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the Warren County Community College (the "College"), a component unit of the County of Warren, as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2023 and 2022, and the changes in financial position, and, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

The Honorable Chairman and  
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Warren County Community College  
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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules and the related notes, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Honorable Chairman and  
Members of the Board of Trustees  
Warren County Community College  
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***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 and state awards, 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Mt. Arlington, New Jersey  
February 16, 2024

  
NISIVOCCIA LLP

## FY2023 MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD & A) of Warren County Community College's ("College" or "WCCC") financial performance provides an overall review of the College's financial activities for the fiscal year ending June 30, 2023. The intent of this discussion and analysis is to look at the College's financial performance as a whole; readers also should review the financial statements, the notes to the financial statements and any management recommendations to enhance their understanding of the College's financial performance. This document is prepared by WCCC and represents management's interpretation of the financial data.

### *Overview of the Financial Statements*

The College's audit is prepared under the standards prescribed by the Governmental Accounting Standards Board (GASB), which sets guidelines for financial reports prepared for public entities. The financial statements prescribed by GASB incorporate three statements:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These statements, which follow in the presentation, demonstrate the net value of assets and the results of the College's operations, respectively, on a college-wide basis. All statements are prepared using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. The audit performed by Nisivoccia LLP also includes a series of notes to accompany the financial data, and an audit of federal awards and state financial assistance, which is required by both federal and state entities.

### **Net Pension Liabilities and OPEB Costs**

WCCC reports under the Government Accounting Standards Board (GASB) pronouncements, which may amend financial statements based on longer term assets or liabilities that are not recorded on College accounts. Of major impact are those pronouncements that require the institutional financial statements to report on net pension liabilities or on Other Than Post Employment Benefits (OPEB). This includes items such as retirement healthcare.

In both cases, these expenses are borne completely by the State of NJ through either its budget or through the Public Employees Retirement System. WCCC does not record the future actuarial calculations of pensions or OPEB costs in its financial systems. These figures are provided to the College through the NJ Department of the Treasury.

For purposes of the MD & A, the College is only reporting information contained within its systems should match audited financial statements and using the recording categories that best reflect institutional revenues and expenses. This is done so the reader has the most accurate understanding of the College's financial position. Please refer to all audit notes for further explanations of certain accounting pronouncements and their impact on the College.

**Statement of Net Position: College Funds**

The Statement of Net Position includes assets, liabilities, deferred inflows and outflows, and the resulting net position of the College. WCCC's assets are classified as either current or non-current (capital) assets. Liabilities represent future commitments that the College has made that must be recognized as a future expense. These liabilities can be either short-term or long-term.

The College's net position is derived by calculating the difference between assets/deferred outflows and liabilities/deferred in-flows. The net position includes both capital assets and fund assets. As the WCCC Foundation does not hold capital assets, the Foundation's net position represents fund assets only.

The chart below shows total and net position for the College (exclusive of its component unit, the WCCC Foundation). The overall College net position as of June 30, 2023 exclusive of the state GASB "book entry" liabilities discussed previously, was \$26.7 million. The overall College net position as of June 30, 2023, inclusive of the GASB liabilities, was \$24.7 million.

**Statement of Net Position: Excluding GASB Pronouncements (Rounded \$000)**

<b>Total Assets</b>	<b><u>FY23</u></b>	<b><u>FY22</u></b>	<b><u>Change</u></b>	<b><u>FY21</u></b>
Current Assets	8,479	8,921	(442)	7,240
Capital Assets, Net	19,320	19,933	(613)	18,141
<b>Total Assets</b>	<b><u>27,799</u></b>	<b><u>28,855</u></b>	<b><u>(1,055)</u></b>	<b><u>25,381</u></b>
<b>Less Liabilities:</b>				
Current Liabilities	939	2,253	(1,314)	1,214
Non-Current Liabilities	112	112	0	112
<b>Total Liabilities</b>	<b><u>1,051</u></b>	<b><u>2,365</u></b>	<b><u>(1,314)</u></b>	<b><u>1,326</u></b>
<b>Net Position</b>	<b><u>26,748</u></b>	<b><u>26,490</u></b>	<b><u>258</u></b>	<b><u>24,056</u></b>
<b><u>Net Position (Excluding Pension)</u></b>				
Investment in Capital Assets	19,320	19,933	(613)	18,141
Restricted	23	24	(1)	24
Unrestricted-Designated	6,224	5,444	780	4,683
Unrestricted-Undesignated	1,182	1,089	93	1,208
<b>Total Net Position</b>	<b><u>26,748</u></b>	<b><u>26,490</u></b>	<b><u>258</u></b>	<b><u>24,056</u></b>

In order to understand the College's financial position, it is important to review each category of the net position statement: current assets, capital assets, liabilities, deferred inflows, deferred outflows and net position. The above chart does not include the net pension or the post-retirement benefits liabilities related to College employees, which are required to be reported on a GAAP basis. These liabilities are the responsibility of the State of NJ. The June 30, 2023 net pension

liability attributed to WCCC current and former employees was \$2,822,746. Had the net pension and the related deferred inflows and outflows for pensions been included in the chart above, the total net position would have reduced the net position by \$3,153,769.

### **Current Assets**

Current assets include cash and cash equivalents, accounts receivable, inventory and prepaid expenses. As the chart on the prior page indicates, the College's current assets decreased to just under \$8.5 million, a \$442,169 decrease from the prior year level. This decrease represents a reduction in outstanding grant payments due to the College in FY23 vs. FY22 as well as the infusion of Covid Relief funds (HEERF). Note that this also corresponds with a decrease in current liabilities as final construction payments were made (see current liabilities section). Current assets vs/ current liabilities represents a ratio of 9:1, representing a strong financial position for the college at the end of FY23.

### **Capital Assets**

Capital assets include buildings, building improvements, computers, furnishings and equipment and fixtures. The College's net capital assets were just over \$19.3 million by the end of FY23, representing a decrease of \$613,403 in net capital assets.

The three-year capital asset values by category are shown below.

<b><u>Capital Assets (in Rounded \$000)</u></b>				
<b><u>Asset Type</u></b>	<b><u>FY23</u></b>	<b><u>FY22</u></b>	<b><u>1 Year Change</u></b>	<b><u>FY21</u></b>
Computers & Equipment	3,514	3,448	66	2,416
Furniture & Fixtures	1,931	1,818	113	1,715
Building Improvements	5,700	5,535	165	3,917
Building	<u>23,455</u>	<u>23,455</u>	<u>0</u>	<u>23,455</u>
Total	34,601	34,255	346	31,503
Less Accumulated				
Depreciation	(15,281)	(14,322)	(959)	(13,362)
<b>Net Capital Assets</b>	<b>19,320</b>	<b>19,933</b>	<b>(613)</b>	<b>18,141</b>

The book value of capital assets is reduced annually by depreciation, which differs depending on the useful life of assets. From FY21 to FY22, capital assets increased as a result of substantial completion of the Joseph Roberts Robotics Center in Phillipsburg. In FY23, net assets decreased by 3% due to annual depreciation and the disposal of obsolete computer equipment that had been in storage during COVID 19.

The value of capital assets is important for a number of institutions, as they can be leveraged for borrowing purposes (issuance of debt). However, in the case of WCCC, under state statute the

College is unable to issue bond funds and therefore does not accrue long-term liabilities. Bonds for WCCC may be issued by state or county governments and certain public authorities.

### **Current Liabilities**

Also displayed in the *Statement of Net Position* are liabilities. Liabilities may be current or non-current (reflecting commitments to be realized in future years). Current liabilities include upcoming salary and vendor payments for services already incurred during the fiscal year, as well as unearned tuition and other revenue and an accrual to cover earned employee vacation time. Current liabilities were \$939,000 at the end of FY23, a decrease of just over \$1.3 million from FY22 liabilities. This decrease reflects the payment of the final contracts associated with the Robotics Center and payment of purchase orders related to the federal HEERF funds and a large reduction in the time-lag in supply chain purchases, which plagued the College in FY21 and FY22.

### **Long-Term Liabilities**

As noted previously, WCCC cannot issue bonds and therefore accrue capital debt, so its only long-term liability is an accrual for sick-leave payments under the faculty contract. WCCC offers a sick leave payout of up to \$8,000 for faculty who have served for ten years in a full-time position and have provided one year's advance notice of retirement. The total set aside for this liability for FY23 is \$112,000, representing the maximum allocation available for eligible employees.

Other long term liabilities reflected on the financial statements are non-college obligations, which represent the State of New Jersey net pension liability and post-retirement benefits. In order to indicate the College's financial position, this MD & A statement discusses the State of NJ liabilities separately.

### **Net Position**

The College's net position is total assets and deferred outflows less total liabilities and total inflows. Net position includes capital assets, such as buildings and equipment, as well as non-capital assets (such as cash, investments, pre-payments and receivables). Non-capital net position is classified on the next page as "restricted," "designated" or "unrestricted." The College's net position in FY23 increased by \$258,660 to \$26,748,374. Note that this excludes assets, liabilities, inflows and outflows related to the NJ pension and OPEB liabilities. The chart on the next page reflects net College assets excluding capital funds.

*Undesignated net position* reflects the aggregate of residual funds that are neither restricted nor designated at this time. Note that in the combined Statement of Net Position, the categories of designated and undesignated are combined together as "Unrestricted." Undesignated funds as of June 30, 2023, increased slightly to \$1,181,713, representing 10.6% of FY23 expenses (excluding depreciation). This is within the Board's annual goal of maintaining a set-aside of approximately 10% to 12% of expenses for contingency needs. This level is also in accordance with the expectations of the College's accreditor, the Middle State's Commission on Higher Education.

*Designated funds* represent resources allocated by the Board of Trustees for specific projects and upcoming projects. Designated funds as of June 30, 2023 were \$6.2 million. Most designated

projects are one-time or limited expenses that are not part of the annual operating budget. Designated funds have increased due to the reimbursement of federal Covid Relief Funds Higher Education Emergency Relief Funds, hereafter referred to as “HEERF”) funds to the College. Approximately \$4.2 million of these funds were for the allocation/replenishment of capital funds, including funds for future capital renewal and replacement projects. WCCC tends to retain higher capital reserves because it does not participate in the Chapter 12 bonding program, which provides \$2-3 million annually to participating colleges.

*Restricted funds* represent mostly revenues raised by clubs and organizations of the College. These organizations were less active over the past two years due to COVID.

**Unrestricted, Designated and Restricted Net Position**

	<u>FY23</u>	<u>FY22</u>	<u>Change</u>	<u>FY21</u>
<i>Unrestricted</i>	1,182	1,089	(119)	1,208
<i>Unrestricted (Designated)</i>				
Academic Student Programming	16	16	0	16
Accountability Project	50	0	50	0
Phillipsburg Budget Needs	430	430	0	430
Phi Theta Kappa	28	28	0	28
Brown Scholarship	25	0	25	0
Faculty Contract	168	0	168	0
Drones/Robotics Operating	300	225	75	200
Precision Agriculture	250	0	250	0
Board Priorities (Planning/Marketing)	294	325	(31)	229
ADA Needs	100	100	0	100
New Website Development	83	83	0	100
Operating Budget/Assessment	260	260	0	260
SOCF Project	0	411	(411)	600
Designated Technology	816	975	(159)	608
ELF Debt Service	221	0	221	0
PEC Renovations	0	200	(200)	0
Renewal and Replacement	333	333	0	333
Roof Repair/Replacement	728	578	0	578
Miscellaneous Capital	184	100	84	341
Recreation Fields	1,408	849	559	350
Building Annex/Cap Reserve	<u>529</u>	<u>529</u>	<u>0</u>	<u>509</u>
<i>Total Designated</i>	6,223	5,444	779	4,683
Total Restricted Funds	23	24	(1)	24

**Statement of Net Position: WCCC Foundation**

The WCCC Foundation (“Foundation”) is considered a component unit of WCCC as the College’s Board approves Foundation Board members and College employees oversee the operations of the Foundation. The Statement of Net Position for the Foundation is shown below.

**Statement of Net Position-WCCC Foundation**

	<b><u>FY23</u></b>	<b><u>FY22</u></b>	<b><u>Change</u></b>	<b><u>FY21</u></b>
Total Assets	1,113	1,059	55	1,915
Less Liabilities	<u>0</u>	<u>1</u>	<u>(1)</u>	<u>17</u>
Net Position	<b>1,113</b>	<b>1,058</b>	<b>54</b>	<b>1,898</b>
Net Position				
Restricted	613	600	13	657
Unrestricted	<u>500</u>	<u>458</u>	<u>42</u>	<u>1,241</u>
Net Position	<b>1,113</b>	<b>1,058</b>	<b>54</b>	<b>1,898</b>

The Net Position of the Foundation increased by \$54,000 from FY22 to FY23. Note that the change in position from FY22 to FY23 represents the completion of the Community Trail project funded through donations to the Foundation and constructed by WCCC. This trail links Warren County Tech to the College via a series of walking paths that also encircle much of the campus property.

Restricted funds include both funds that have been designated and funds restricted by endowment agreements. The remaining funds are unrestricted.

**Statement of Revenues, Expenses and Change in Net Position: College Funds**

The next statement in the financial report is the Statement of Revenues, Expenses and Changes in Net Position (SRECNP). The SRECNP provides information about the College’s revenues and expenses to explain key changes in the College’s financial position.

The SRECNP displays both operating and non-operating revenues. WCCC’s operating revenues primarily are student revenues (tuition and fees) and government grants (primarily financial aid). Non-operating revenues comprise state and local appropriations, including capital appropriations.

The SRECNP expenses for College funds (excluding Foundation and pension/OPEB expenses) are shown on the next page. Note that expenses include depreciation, which is not an operating cost. Depreciation is recorded to indicate the potential aging of capital facilities (equipment, furniture and fixtures, building improvements and buildings). Also, expenses do not include funds that have been “capitalized,” meaning that they have been moved to capital assets.

**Statement of Revenues, Expense and Changes in Net Position (College) (Rounded \$000)**

	<u>FY23</u>	<u>FY22</u>	<u>Change</u>	<u>% Change</u>	<u>FY21</u>
<b><u>Operating Revenues</u></b>					
Student tuition and fees	2,499	2,511	(12)	(0.5%)	2,306
Federal grants and contracts	2,148	4,297	(2,149)	(50%)	2,558
State/ local grants and contracts	1,278	929	349	37.6%	1,270
Other	<u>245</u>	<u>227</u>	<u>18</u>	<u>7.9%</u>	<u>208</u>
Total Operating Revenues	6,170	7,964	(1,794)	(22.5%)	6,342
<b><u>Non-Operating Revenues</u></b>					
State appropriations	2,777	2,647	130	4.9%	2,058
State ABP	198	195	3	1.5%	184
County Operating	2,481	2,468	13	0.5%	2,281
Capital	813	1,102	(289)	(26.2%)	23
Misc./Investment Income	<u>315</u>	<u>236</u>	<u>79</u>	<u>33.9%</u>	<u>44</u>
Total Non-Operating Revenues	6,584	6,648	(64)	(0.9%)	4,590
<b>Total Revenues</b>	<b>12,754</b>	<b>14,612</b>	<b>(1,858)</b>	<b>(12.7%)</b>	<b>10,932</b>
<b>Total Expenses</b>	<b>12,497</b>	<b>12,178</b>	<b>319</b>	<b>2.6%</b>	<b>10,176</b>
Change in Net Position	258	2,434	(2,176)	(89.4%)	756

### **Operating Revenues**

Total FY23 College operating revenues were \$1.8 million lower than the prior year revenues. This is largely due to the significant one-time HEERF funds drawn down by the College in FY22.

### **Tuition and Fees**

Tuition and fees were basically level with FY22 amounts at \$2.5 million in FY23. However, the SRECNP displays tuition and fees by funding source. This means that tuition and fee charges paid by state and federal financial aid grant funds are categorized under state or federal grants. This means that if a student receives financial aid to cover tuition and fees, the revenue is recorded as state or federal grant revenues, rather than tuition and fees. The next display shows total (gross) tuition and fee revenues for the three years and indicates that the overall tuition and fees actually increased slightly during the last three years, although WCCC did not increase tuition or fees in FY21, FY22 and FY23 but did experience enrollment reductions during the period. Note, however, that gross tuition and fees were \$4.8 million in FY19, the last full year before COVID. Non-credit programs were particularly hard-hit during the pandemic, as much of the training in career non-credit programs had been taught in-person.

### Change in Tuition and Fee Revenue (Rounded \$000)

	<u>FY23</u>	<u>FY22</u>	<u>Change</u>	<u>FY21</u>
Credit-Tuition and Fees	3,510	3,520	(10)	3,430
Non-Credit Revenue	160	147	13	125
Customized Training	<u>47</u>	<u>14</u>	<u>33</u>	<u>24</u>
Total	3,717	3,681	36	3,579

### Other Operating Revenues

Other operating revenues include federal grants/contracts, state grants/contracts and auxiliary revenues collected by the College.

**Federal grants and contracts** primarily reflect federal HEERF funds and, beginning in FY23, grant funds from a Congressional Appropriation for Precision Agriculture. The College drew down its largest share of COVID funds in FY22 (totaling \$3.4 million for institutional and college funds). FY23 HEERF funds totaled \$912,000. All HEERF funds have now been received from the three-year appropriation.

WCCC expended and drew down nearly half of the \$750,000 Precision Agriculture grant in FY23 for both operating and equipment costs. Remaining funds will be used for operating costs in FY24 and FY25.

**State grants and contracts** returned to the level that they were in FY21. The FY 23 increase reflects a new state grant for supporting students with developmental challenges (Center for Adult Transition or CAT) through a partnership with Abilities of Northwestern New Jersey. There also was an increase in state Educational Opportunity Fund (EOF) revenues in FY23.

**Other revenues** reflect rental income from the Phillipsburg Education Center (PEC), primarily from NJ's Department of Labor which rents space for the One-Stop Career Center in the PEC.

### Non-Operating Revenues

State and county appropriations, along with investment income, are classified as non-operating revenue. As a public county college, WCCC relies on these annual subsidies to meet its operating needs, as state and county funds normally account for nearly 45% of the College's unrestricted revenues.

The **County appropriation** was just under \$2.5 million in FY23. The College did not request an appropriation increase as it had HEERF funds available. The slight increase in FY23 represents the difference in payments for a calendar year (which is the County is on) vs. the July-June fiscal year the College uses.

The **State appropriation** of \$2.77 million was derived through the allocation of a new county college formula, which includes enrollments and outcomes in certain key priority Gubernatorial measures. FY23 was the second year of this formula.

*State Alternate Benefit Funding (ABP)* is a reimbursement for state pension contributions for eligible employees. These reimbursements are based on actual pension payments made by the College on behalf of its educational employees into the ABP program.

*Miscellaneous revenue* includes testing fees, miscellaneous facility rental income and investment income. The increase in FY23 represents much higher returns in investment income through the State's Cash Management fund.

*Capital Income* reflects funds drawn down in FY23 to reimburse the College for its remaining share of the Securing Our Children's Future (SOCF) bond funds. Most of the bond funds were spent in FY22. The other element of capital income is insurance reimbursement from FEMA for costs incurred in FY22 for a Sinkhole caused by heavy rains from Hurricane Ian.

### **Operating Expenses by Functional Spending Categories**

Expenses related to the operation of the College can be displayed by the functional categories unique to colleges and universities. The chart below shows expense by functional categories for three years. These expenses have been recorded after capitalization, which means that the capital expenses have been moved to capital assets. This presentation allows us to compare operating expenses. Total FY23 expenses (exclusive of the NJ net pension liability) increased overall by 2.6% from the prior year, but there were some significant variations in several categories.

Note that information shown in the following charts does not include expenses required for GASB 68 (Pension) or GASB 75 (Other Post-Employment Benefits or OPEB) paid by the State of New Jersey. These are included in the official schedules included in this Audit report. Because of the size of the state payments, they significantly distort the revenues and expenses of the College. These also are "book entries" and the funds do not pass through the College.

#### **Expenses by Function (Rounded \$000)**

<b><u>Category</u></b>	<b><u>FY23</u></b>	<b><u>FY22</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>	<b><u>FY21</u></b>
Instruction	4,106	3,597	509	14.2%	3,160
Institutional Support	2,110	1,957	153	7.8%	1,868
Public Service	539	373	166	44.5%	406
Academic Support	1,427	1,319	108	8.2%	1,261
Scholarships/Aid	703	1,285	(582)	(45.3%)	590
Student Support	860	1,012	(152)	(15%)	827
Physical Plant	1,304	1,260	44	3.5%	1,018
Capital Expense	124	353	(229)	(64.9%)	4
Depreciation/Deletions	<u>1,324</u>	<u>1,022</u>	<u>302</u>	<u>29.5%</u>	<u>1,041</u>
<b>Total</b>	12,497	12,178	319	2.6%	10,176

The category of **Instruction** reflects the direct delivery of instructional services. In terms of dollars, this is not only the largest category, but experienced the largest expense increase in FY23 at just over \$509,000. Approximately half of the increase reflects expenses for the Precision Agriculture program, which is funded through a Congressional Appropriation. This balance of the increase reflects start-up supplies for the 3D printing lab in the Robotics Center, various supplies for the drone program, including expenses related to the FAA Droning on Conference and salary expenses.

**Institutional Support** expenses include administrative costs and certain centralized expenses that are not allocated to various expense categories (including annual pension costs, legal, dues and memberships, postage, banking and auditing expenses). The increase from FY22 reflects salary realignments, employee benefits and legal services along with some inflationary increases.

The increase in the category of **Public Service** includes continuing education and other external partnerships. The FY 23 increase reflects a new state grant for supporting students with developmental challenges (Center for Adult Transition or CAT) through a partnership with Abilities of Northwestern New Jersey. There was also a slight increase in customized training expenses, commensurate with a revenue increase in FY23.

**Academic Support** reflects Information Technology, library services and tutoring support delivered through the Instructional Support Center. The increases in this category were almost exclusively in the IT area, reflecting new managed network services, additional software and increased software licensing costs.

**Student Support** reflects the delivery of advising, financial aid and special program services (such as the Educational Opportunity Program or EOF) to students. Although there is a significant decrease from the FY22 expenses in this category, it actually reflects a one-time infusion of federal HEERF funds in FY22. FY23 also reflected staff turnover in the Office of Student Services as an advisor position was under search but remained vacant.

**Scholarship Aid** is a category that has had significant variances over the past year due to the HEERF funds that were disbursed to students. WCCC usually spends approximately \$200,000 in this category annually, reflecting EOF grants to students for non-tuition expenses, institutional scholarships and some government waiver requirements. In FY23, WCCC disbursed 565,000 to students in HEERF funds, compared to \$1.2 million in FY22. All HEERF funds have now been spent as of spring semester 2023.

Note that scholarship aid is not shown in the official audit schedule and is instead netted out of tuition and fees. While GASB requires the College to do this, WCCC feels it is important to show the scholarship funds that do not support tuition and fees but represent pass-through funds to students.

**Physical Plant** includes the cost of operating facilities at the College. These expenses include custodial, utility, landscaping, snow removal and minor repairs. There was a slight increase in this category in FY23. Note that FY21 expenses in this category were artificially low because of the remote nature of fall 2020 activities.

**Capital Expenses** are expenses related to capital activities, but that individually do not meet the standard of capitalization, which is \$2,500 per expense. These are one-time expenses that are not annually budgeted. FY22’s capital expenses included certain items not capitalized for the Robotics Center (such as certain one-time subscriptions and supplies) and some professional services. Much of FY23’s capital expenses reflect final start-up supplies for the Robotics center to complete the SOCF bond project.

**Depreciation** expenses include the normal depreciation of buildings and equipment in accordance with IRS guidelines. Depreciation is a “book expense” in that the College does not pay these expenses but notes changes in the value of equipment on its balance sheet. The FY23 depreciation expenses increased due to prior year purchases that had a full fiscal year of depreciation expense.

### Expenses by Natural Spending Categories

Expenses also can be categorized by “natural” groupings that reflect spending type. The 2.6% overall increase in expenses varied by individual natural expenses for College funds (excluding State Pension Funds and the Foundation) are shown below.

#### Expenses by Natural Category (Rounded \$000)

<u>Category</u>	<u>FY23</u>	<u>FY22</u>	<u>Change</u>	<u>% Change</u>	<u>FY21</u>
Employee Salaries	5,040	4,552	488	10.7%	4,380
Employee Fringe Benefits	<u>1,681</u>	<u>1,530</u>	<u>151</u>	<u>9.9%</u>	<u>1,550</u>
Employee Salaries & Benefits	6,721	6,082	639	10.5%	5,928
Non-Salaries					
<i>Materials and Supplies</i>	880	710	170	24%	635
<i>Services</i>	794	690	104	15%	426
<i>Computing/Equipment</i>	954	854	100	11.7%	793
<i>Utilities/Ins./Maintenance.</i>	1,017	1,014	3	0.3%	757
<i>Scholarships/Write-Offs</i>	<u>740</u>	<u>1,484</u>	<u>(744)</u>	<u>(50.1%)</u>	<u>590</u>
Subtotal, Non-Salaries	4,385	4,723	(338)	(7.2%)	3,203
<b>Total, Operating Expenses</b>	<b>11,106</b>	<b>10,805</b>	<b>301</b>	<b>2.8%</b>	<b>9,131</b>
Capital/Depreciation	1,391	1,373	18	1.3%	1,045
<b>Total Expenses</b>	<b>12,497</b>	<b>12,178</b>	<b>319</b>	<b>2.6%</b>	<b>10,176</b>

The largest single category of expenses is **Employee Salaries**. The 10% increase in employee salaries in FY23 reflected the addition of salaries related to the Precision Agriculture grant, the annualization of salaries for positions hired at the end of FY22 and salary increases. **Employee Fringe Benefits** had a similar 10% increase but not all of it related to the salaries and wages increases. During FY22, the College experienced a one-month credit for health benefits during that year.

Non-salary operating costs actually dropped in FY23, however, again, the expenses by category varied significantly. **Materials and Supplies** experienced the largest percentage increase of any category in FY23. Much of this was related to the supplies for the Robotics labs. **Services, including contractual services**, increased reflecting both a managed network services contract for IT as well as a contract with Abilities to administer the CAT services. **Utilities and Maintenance** non-salary expenses were basically level from the prior year in FY23.

The category that had the biggest variance over the three-year period was **Scholarships/Write-offs**. This category represents not only Scholarships, but also reimbursements from the federal government for writing off prior student debt incurred during COVID through HEERF funds. Write-offs were \$170,732 and \$37,395 in FY 22 and FY23, respectively. As noted previously, the HEERF program ended in FY23, and we anticipate that scholarship will be closer to the \$200,000 level incurred in the years prior to COVID beginning in FY24.

**Capital and Depreciation** expenses reflect both book entries (depreciation) and one-time non-operating expenses. These expenses together were just under \$1.4 million in both FY22 and FY23.

**Statement of Revenues and Expenses: WCCC Foundation**

Revenues and expenses for the WCCC Foundation, a component unit within the College's financial statements, are shown below.

**Revenues and Expenses: WCCC Foundation (Rounded \$000)**

	<u>FY23</u>	<u>FY22</u>	<u>Change</u>	<u>FY21</u>
Foundation Revenue				
Fundraising	50	60	(10)	10
Other	<u>66</u>	<u>(135)</u>	<u>201</u>	<u>827</u>
Total Revenues	116	(75)	191	837
Foundation Expenses	61	765	(704)	59
Increase (Decrease)	55	(840)	895	778

FY23 reflects a more regular spending year for the Foundation. In FY21, the College received a donation for Community Trail. These funds were spent on the construction of this trail in FY22.

FY23 revenues include fundraising and investment funds. Expenses reflect fundraising and management costs.

### **Statement of Cash Flows**

The third financial statement included in the audit is the Statement of Cash Flows. This statement documents the actual outlay and receipt of cash and cash equivalents of the College and reconciles the decreases in cash in accordance with GASB reporting. As this schedule notes, the overall cash and cash equivalent position for the College in FY23 was \$8.10 million, slightly above the \$8.04 million at the close of the prior fiscal year.

The Foundation's cash and cash equivalents position stood at \$87,459, including \$18,459 in restricted cash. Remaining foundation assets are in investments and real estate.

### **Long-Term (State) Liabilities**

As noted previously, while two Governmental Accounting Standards Board (GASB) pronouncements require entities to report the net pension liability for their employees along with Other Post Employment Benefits (OPEB), these expenses are not the responsibility of the College.

In New Jersey, certain employees participate in the PERS pension system, which is a defined benefit plan. The New Jersey Division of Pensions has provided actuarial estimates, which show the net pension liability for current WCCC employees and retirees. Eligible retirees receive OPEB benefits. Eligible Retirees through the Alternate Benefits Program (a defined contribution plan) receive OPEB benefits through an annual appropriation in the State budget. The NJ actuarial estimates for these costs are also shown in the financial statements.

The impact of these liabilities are shown on the financial statements along with the related deferred inflows and outflows. Pension and OPEB liabilities were \$2,822,746 and \$8,785,022 respectively at June 30, 2023. They are not recorded in the College's accounting system and are shown in the audit for GASB requirements only.

### **Future Developments**

The final component of the MD & A is a discussion of future developments. This section is intended to focus on prospective issues that may affect the College's financial position in future years. There are several items that will have an impact on WCCC over the next year.

### **Enrollment**

Open-enrollment community colleges have traditionally seen the largest fluctuations in enrollment based on economic and demographic cycles. Nationally, community colleges remain enrollment-challenged, even though they are the most affordable option. One reason behind this is that they are facing competition from four-year institutions that may offer deep tuition discounts to attract enrollment.

Unlike many of its peers, WCCC has been able to weather the COVID and post-COVID era enrollment declines fairly well. Its credit enrollment declined with COVID but has remained relatively stable. FY24 enrollments appear to be similar to FY23 levels.

Of concern over a multi-year period is demographic changes as there are fewer students coming through the local high school pipeline. However, WCCC has attracted more students from outside Warren County in bordering school districts.

Two areas that continue to struggle are the College's non-credit and customized training programs, which appear to have low demand in the post-COVID period. This may be due to wage increases in lower-skill jobs, which have mitigated the need for additional non-credit training. Businesses have been slower to request training for existing staff, which explains limited customized training activities.

WCCC continues to market its specialty programs in UAS, Robotics and Precision Agriculture. These programs are now attracting students from areas outside of Warren County and has the potential to expand in the continuing education market.

### ***Strategic Planning***

In June 2023, the Board of Trustees adopted a new strategic plan with initiatives in five areas:

- The Student Learning Experience
- Community Relations & Workforce Development
- Student Access & Success
- Facilities
- Fiscal Stability and Sustainability

Each area has three to six strategic directions and staff champions to oversee the strategies. The College is committed to targeting staff and resources to achieving the strategic directions in each area. This plan will inform our fiscal decisions over the next several years.

### ***Financial and Capital Considerations***

The FY24 NJ Appropriations Act provided an additional \$20 million to community colleges through formula funding. WCCC was fortunate to receive an additional increase in funds, which will help with FY 24 health benefit and other cost escalations. With the ending of federal COVID relief funds, replaced funding through state allocations will help support initiatives begun over the past two years. WCCC does not anticipate any budget challenges over the next two years due to public funding and the prior year set-asides for future investments.

Over the last several years, the College has set aside funds for future priorities operating and capital priorities. Unlike many NJ counties, Warren County does not generally participate in the Chapter 12 program (which calls for the County to bond capital needs and the State to provide a 50% annual reimbursement). The College and County have been creative in operating "pay as you go" capital projects. The next project slated for completion is an external improvement referred to as the Contemplation Garden, to be connected to the Community Trail. This is part of the College's efforts to make the campus more community-focused and externally attractive.

WCCC is also actively seeking external funding to develop additional high-tech labs in the Phillipsburg Education Center. This is the focus of a new federal grant application that the College has been working on over the past several months.

Also in FY24, the College plans to develop an Updated Comprehensive Renewal and Replacement plan for both campuses. Previous plans pre-COVID focused on immediate projects that have since been completed. The new plan will provide a longer horizon for projects and also focus on the needs for a more mature central campus and the replacement of items for the Phillipsburg Facility that was originally constructed over 50 years ago.

## **Grants**

WCCC has been very successful in obtaining competitive grants over the last several years. These grants will help augment the operating budget. For example:

In late Summer 2022, the College was awarded a \$750,000 Congressional Appropriations grant for Precision Agriculture. This program uses high tech drone equipment to assist regional farmers with surveying and monitoring their crops. Nearly half of these funds were spent in FY23 on equipment and start-up costs. The remaining \$402,000 will be spent in FY23 and FY24 for this program.

In summer 2023, WCCC was awarded \$782,815 in Equipment Leasing Bond Funds by the State of NJ. This grant will be used to upgrade classroom and library technology. The program requires the College to pay 25% of the annual debt service on these bonds. WCCC has set aside funds for this matching requirement.

Most recently, in September 2023, WCCC was awarded \$2,250,000 in a five-year Title III Strengthening Institutions grant. The College is in the start-up phase of this grant, which will include several student support staff members and a new Learning Management System.

The College continues to work on grant applications, particularly through various federal agencies, to support initiatives as identified in the Strategic Plan.

WARREN COUNTY COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 8,177,401	\$ 8,118,980
Investments	913,508	851,296
Real estate held for sale	112,000	112,000
Restricted cash and cash equivalents	28,311	34,832
Receivables:		
Student accounts receivable (less allowance for doubtful accounts of \$979,921 for 2023 and \$1,003,942 for 2022)	165,744	99,243
Third-party receivables	166,621	753,586
Leases Receivable	678,834	825,609
Prepaid expenses	28,703	10,771
Total Current Assets	10,271,122	10,806,317
Noncurrent Assets:		
Capital Assets:		
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	19,320,038	19,933,441
Total Noncurrent Assets	19,320,038	19,933,441
TOTAL ASSETS	29,591,160	30,739,758
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pensions	646,289	614,206
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	986,365	2,165,815
Scholarship payable		1,246
Compensated absences payable - current portion	163,733	165,041
Unearned revenue	41,393	158,230
Total Current Liabilities	1,191,491	2,490,332
Non-Current Liabilities:		
Compensated absences payable - long term portion	112,000	112,000
Net pension liability	2,822,746	2,328,825
Total Non-Current Liabilities	2,934,746	2,440,825
TOTAL LIABILITIES	4,126,237	4,931,157
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Lease Resources	678,834	825,609
Related to Pensions	724,804	1,814,909
	1,403,638	2,640,518
<u>NET POSITION</u>		
Investment in capital assets	19,320,038	19,933,441
Restricted	635,639	623,325
Unrestricted	4,751,897	3,225,523
TOTAL NET POSITION	\$ 24,707,574	\$ 23,782,289

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

WARREN COUNTY COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

20

	2023	2022
Operating Revenue:		
Student Tuition and Fees (Net of Scholarship Allowances of \$702,609 and \$1,285,494, respectively)	\$ 1,796,617	\$ 1,225,985
Federal Grants and Contracts	2,147,982	4,297,134
State and Local Grants and Contracts	1,953,601	1,844,240
Foundation Revenue - Gain/(Loss)	115,665	(75,269)
Other	245,436	226,820
	6,259,301	7,518,910
Operating Expenses:		
Instruction	4,106,340	3,597,356
Institutional Support	2,174,282	2,164,249
Public Service	539,175	373,699
Academic Support	1,426,535	1,318,786
Operation and Maintenance of Plant	1,303,922	1,259,887
Student Support	859,673	1,011,638
Capital Expenses	124,139	352,766
Foundation Expenses	60,670	765,151
Depreciation	1,324,174	1,021,900
	11,918,910	11,865,432
Operating Loss	(5,659,609)	(4,346,522)
Nonoperating Revenue:		
State Appropriations	2,777,311	2,646,800
State Alternate Benefits Plan	197,880	194,802
County Appropriations	2,480,523	2,468,463
Other	139,552	226,018
Investment Income	176,361	9,933
	5,771,627	5,546,016
Income Before Capital Additions	112,018	1,199,494
Capital Additions:		
Capital Contributions	813,267	1,101,883
	813,267	1,101,883
Change in Net Position	925,285	2,301,377
Net Position- Beginning of Year	23,782,289	21,480,912
Net Position - End of Year	\$ 24,707,574	\$ 23,782,289

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

WARREN COUNTY COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

21

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Students for Tuition and Fees	\$ 4,443,730	\$ 4,966,555
Grants and Contracts Received	2,155,032	3,334,945
Payments to Suppliers	(5,938,754)	(5,910,247)
Payment for Employee Salaries and Benefits	(6,717,713)	(6,051,770)
Other Receipts	297,694	264,023
Net Cash (Used for) Operating Activities	(5,760,011)	(3,396,494)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash Received from Capital Contributions	813,267	1,101,883
Cash Received from State Appropriations	2,777,311	2,646,800
Cash Received from State Appropriations - Alternate Benefits Plan	197,880	194,802
Cash Received from County Appropriations	2,480,523	2,468,463
Cash Received from Other Non-Operating Activities	139,552	226,018
Net Cash Provided by Noncapital Financing Activities	6,408,533	6,637,966
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(710,771)	(2,814,153)
Net Cash (Used for) Capital and Related Financing Activities	(710,771)	(2,814,153)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	176,361	9,933
Assets Converted to Cash		50,000
Interest and Dividends - Reinvested	(21,623)	(14,795)
Unrealized Gains/Losses	(40,589)	153,714
Net Cash Provided by/(Used for) Investing Activities	114,149	198,852
Net Increase in Cash and Cash Equivalents	51,900	626,171
Cash and Cash Equivalents - Beginning of Year	8,153,812	7,527,641
Cash and Cash Equivalents - End of Year	\$ 8,205,712	\$ 8,153,812
<b>Reconciliation of operating loss to net cash (used for) operating activities:</b>		
Operating Loss	\$ (5,659,609)	\$ (4,346,522)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	1,324,174	1,021,900
Changes in assets and liabilities:		
(Increase)/Decrease in Student accounts receivable	(66,501)	70,440
(Increase)/Decrease in Third-party receivables	586,965	(463,063)
(Increase)/Decrease in Prepaid expenses	(17,932)	5,071
(Increase)/Decrease in Leases receivable	146,775	149,588
(Increase)/Decrease in Deferred Outflows of Resources	(32,083)	(133,181)
Increase/(Decrease) in Accounts payable	(1,179,450)	975,920
Increase/(Decrease) in Scholarships payable	(1,246)	(15,977)
Increase/(Decrease) in Accrued compensated absences payable	(1,308)	(29,588)
Increase/(Decrease) in Unearned revenue	(116,837)	128,906
Increase/(Decrease) in Non current liabilities	493,921	(594,252)
Increase/(Decrease) in Deferred Inflows of Resources	(1,236,880)	(165,736)
Net Cash (Used for) Operating Activities	\$ (5,760,011)	\$ (3,396,494)

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023

Note 1: Organization and Summary of Significant Accounting Policies

Warren County Community College (the "College") and its component unit's are an institution of higher education and a governmental unit and instrumentality of the State of New Jersey as provided by the County College Act, N.J.S.A. 18A:64A.

Basis of Accounting

The Warren County Community College's financial statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The College makes a distinction between operating and non-operating revenues and expenses. The College's policy for defining operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB including state and county appropriations as well as investment income. Restricted resources are spent and tracked at the discretion of the College within the guidelines of donor restrictions, if any.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the governing body of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Accordingly, the Warren County Community College is a component unit of the County of Warren.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 1: Organization and Summary of Significant Accounting Policies (Cont'd)

The Warren County College Foundation (the Foundation) is a legally separate, tax-exempt entity that was established exclusively to carry out charitable, educational functions that benefit the College, its students, faculty and staff. The College appoints a voting majority of the Foundation's board. All financial resources of the Foundation are held for the direct benefit of the College or its constituents and the College has the ability to access these significant resources. As a result, the Foundation is considered a component unit of the College and is blended into the financial statements accordingly.

Measurement Focus

The financial statements of the College have been prepared using the total economic resources measurement focus and the accrual basis of accounting, and conform to generally accepted accounting principles in the United States of America as applicable to colleges and universities. For financial reporting purposes, the College utilizes the business-type activities model.

Under the terms of grant and other agreements, the College may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, other restricted funds and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the College's policy to first apply cost-reimbursement grants and other restricted resources to such programs, followed by general revenue.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and internal reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined in order to comply with the requirements of eliminating internal revenue and expense charges and to meet the financial reporting requirements under accounting principles generally accepted in the United States of America as promulgated by GASB.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from Unrestricted Funds allocated to specific purposes by action of the governing board. Restricted Funds may only be utilized in accordance with the purposes established by the donor or grantor of such funds, and are in contrast with Unrestricted Funds over which the governing board retains full control to use in achieving any of its institutional purposes.

The College uses encumbrance accounting for internal accounting and reporting. Under encumbrance accounting, purchase orders, contract and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

The College accounts for its financial transactions through the following separate funds:

Operating Fund – to account for funds which are expendable for any purpose in performing the primary objectives of the College, including tuition and student fees funds.

Restricted Fund – to account for those funds expendable for operating purposes, but restricted by donors and other outside agencies, as to the specific purposes for which they may be expended.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Accounts included in the Restricted Funds are:

College Funds – to account for state and local grant revenue and expenses as well as student club activities.

Foundation Funds – to account for revenue and expenses of funds for the Warren County Community College Foundation.

Plant Fund – to account for funds expended for property and equipment.

Net Position:

Net position represents the difference between assets, deferred inflows and outflows, and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation, and subscription assets, net of accumulated amortization reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the College or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position includes the remaining amounts of net position, including those that have been designated by management to be used for other than general operating purposes.

Compensated Absences:

The College accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

College employees are granted varying amounts of vacation and sick leave in accordance with the College's personnel policy or appropriate labor contract. Employees can accrue up to a one-year allocation of vacation leave. Upon termination, employees are paid for accrued vacation. The College's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, faculty who have worked at the College for 10 or more years shall be paid by the College for up to \$8,000 in unused sick leave in accordance with their contract. The College has established a long-term liability equivalent to the number of faculty with 10 or more years of service.

In the Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due after one year.

Inventory

The College had no inventory at June 30, 2023 or 2022.

Income Taxes

The College, as an instrumentality of the State of New Jersey and therefore a governmental entity, has determined itself to be a tax-exempt organization and not subject to either federal or state income taxes. The Warren County Community College Foundation, as a 501(c)(3) organization, also is not subject to taxes.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Allowance for Uncollectible Accounts:

The College had an allowance for uncollectible accounts of \$979,921 and \$1,003,942 at June 30, 2023 and 2022, respectively. The allowance for uncollectible accounts consists of all items that are currently 365 days or more overdue as well as 80% of the receivables over 120 days based on an analysis of aging receivable and historical data.

Deferred Outflows and Deferred Inflows of Resources for Pensions:

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflow of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by GASB standards. The College is required to report the following as deferred outflows of resources and deferred inflows of resources.

Defined Benefit Pension Plans – 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 College's proportion of expenses and liabilities to the pension as a whole, differences between the College's pension contribution and its proportionate share of contributions, and the College's pension contributions subsequent to the pension valuation measurement date.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the College, reduced by principal payments received.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

Subscription Payable

In the financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the financial statements, the present value of subscription payments at the College's incremental borrowing rate over the subscription term is reported as other financing sources.

Note 2: Cash, Cash Equivalents, and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with maturities of three months or less.

The College generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are presented in the financial statements in the aggregate at fair value based on quoted market prices. The College's investments for the years ended June 30, 2023 and 2022 consisted of investments with the New Jersey Cash Management Fund.

GASB requires disclosure of the level of custodial credit risk assumed by the College in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned.

Interest Rate Risk – In accordance with its formal cash management plan, the College ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The College limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed on the following pages.

Custodial Credit Risk – The College does not have a formal policy with respect to custodial credit risk. However, the College ensures that College funds are only deposited in financial institutions in which NJ Colleges are permitted to invest their funds.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 2: Cash, Cash Equivalents, and Investments (Cont'd)

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds; and

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Cash and cash equivalents of the College as of June 30, 2023 consisted of the following:

	College	Foundation	Total
Cash, Checking and Cash Equivalents	\$ 2,130,362	\$ 87,459	\$ 2,217,821
New Jersey Cash Management Fund	5,987,891		5,987,891
	\$ 8,118,253	\$ 87,459	\$ 8,205,712

Cash and cash equivalents of the College as of June 30, 2022 consisted of the following:

	College	Foundation	Total
Cash, Checking and Cash Equivalents	\$ 3,246,359	\$ 95,923	\$ 3,342,282
New Jersey Cash Management Fund	4,811,530		4,811,530
	\$ 8,057,889	\$ 95,923	\$ 8,153,812

The carrying amount of the College's cash and cash equivalents at cost at June 30, 2023 was \$8,205,712 and the bank balance was \$8,268,682. The \$5,987,891 with the New Jersey Cash Management Fund was uninsured and unregistered. The carrying amount of the College's cash and cash equivalents at cost at June 30, 2022 was \$8,153,812 and the bank balance was \$8,294,156. The \$4,811,530 with the New Jersey Cash Management Fund was uninsured and unregistered.

Investments

New Jersey statutes permit the College to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 2: Cash, Cash Equivalents, and Investments (Cont'd)

Investments (Cont'd)

2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
5. Local government investment pools;
6. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
7. Agreements for the repurchase of fully collateralized securities if:
  - a. The underlying securities are permitted investments pursuant to items 1 and 3 above;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in statute; and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Foundation is a 501(c)(3) entity and a component unit of the College. The Foundation may invest in commercial paper, repurchase agreements, treasury bills, certificates of deposit, money market funds, component debt securities, common stocks, preferred stocks, convertible securities, mutual funds, and obligations of the United States Government. The credit quality rating for the Common Fund high equity bond investment is AA+.

As of June 30, the actual changes in the fair market value of the Foundation's investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Balance July 1	\$ 851,296	\$ 1,040,215
Investment activity:		
Realized gain/(loss) on investments	\$ 40,589	\$(153,714)
Proceeds from Sales		(50,000)
Dividend and Interest Income	<u>21,623</u>	<u>14,795</u>
	<u>62,212</u>	<u>(188,919)</u>
Balance June 30	<u><u>\$ 913,508</u></u>	<u><u>\$ 851,296</u></u>

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 2: Cash, Cash Equivalents, and Investments (Cont'd)

Investments (Cont'd)

Investments consisted of the following:

	June 30, 2023		June 30, 2022	
	Cost Value	Fair Value	Cost Value	Fair Value
Mutual Funds	\$ 604,887	\$ 913,508	\$ 604,887	\$ 851,296
	\$ 604,887	\$ 913,508	\$ 604,887	\$ 851,296

Note 3: Student Accounts Receivable

Unpaid student accounts are included in the student accounts receivable, and students are notified of payments due to the College. No provision for delinquent penalty interest is provided. However, any grade or transcript release or future registration will be denied to any student with an unpaid obligation due to the College. The College does pursue collection through an agency, including litigation, if payment is not received during the next semester. During the fiscal year ended June 30, 2023, the College used the services of two collection agents. Fees charged by these agents ranged from 25% to 35% of the amount collected.

As of June 30, 2023 and 2022, accounts receivable from students amounted to \$1,145,665 and \$1,103,185, respectively, excluding the allowance for doubtful accounts in the amount of \$979,921 for the fiscal year ending 2023 and \$1,003,942 in 2022. The allowance for doubtful accounts recorded for the fiscal year ended 2023 amounted to \$979,921 as a result of the following provision rates applied to the receivable balance per receivable aging category.

Age in Days	Provision Rate
121-365	80%
365 and over	100%

The College's policy is to write off any student accounts that have been outstanding for more than three years.

Note 4: Third-Party Receivables

As of June 30, 2023 and 2022, the College had third party-receivables in the amounts of \$166,621 and \$753,586, respectively.

Note 5: Prepaid Expenses

Prepaid expenses at June 30, 2023 and 2022 total \$28,703 and \$10,771, respectively, and include a number of small pre-payments for warranties, copier fees, and computer licenses. Prepaid expenses represent that portion of items paid or accrued which will be charged to operations over time.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 6: 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 \$2,500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The County of Warren is responsible for the issuance of bonds and notes for the College's capital expenditures which are financed by bond ordinances. The County is also responsible for the payment of interest on issued bonded debt and the retirement of such obligations. Accordingly, this debt is reported in the financial statements of the County of Warren. Real estate held for sale is recorded at acquisition value. Capital assets were reviewed for impairment.

Capital assets are recorded at cost and consisted of the following, as of June 30, 2023 and 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Building	\$ 23,454,990			\$ 23,454,990
Building Improvements	5,535,131	\$ 164,986		5,700,117
Furniture and Fixtures	1,817,786	113,297		1,931,083
Computer and Equipment	3,447,539	432,488	\$ (365,534)	3,514,493
	<u>34,255,446</u>	<u>710,771</u>	<u>(365,534)</u>	<u>34,600,683</u>
Less Accumulated Depreciation for:				
Building	(8,898,415)	(469,027)		(9,367,442)
Building Improvements	(1,807,291)	(413,731)		(2,221,022)
Furniture and Fixtures	(1,534,715)	(70,178)		(1,604,893)
Computer and Equipment	(2,081,584)	(371,238)	365,534	(2,087,288)
	<u>(14,322,005)</u>	<u>(1,324,174)</u>	<u>365,534</u>	<u>(15,280,645)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,933,441</u>	<u>\$ (613,403)</u>	<u>\$ -0-</u>	<u>\$ 19,320,038</u>

The College did not have active construction projects as of June 30, 2023.

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset as follows:

<u>Classification</u>	<u>Life</u>
Buildings	50 years
Building Improvements	15 years
Furniture and Fixtures	7 years
Computers and Equipment	4 years

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 7: Long-term Liabilities

The College’s long-term liabilities consist of unused sick leave that is paid upon retirement, and net pension liability. The following table presents the long term liabilities for the fiscal years ended June 30, 2023 and 2022:

	June 30,	
	2023	2022
Compensated Absences Payable - Current Portion	\$ 163,733	\$ 165,041
Compensated Absences - Long Term Portion	112,000	112,000
Net Pension Liability	2,822,746	2,328,825
	\$ 3,098,479	\$ 2,605,866

The only post-retirement benefit offered through the College is a sick leave payout of up to \$8,000 for faculty members meeting criteria contained within the faculty contract, including one year’s advance notice of retirement. The Public Employee’s Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the Unrestricted Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long term portion is \$2,822,746. See Note 8 for further information on the PERS.

Note 8: Pension Plans

Substantially all of the College’s employees participate in either the Public Employee’s Retirement System (PERS) of New Jersey; or the New Jersey Alternate Benefit Program (ABP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. College contributions to PERS amounted to \$235,871 for fiscal year 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$5,939 to the PERS for normal pension benefits on behalf of the College.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2023, the College reported a liability of \$2,822,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the College's proportion was .0001%, which was a decrease of .0018% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the College recognized an actual pension benefit of \$375,758 related to the College's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the College in the amount of \$5,939 and the College recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

There was no state proportionate share of net pension liability attributable to the College as of June 30, 2023. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 67,853
	2019	5.21		84,794
	2020	5.16		249,340
	2021	5.13		20,690
	2022	5.04	\$ 8,746	
			<u>8,746</u>	<u>422,677</u>
Difference Between Expected and Actual Experience	2018	5.63		\$ 2,584
	2019	5.21	6,481	
	2020	5.16	13,892	
	2021	5.13		6,955
	2022	5.04		8,427
			<u>20,373</u>	<u>17,966</u>
Changes in Proportion	2018	5.63		114,764
	2019	5.21		23,945
	2020	5.16	17,159	
	2021	5.13	230,672	
	2022	5.04		145,452
			<u>247,831</u>	<u>284,161</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	2,793	
	2020	5.00	83,911	
	2021	5.00	(523,385)	
	2022	5.00	553,512	
			<u>116,831</u>	
Contribution Subsequent to the Measurement Date	2022	1.00	252,508	
			<u>\$ 646,289</u>	<u>\$ 724,804</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the contribution subsequent to measurement date) related to pensions will be recognized in the pension benefit as follows:

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

Fiscal Year Ending June 30,	Total
2023	\$ (242,133)
2024	(123,358)
2025	(60,159)
2026	131,245
2027	(288)
	\$ (294,693)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following presents the College's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the Net Pension Liability	\$ 3,626,402	\$ 2,822,746	\$ 2,138,803

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Alternate Benefit Program

Plan Description

The New Jersey Alternate Benefit Program (ABP) is a single-employer, 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, life insurance, long-term disability coverage, and medical benefits to qualified members.

Contributions

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

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

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

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 8: Pension Plans (Cont'd)

B. Alternate Benefit Program (ABP) (Cont'd)

Contributions (Cont'd)

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 (Equitable)*  
*Prudential*  
*Voya Financial Services*  
*Teacher's Insurance and Annuity Association/College Retirement Equities Fund*  
*(TIAA/CREF)*  
*MassMutual Retirement Services*  
*VALIC*  
*Metlife*

During the fiscal year end June 30, 2023 employee contributions to the plan were \$140,664 and College contributions were \$225,062. The State of New Jersey reimbursed the College a total of \$197,880 for eligible employees.

Note 9: Unearned Revenue

Unearned revenue consists of the unearned portion of tuition and fees for courses offered during the summer and fall, as well as advanced funding for summer courses. All tuition received for courses that were not more than 50% complete as of June 30 are recognized as tuition revenue in the subsequent fiscal year. As of June 30, 2023 and 2022, unearned revenue is a total of \$41,393 and \$158,230, respectively.

Note 10: Economic Dependency

The College receives a substantial amount of its support from federal, state and county governments. A significant reduction in the level of support, if this were to occur, may have an effect on the College's programs and activities.

Note 11: Risk Management

The College maintains commercial insurance coverage for property, liability, student accident and surety bonds. The College is a member of a joint insurance Pool for workers' compensation. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The College is a member of the New Jersey Community College Insurance Pool Worker's Compensation Fund (the "Pool"). The Pool provides the College with workers' compensation insurance. The Pool is a risk-sharing public entity risk pool that is both an insured and self-administered group of school Colleges established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective College for the purpose of creating a governing body from which officers for the Pool are elected.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 11: Risk Management (Cont'd)

As a member of the Pool, the College could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities.

The Pool can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected summarized financial information for the Pool at December 31, 2023 and 2022 is as follows:

	New Jersey Community College Insurance Pool Worker's Compensation Fund	
	2023	2022
Total Assets	\$ 11,849,566	\$ 11,332,968
Net Position	\$ 7,374,069	\$ 6,907,241
Operating Revenue	\$ 2,327,417	\$ 1,993,054
Total Expenses and Adjustments	\$ 1,860,589	\$ 2,013,487
Nonoperating Revenue	\$ -0-	\$ -0-
Change in Net Position	\$ 466,828	\$ (20,433)
Member Dividends	\$ -0-	\$ -0-

Financial statements for the Pool are available at the Pool's Executive Director's Office:

New Jersey Community College Insurance Pool  
PO Box B  
Trenton, NJ 08690

Note 12: Contingent Liabilities

The College is periodically involved in claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters would not have a material adverse effect on the financial position or operations of the College.

The College participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The College is potentially liable for expenses which may be disallowed pursuant to the terms of these grant programs. Management of the College is not aware of any material items of noncompliance which would result in the disallowance of grant program expenses.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 13: Accounts Payable

The College's accounts payable as of June 30 consists of:

	<u>2023</u>	<u>2022</u>
Accounts Payable, including accruals	\$ 463,397	\$ 1,531,348
Contribution Subsequent to Measurement Date - Pensions	252,508	235,871
Payroll Liabilities	270,460	398,596
	<u>\$ 986,365</u>	<u>\$ 2,165,815</u>

Note 14: Restricted Net Position

There was restricted net position of \$635,639 and \$623,235 as of June 30, 2023 and June 30, 2022, respectively. The restricted net position of the College is for student group funds. The donor restricted net position of the Foundation is for temporary and permanently restricted awards.

Note 15: Related Party Transactions

During the fiscal years ended June 30, 2023 and 2022, the College recognized \$2,480,523 and \$2,468,463 in operating aid from the County of Warren.

Note 16: Unrestricted Net Position

The total Unrestricted Net Position at June 30, 2023 and 2022, was \$4,751,897 and \$3,225,523 respectively. The increase in the Unrestricted Net Position exists primarily due to change in the net pension liability, and deferred inflows and outflows from pensions of \$3,153,769 in 2023. This does not reflect that the College is in financial hardship and is a permitted practice under Generally Accepted Accounting Principles.

Net Position without GASB 68	\$ 7,905,666
GASB 68 - Pensions and Deferred Inflows/Outflows	<u>(3,153,769)</u>
Net Position	<u>\$ 4,751,897</u>

Of the total Unrestricted Net Position, the following have been designated by the Board of Trustees as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Designated for Future Projects	\$ 815,545	\$ 974,810
Designated for Building Projects	3,182,320	2,589,800
Designated for Subsequent Fiscal Year	2,226,046	1,879,101
	<u>\$ 6,223,911</u>	<u>\$ 5,443,711</u>

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The College is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the College.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan 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 State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
 (Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Retiree Plan Members and Spouses or Retirees Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF/ABP	PERS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Employees Plan (Cont'd)

Mortality Rates (Cont'd)

Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the College

	Total OPEB Liability
Balance at June 30, 2021	\$ 10,068,289
Changes for Year:	
Service Cost	501,356
Interest on the Total OPEB Liability	232,813
Changes of Assumptions	(2,356,661)
Differences between Expected and Actual Experience	562,435
Gross Benefit Payments by the State	(230,608)
Contributions from Members	7,398
Net Changes	(1,283,267)
Balance at June 30, 2022	\$ 8,785,022

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the College to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the College	\$ 10,325,869	\$ 8,785,022	\$ 7,550,110

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the College to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the College as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the College would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the College	\$ 7,261,358	\$ 8,785,022	\$ 10,786,448

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023 the College recognized OPEB expense of \$675,776 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

In accordance with GASB Codification Section P50, as the College's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the College from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 456,128
	2018	9.51		435,276
	2019	9.29	\$ 61,455	
	2020	9.24	1,450,964	
	2021	9.24	8,046	
	2022	9.13		2,098,538
			<u>1,520,465</u>	<u>2,989,942</u>
Differences between Expected and Actual Experience	2018	9.51		411,471
	2019	9.29		723,321
	2020	9.24	1,352,356	
	2021	9.24		1,547,377
	2022	9.13	216,119	
			<u>1,568,475</u>	<u>2,682,169</u>
Changes in Proportion	N/A	N/A	<u>2,187,007</u>	
			<u>\$ 5,275,947</u>	<u>\$ 5,672,111</u>

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 17: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (436,620)
2024	(436,620)
2025	(436,619)
2026	(377,349)
2027	(215,773)
Thereafter	(680,190)
	\$ (2,583,171)

Note 18: Leases Receivable

	Original Amount	Outstanding June 30, 2022	Additions	Decrease	Outstanding June 30, 2023
Building Sublease; interest at 4%, monthly payments of principal and interest range from \$13,488 to \$17,403, due 5/31/2028	\$ 1,853,455	\$ 825,609	\$ -0-	\$ 146,775	\$ 678,834
	\$ 1,853,455	\$ 825,609	\$ -0-	\$ 146,775	\$ 678,834

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Note 18: Leases Receivable (Cont'd)

Future maturities are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 143,898	\$ 44,495
2025	140,969	52,642
2026	137,998	60,834
2027	134,998	69,056
2028	120,971	70,466
	<u>\$ 678,834</u>	<u>\$ 297,493</u>

Annual amortization of deferred inflows of resources mirror the principal payment maturities.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY COMMUNITY COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
College's proportion of the net pension liability	0.0256108314%	0.0239193198%	0.0235313329%	0.0227452015%	0.0181979693%	0.0177427815%	0.0179248666%	0.0196583392%	0.0187043630%
College's proportionate share of the net pension liability	\$ 4,795,048	\$ 5,369,408	\$ 6,969,306	\$ 5,294,719	\$ 3,583,089	\$ 3,196,980	\$ 2,923,077	\$ 2,328,825	\$ 2,822,746
College's covered employee payroll	\$ 1,263,741	\$ 1,289,532	\$ 1,305,864	\$ 1,373,086	\$ 1,302,570	\$ 1,265,405	\$ 1,713,458	\$ 1,357,419	\$ 1,385,227
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	379.43%	416.38%	533.69%	385.61%	275.08%	252.64%	170.60%	171.56%	203.77%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WARREN COUNTY COMMUNITY COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF COLLEGE'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 211,132	\$ 205,642	\$ 209,428	\$ 211,511	\$ 210,710	\$ 172,797	\$ 196,089	\$ 230,222	\$ 235,871	
Contributions in relation to the contractually required contribution	(211,132)	(205,642)	(209,428)	(211,511)	(210,710)	(172,797)	(196,089)	(230,222)	(235,871)	
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
College's covered employee payroll	\$ 1,289,532	\$ 1,305,864	\$ 1,373,086	\$ 1,302,570	\$ 1,265,405	\$ 1,713,458	\$ 1,357,419	\$ 1,385,227	\$ 1,663,291	
Contributions as a percentage of covered employee payroll	16.37%	15.75%	15.25%	16.24%	16.65%	10.08%	14.45%	16.62%	14.18%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WARREN COUNTY COMMUNITY COLLEGE  
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
 SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
 ASSOCIATED WITH THE COLLEGE AND RELATED RATIOS  
 LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Service Cost	\$ 542,245	\$ 456,786	\$ 346,685	\$ 385,709	\$ 564,128	\$ 501,356
Interest	203,542	242,755	245,271	229,472	261,182	232,813
Change of Benefit Terms					(10,716)	
Changes in Assumptions	(871,565)	(698,104)	(320,999)	1,977,939	9,933	(2,356,661)
Differences between Expected and Actual Experience		(162,864)	93,356	2,156,636	(1,385,374)	562,435
Member Contributions	5,460	5,622	5,697	5,714	6,677	7,398
Gross Benefit Payments	(148,282)	(162,669)	(192,201)	(188,510)	(205,738)	(230,608)
Net Change in Total OPEB Liability	(268,600)	(318,474)	177,809	4,566,960	(759,908)	(1,283,267)
Total OPEB Liability - Beginning	6,670,502	6,401,902	6,083,428	6,261,237	10,828,197	10,068,289
Total OPEB Liability - Ending	<u>\$ 6,401,902</u>	<u>\$ 6,083,428</u>	<u>\$ 6,261,237</u>	<u>\$ 10,828,197</u>	<u>\$ 10,068,289</u>	<u>\$ 8,785,022</u>
College's Covered Employee Payroll *	\$ 1,289,532	\$ 1,305,864	\$ 1,373,086	\$ 1,302,570	\$ 1,265,405	\$ 1,713,458
Total OPEB Liability as a Percentage of Covered Employee Payroll	496%	466%	456%	831%	796%	513%

\* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 and 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP for thereafter were 1.55% - 4.45% through 2026 and 2.75 – 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The mortality rates in the valuation as of June 30, 2022 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

B. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2021 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 "Safety" (PFRS), "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

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

PART II

WARREN COUNTY COMMUNITY COLLEGE

FISCAL YEAR ENDED JUNE 30, 2023



Mount Arlington, NJ  
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Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Chairman and  
Members of the Board of Trustees  
Warren County Community College  
Washington, New Jersey

We have audited, in accordance with the 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 prescribed by the Office of Management and Budget, Department of Treasury, State of New Jersey (the "Department"), the financial statements of the Warren County Community College (the "College") as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 16, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

The Honorable Chairman and  
Members of the Board of Trustees  
Warren County Community College  
Page 2

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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.

Mount Arlington, New Jersey  
February 16, 2024

*Nisivoccia LLP*  
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NISIVOCCIA LLP



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Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by the  
 Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable Chairman and  
 Members of the Board of Trustees  
 Warren County Community College  
 Washington, New Jersey

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Warren County Community College's (the "College's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. 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.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2023.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

The Honorable Chairman and  
 Members of the Board of Trustees  
 Warren County Community College  
 Page 2

### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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  
Warren County Community College  
Page 3

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

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

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

Mount Arlington, New Jersey  
February 16, 2024

*Nisivoccia LLP*  
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NISIVOCCIA LLP

WARREN COUNTY COMMUNITY COLLEGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2023

Name of Federal Agency or Department/Cluster Title	Assistance Listing No.	Name of Grant	Grant I.D. No.	Grant Period	Award Authorizations	Amount Received Fiscal Year 2023	Grant Expenditures Fiscal Year 2023	Amount Provided to Subrecipients
U.S. Department of Education Pass-Through NJ Department of Education	84-048	Carl D. Perkins Vocational and Technical Education	PSFS718007	7/1/22-6/30/23	\$ 103,166	\$ 103,166	\$ 103,166	
Student Financial Assistance Cluster:								
U.S. Department of Education	84-063	Federal Pell Grant	P063P004578	7/1/22-6/30/23	1,272,481	1,272,481	1,272,481	
U.S. Department of Education	84-007	Federal Supplemental Education Opportunity Grant	P007A007578	7/1/22-6/30/23	66,203	66,203	66,203	
U.S. Department of Education	84-033	Federal Work Study Program	P033A007578	7/1/22-6/30/23	133,782	133,782	133,782	
Federal Direct Student Loans Program:								
U.S. Department of Education	84-268	Direct Student Loans-Subsidized	N/A	7/1/22-6/30/23	40,000	40,000	40,000	
U.S. Department of Education	84-268	Direct Student Loans-Unsubsidized	N/A	7/1/22-6/30/23	18,328	18,328	18,328	
Total Federal Direct Student Loans Program						58,328	58,328	
Total Student Financial Assistance Cluster						1,530,794	1,530,794	
Education Stabilization Fund:								
COVID 19 - Higher Education Emergency Relief Fund	84-425E	Covid-19 Student Aid Portion	P425E202574	4/25/20-6/30/23	2,288,443	565,540	565,540	
COVID 19 - Higher Education Emergency Relief Fund	84-425F	Covid-19 Institutional Aid Portion	P425F201573	5/6/20-6/30/23	3,383,720	443,776	443,776	
Total Education Stabilization Fund						1,009,316	1,009,316	
U.S. Department of Education	84-116Z	Precision Agriculture	P116Z220027	9/1/22-8/31/25	750,000	347,317	347,317	
Total U.S. Department of Education						2,990,593	2,990,593	
Total Federal Awards						\$ 2,990,593	\$ 2,990,593	\$ -0-
N/A - Not Available								

WARREN COUNTY COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2023

Name of State Agency or Department	Name of Grant	Account I.D. #	Grant Period	Award Authorizations	Amount Received Fiscal Year 2023	Grant Expenditures Fiscal Year 2023
Department of Education:						
	ABE/GED Grant	23-100-034-2405-510	7/1/22-6/30/23	\$ 114,267	\$ 114,267	\$ 114,267
Department of Treasury:						
	State Support Operational Costs	10-100-082-2155-015	7/1/22-6/30/23	2,777,311	2,777,311	2,777,311
	Alternate Benefit Plan	10-100-082-2155-017	7/1/22-6/30/23	197,880	197,880	197,880
Office of the Secretary of Higher Education:						
	EOF Summer	11-100-074-1401	7/1/22-6/30/23	57,160	57,160	57,160
	EOF Article III	11-100-074-1401	7/1/22-6/30/23	82,276	82,276	82,276
	EOF Article IV Academic Year	11-100-074-1401	7/1/22-6/30/23	107,108	107,108	107,108
	County College-Based Adult Center	23-100-074-078	7/1/22-6/30/23	191,059	191,059	191,059
Higher Education Student Assistance Authority:						
	Tuition Aid Grant	23-100-074-2405-007	7/1/22-6/30/23	259,054	259,054	259,054
	NJ STARS	23-100-074-2405-313	7/1/22-6/30/23	87,235	87,235	87,235
	Community College Opp. Grant (CCOG)	23-100-074-2405-332	7/1/22-6/30/23	221,309	221,309	221,309
	CCOG Planning Grant	23-100-074-2405-332	7/1/22-6/30/23	147,708	147,708	147,708
Total State Awards				\$ 4,242,367	\$ 4,242,367	\$ 4,242,367

WARREN COUNTY COMMUNITY COLLEGE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FISCAL YEAR ENDED JUNE 30, 2023

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal and state awards present the activity of federal and state award programs of the Warren County Community College (the "College") under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the College, they are not intended to and do not present the financial position, changes in net position or cash flows of the College.

Note 2: Summary of Significant Accounting Policies:

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the accrual basis of accounting. This basis of accounting is described in Note 1 to the College's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represents adjustments or credits made in the normal course of business to amounts reports as expenditures in prior years.

Note 3: Indirect Cost Rate

The College uses the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. However, most of the College's grants do not include indirect costs.

Note 4: Relationship to Basic Financial Statements

There is an adjustment needed to reconcile the Schedule of Expenditures of Federal and State Awards to the basic financial statements. The adjustment for federal awards is \$842,611 and the adjustment for state awards is (\$2,964,542). The adjustment is necessary because the College must reflect the entire drawdown amounts on the Schedules of Expenditures of Federal and State Awards. In the basic financial statements, the College is only reflecting the revenue and expenses pertaining to the College and is not accounting for awards that pass through the College and are refunded to the students.

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.

WARREN COUNTY COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the College.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the College which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for each of the major federal and state programs for the College expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The College's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	State Grant/ Assistance Listing Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
State Support	10-100-082-			
Operational Costs	2155-015	7/01/22-6/30/23	\$ 2,777,311	\$ 2,777,311
<u>Federal:</u>				
Education Stabilization Fund:				
COVID 19 - Higher Education:				
Emergency Relief Fund -				
Student Aid Portion	84.425E	4/25/20-6/30/23	2,288,443	565,540
Institutional Aid Portion	84.425F	5/6/20-6/30/23	3,383,720	443,776

WARREN COUNTY COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Summary of Auditor's Results: (Cont'd)

	State Grant/ Assistance Listing Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Student Financial Assistance Cluster:				
Federal Pell Grant	84.063	7/01/22-6/30/23	1,272,481	1,272,481
Federal Supplemental Educational Opportunity Grant	84.007	7/01/22-6/30/23	66,203	66,203
Federal College Work Study	84.033	7/01/22-6/30/23	133,782	133,782
Federal Direct Student Loans Program - Subsidized Direct	84.268	7/01/22-6/30/23	40,000	40,000
Unsubsidized Direct	84.268	7/01/22-6/30/23	18,328	18,328

- The threshold used for distinguishing between Type A and Type B programs for both federal and state programs was \$750,000.
- The College was determined to be a "low-risk" auditee for both federal and state programs.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WARREN COUNTY COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

There were no findings or questioned costs noted during the audit of the fiscal year ended June 30, 2022.