

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
with Independent Auditor's Report**

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Passaic County Community College
Paterson, New Jersey

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

We have audited the accompanying financial statements of business-type-activities of Passaic County Community College (the "College"), a component unit of Passaic County, New Jersey, and the Passaic County Community College Foundation, Inc. (the "Foundation"), as a discretely presented component unit of 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 as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards (GAAS) 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. The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 14 and required pension and post-retirement medical benefits information on pages 57 - 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal 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 OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Donohue, Gironde, Dorin & Tomkins LLC".

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Secaucus, New Jersey
November 17, 2023

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022



PASSAIC COUNTY COMMUNITY COLLEGE
Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) represents Passaic County Community College's (the "College's") financial performance during the fiscal years ending June 30, 2023 and 2022 with comparative information from previous fiscal years. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

PASSAIC COUNTY COMMUNITY COLLEGE
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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

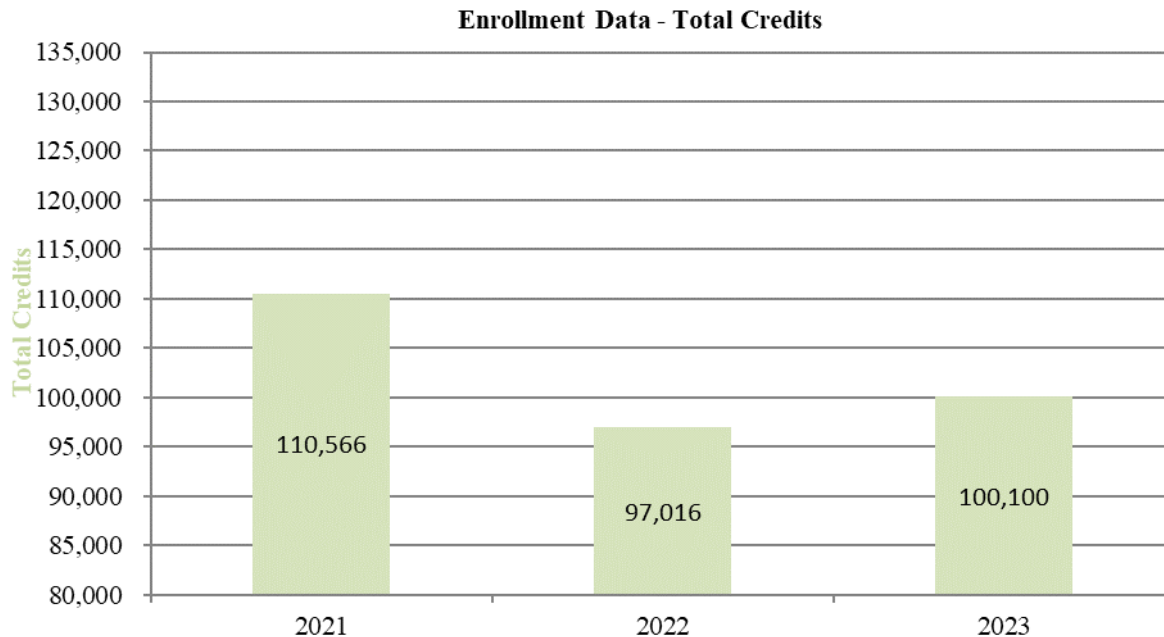
Enrollment

For the year ended June 30, 2023 as compared to 2022 and 2021, the College's credit hour enrollment increased 3,084 or 3.18 percent as compared to 2022 with decreased of 452 or 12.26 percent and 620 or 14.4 percent for 2022 and 2021, respectively.

The College's credit hour enrollment is comprised primarily of students enrolled in credit programs which generate full-time equivalent credits (FTEs). A full-time equivalent student represents a student or combination of students registered for thirty (30) credits. The enrollment at the college increased moderately after several years of decline primarily attributed to the COVID-19 pandemic and a white-hot job market. Credits for enrolled students increased by 3.18 percent or 3,084. The uptick in enrollment is occurring as the U.S. job market begins to slow, as this is in line with the historical connection between community college enrollment and the strength or weakness of the job market. Consequently, new and returning students are enrolling at the college for the affordable path to advanced skills to earn a higher living wage.

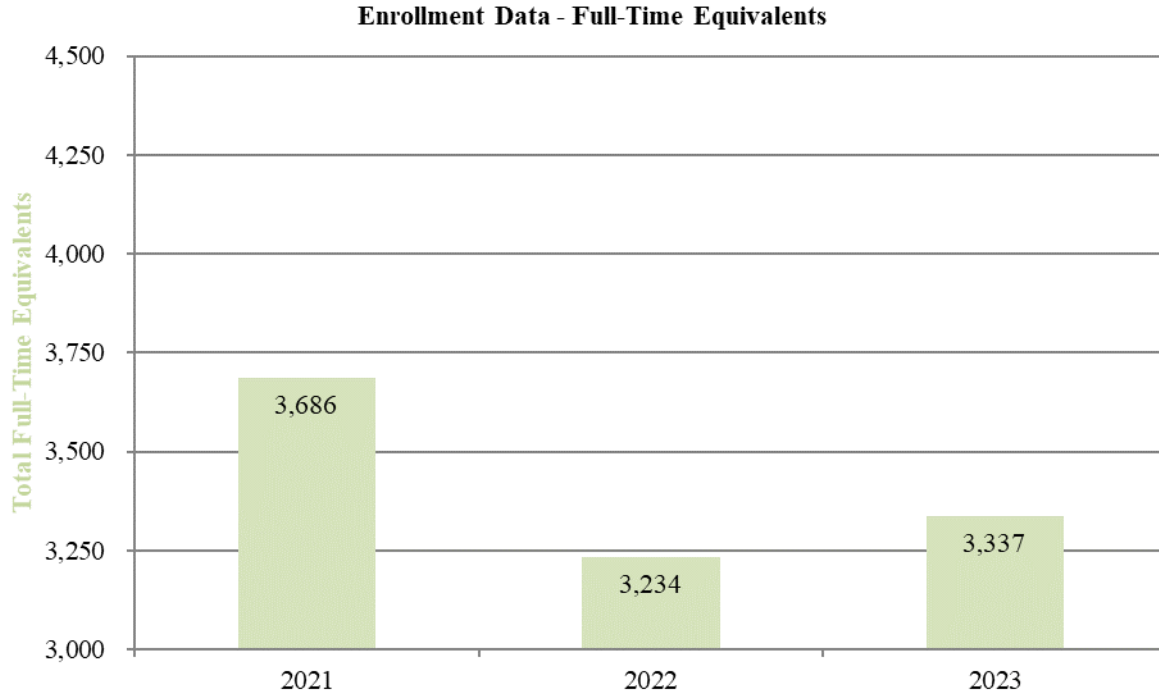
Year Ended June 30,	Total Credits			Full-Time Equivalents (FTE)		
	Total	Decrease		Total	Decrease	
		Total	Percentage		Total	Percentage
2023	100,100	3,084	3.18%	3,337	103	3.18%
2022	97,016	-13,550	-12.26%	3,234	-452	-12.26%
2021	110,566	-18,610	-14.41%	3,686	-620	-14.40%

The following chart shows the total credits for the years ended June 30, 2021, 2022 and 2023:

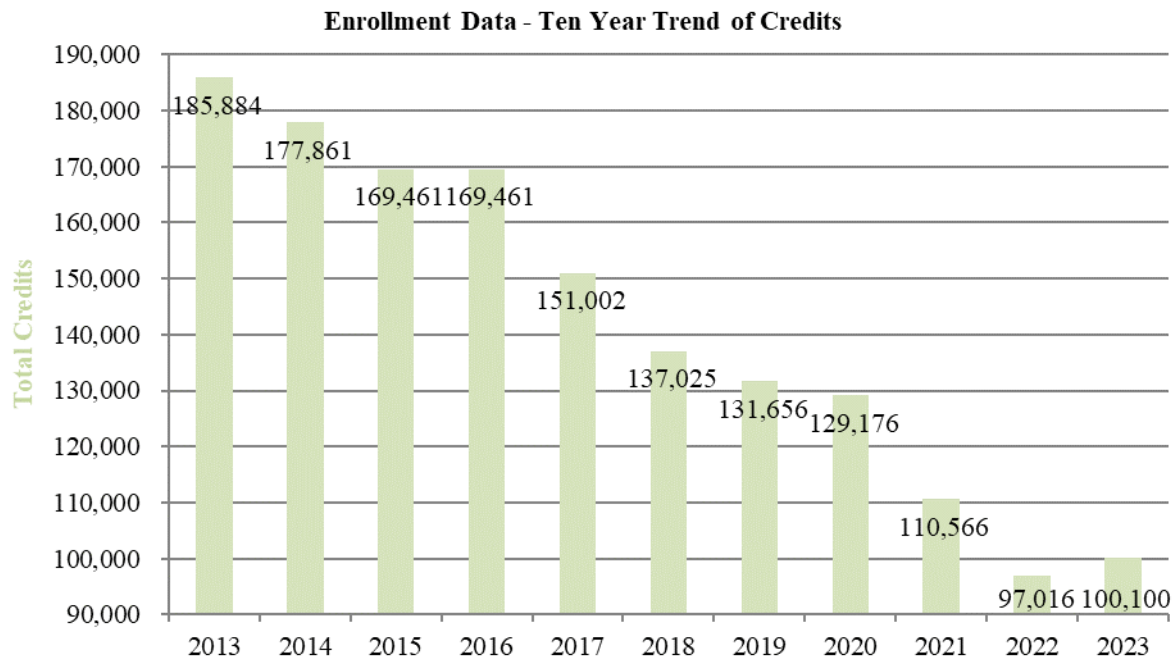


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The following chart shows the full-time equivalent (FTE) students for the years ended June 30, 2021, 2022 and 2023:



The following chart shows the total credits for the ten years ended June 30, 2012 through 2023:



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MANAGEMENT DISCUSSION AND ANALYSIS
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The following chart shows the full-time equivalent (FTE) students for the ten years ended June 30, 2013 through 2023:



Tuition Rates

The college's cost of education remains an attractive alternative to receiving a quality education. The College charged \$177 per credit hour in fiscal year 2023 that has remained unchanged since the fiscal year 2020.

Net Position and Liabilities

The following table represents the net position and liabilities of the College as of June 30, 2023, 2022 and 2021. Total assets decreased from \$130.9 million to \$127.2 million, a decrease of \$3.7 million or 2.9%. Total current assets decreased from \$26.5 million to \$22.2 million, a decrease of \$4.2 million or 16.0%. This was due primarily due to a decrease in grants receivable for pandemic relief grants that are no longer available. Total liabilities decreased from \$46.6 million to \$44.9 million, a decrease of \$1.8 million or 3.8%. The decrease in liabilities is due to the decrease in unearned revenues from pandemic relief grants that are no longer available. The net position serves as a valuable indicator of whether the financial position of the College is improving or deteriorating. As shown below, the College's financial position has improved significantly over the previous fiscal year. Net position increased from \$68.9 million to \$72.6 million, an increase of \$3.7 million or 5.31%. This improvement is due primarily to the receipt of the Higher Education Emergency Relief Fund (HEERF).

PASSAIC COUNTY COMMUNITY COLLEGE
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Net Position and Liabilities (Continued)

Overtime, increase or decrease in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. As shown below, the College's financial position has improved over the previous fiscal year. Assets, liabilities and net position as of June 30, 2023, 2022 and 2021 were as follows:

	2023	2022	2021
ASSETS			
Current Assets:			
Cash	\$ 6,759,368	\$ 5,939,973	\$ 4,388,443
Investments	4,190,167	4,467,801	-
Accounts Receivable	3,837,134	1,456,494	699,118
Grants Receivable	5,795,276	10,454,747	12,110,950
Due from the State of New Jersey	258,562	278,679	303,502
Other Receivables	415,188	2,957,025	49,951
Lease Receivables	684,910	649,405	-
Prepaid Expenses	280,930	250,503	244,820
Total Current Assets	<u>22,221,535</u>	<u>26,454,627</u>	<u>17,796,784</u>
Noncurrent:			
Capital Assets, Net	84,555,475	81,890,363	78,971,340
Lease Receivables	7,484,976	8,169,885	-
Right-of-Use Leased Assets, Net	12,936,550	14,420,503	-
Total Noncurrent	<u>104,977,001</u>	<u>104,480,751</u>	<u>78,971,340</u>
Total Assets	<u>127,198,536</u>	<u>130,935,378</u>	<u>96,768,124</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>1,650,568</u>	<u>1,207,196</u>	<u>1,844,446</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,386,458	2,695,081	2,775,086
Accrued Salaries and Benefits	645,731	612,636	463,174
Other Accrued Expenses	84,018	134,163	80,863
Compensated Absences	674,183	621,244	878,702
Unearned Revenue	1,397,633	2,260,227	1,357,021
Lease Liability	948,439	1,158,130	-
Financed Purchase Payable	365,000	350,000	335,000
Total Current Liabilities	<u>6,501,462</u>	<u>7,831,481</u>	<u>5,889,846</u>
Noncurrent Liabilities:			
Deposits Held in Custody for Others	171,242	1,504,182	1,353,431
Reserve for Expenses	-	-	231,600
Financed Purchase Payable	10,105,000	10,470,000	10,820,000
Long Term Compensated Absences	2,083,935	2,007,935	1,410,947
Lease Liability	12,717,309	13,665,748	-
Net Pension Liability	13,295,966	11,166,782	15,727,185
Total Noncurrent Liabilities	<u>38,373,452</u>	<u>38,814,647</u>	<u>29,543,163</u>
Total Liabilities	<u>44,874,914</u>	<u>46,646,128</u>	<u>35,433,009</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>11,354,689</u>	<u>16,540,509</u>	<u>7,160,743</u>
NET POSITION			
Net Investment in Capital Assets	74,085,475	71,070,363	67,816,340
Restricted Expendable for Scholarships	18,135	21,185	22,735
Unrestricted	(1,484,109)	(2,135,611)	(11,820,257)
Total Net Position	<u>\$ 72,619,501</u>	<u>\$ 68,955,937</u>	<u>\$ 56,018,818</u>

PASSAIC COUNTY COMMUNITY COLLEGE
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Net Position and Liabilities (Continued)

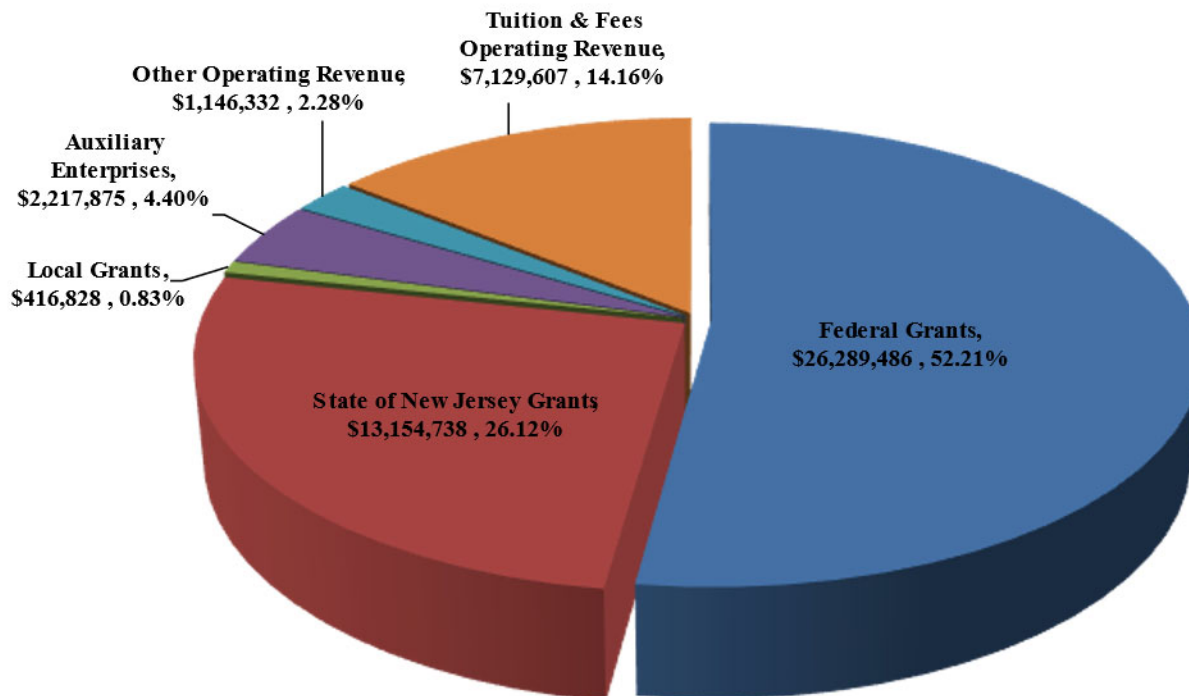
- Accounts receivable increased by \$2.4 million over the prior year primarily due to an increase in tuition revenue and phase out of tuition relief grants available to students as pandemic relief in the prior year.

Revenue

The College received revenue from the following main sources:

- | | |
|----------------------------|----------------------------|
| • Tuition and Fee Revenue; | • Auxiliary Enterprises; |
| • Federal Grants; | • Other Operating Revenue; |
| • State of Grants; | • State Appropriation; and |
| • Local Grants; | • County Appropriation. |

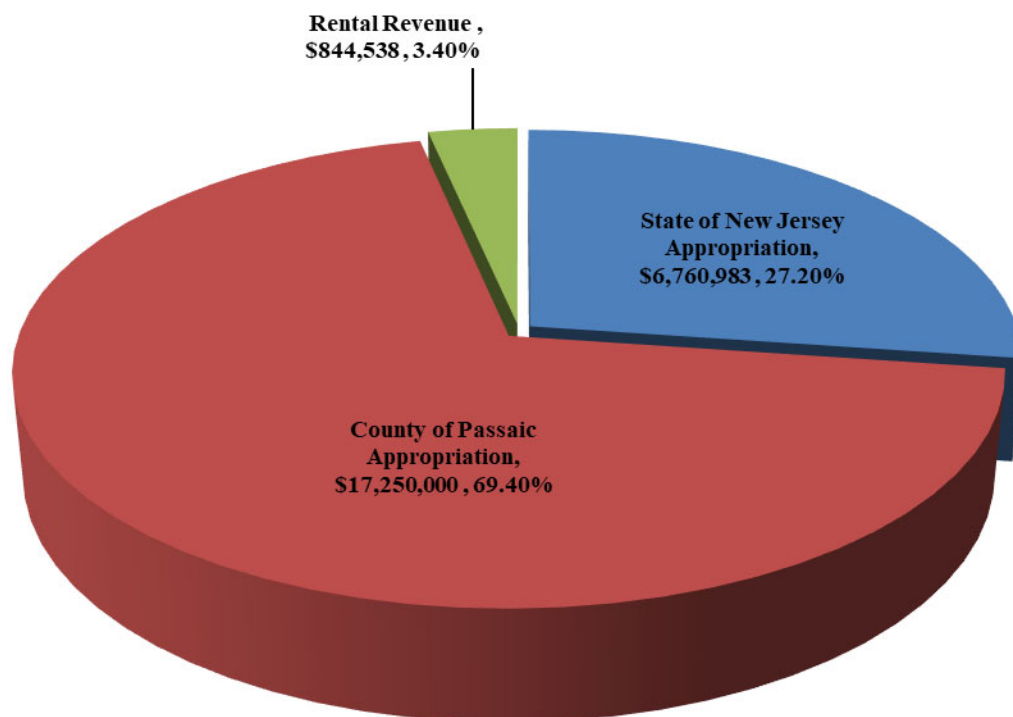
Operating Revenue for the Fiscal Year Ended June 30, 2023



PASSAIC COUNTY COMMUNITY COLLEGE
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Revenue (Continued)

Non-operating Revenue for the Fiscal Year Ended June 30, 2023



- Tuition and fees increased by \$2.1 million or 9.64%, primarily due to a modest increase in enrollment after the COVID-19 pandemic. Revenues from the State Appropriation decreased by \$.4 million, and the County Appropriation increased by \$.1 million.
- Federal grants experienced a substantial decrease of \$13.8 million primarily due to the phase out of COVID-19 pandemic relief grants.

PASSAIC COUNTY COMMUNITY COLLEGE
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Revenue, Expenses and Changes in Net Position

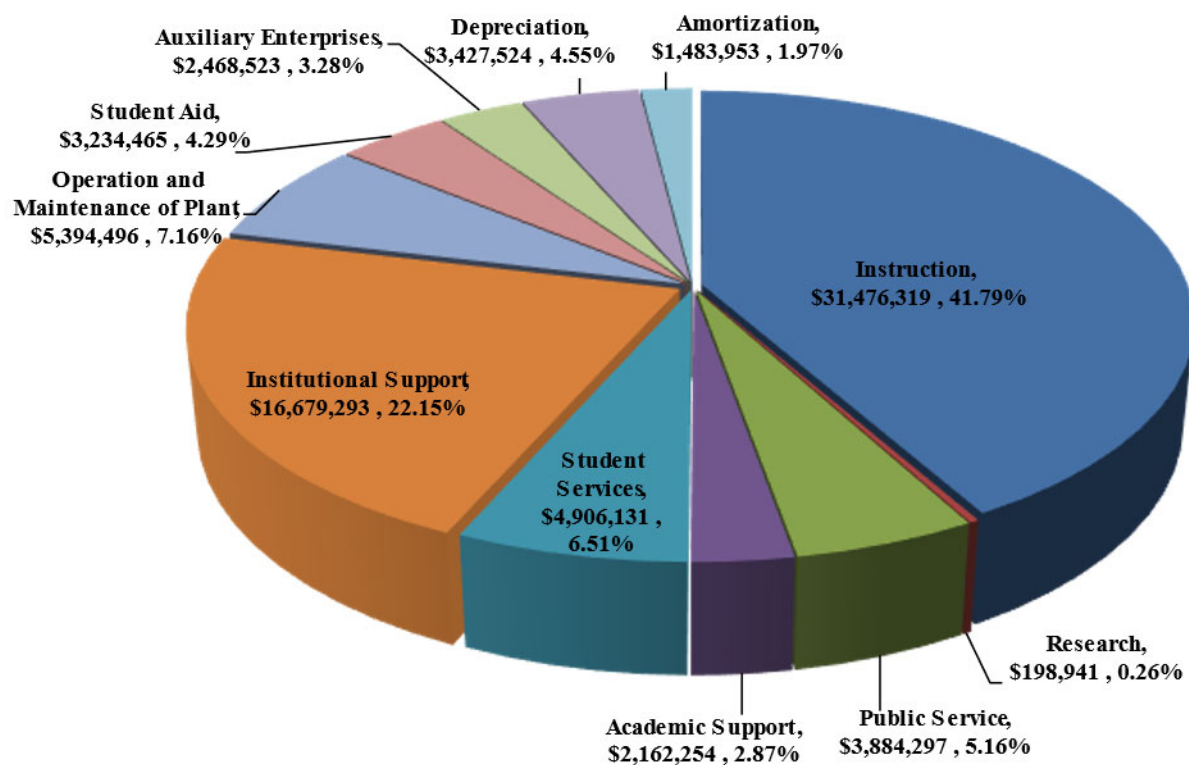
The increase in revenue was due to a modest increase in enrollment. The impact of the increase can be seen in the Net Tuition and Fees and Federal Grant Awards. A detail of revenues and net position is as follows:

	2023	2022	2021
OPERATING REVENUES			
Student Tuition and Fees	\$ 23,894,669	\$ 21,792,808	\$ 24,156,617
Less: Scholarship Allowance	(16,765,062)	(16,554,186)	(16,189,696)
Net Tuition and Fees	7,129,607	5,238,622	7,966,921
Federal Grant Awards	9,510,004	9,113,182	10,014,217
State Financial Assistance	13,154,738	11,971,268	12,153,112
Local and Sponsored Programs	416,828	728,688	581,133
Auxiliary Services	2,217,875	1,981,979	1,767,330
Other Operating Revenues	1,146,332	1,166,363	249,617
Total Operating Revenues	33,575,384	30,200,102	32,732,330
OPERATING EXPENSES			
Instruction	31,476,319	31,155,657	32,408,865
Research	198,941	197,356	164,227
Public Service	3,884,297	6,475,904	4,572,742
Academic Support	2,162,254	2,253,734	2,063,272
Student Services	4,906,131	4,790,653	4,594,114
Institutional Support	16,679,293	12,798,798	13,729,405
Operation and Maintenance of Plant	5,394,496	4,806,454	5,577,295
Student Aid	3,234,465	7,411,528	7,084,487
Auxiliary Enterprises	2,468,523	2,273,825	1,955,905
Depreciation	3,427,524	3,732,248	3,556,732
Amortization	1,483,953	1,483,953	-
Total Operating Expenses	75,316,196	77,380,110	75,707,044
Loss from Operations	(41,740,812)	(47,180,008)	(42,974,714)
NONOPERATING REVENUES (EXPENSES)			
Federal Awards:			
Pell Grants	12,322,797	10,982,174	12,546,861
Education Stabilization Fund	4,456,685	20,038,556	16,865,456
State of New Jersey Appropriations	6,760,983	7,177,531	5,288,575
Passaic County Appropriations	17,250,000	17,164,500	15,171,000
Investment Income (Loss)	84,400	(42,166)	-
Rental Revenue	844,538	846,005	1,180,892
Nonoperating Revenues (Expenses)	41,719,403	56,166,600	51,052,784
Net (Expense) Revenue and Changes in Net Position			
Before Capital Appropriations	(21,409)	8,986,592	8,078,070
Capital Appropriations	3,684,973	3,950,527	1,514,172
Change in Net Position	3,663,564	12,937,119	9,592,242
Net Position, July 1	68,955,937	56,018,818	46,426,576
Net Position, June 30	\$ 72,619,501	\$ 68,955,937	\$ 56,018,818

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
MANAGEMENT DISCUSSION AND ANALYSIS
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Revenue, Expenses and Changes in Net Position (Continued)

Operating Expenses for the Fiscal Year Ended June 30, 2023



PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Statement of Cash Flows

The financial health of the College can be further evaluated by reviewing the statement of cash flows. The primary purpose of the statement of cash flows is to provide relevant information about the cash receipt and cash payments made during the period. The statement of cash flows focuses on the College's ability to generate further net cash flows, its ability to meet obligations as they come due, and its ability to secure external financing.

The cash flows increased by \$1 million for the year-end June 30, 2022. The first two categories, operating and noncapital financial activities, reflect the basic operations of the College. These activities include tuition and fees revenue, county aid, and state appropriation net of operating expenditures. Capital and related financing activities caused a shortfall in cash flow due to the purchase of investment and capital assets.

	<u>2023</u>	<u>2022</u>
CASH FLOWS (USED) PROVIDED		
Operating Activities	\$ (42,177,676)	\$ (49,819,387)
Noncapital Financial Activities	44,766,858	58,254,008
Capital and Related Financing Activities	(2,131,821)	(2,373,124)
Investing Activities	<u>362,034</u>	<u>(4,509,967)</u>
Net Increase in Cash and Cash Equivalents	819,395	1,551,530
Cash and Cash Equivalents, July 1	5,939,973	4,388,443
Cash and Cash Equivalents, June 30	<u><u>\$ 6,759,368</u></u>	<u><u>\$ 5,939,973</u></u>

Capital Assets

As of June 30, 2023, the College had approximately \$84.6 million invested in net capital assets. Total capital assets of \$136 million consist of land, building and improvement, and machinery and equipment. These assets have accumulated depreciation of \$51.5 million. In fiscal year 2022-23, there were net capital asset additions of \$6.1 million, which includes costs for the equipment and construction of building, and net depreciation expense of \$3.4 million. A comparison of capital assets, net of depreciation, is summarized below:

	<u>2023</u>	<u>2022</u>
Non-Depreciable:		
Land	\$ 1,967,634	\$ 1,967,634
Construction in Progress	-	6,220,280
Total Non-Depreciable	<u>1,967,634</u>	<u>8,187,914</u>
Depreciable:		
Buildings and Improvements	122,073,271	110,800,897
Machinery and Equipment	<u>12,001,479</u>	<u>10,960,937</u>
Total Depreciable	134,074,750	121,761,834
Less: Accumulated Depreciation	<u>(51,486,909)</u>	<u>(48,059,385)</u>
Total Depreciable, Net	<u>82,587,841</u>	<u>73,702,449</u>
Total Capital Assets, Net	<u><u>\$ 84,555,475</u></u>	<u><u>\$ 81,890,363</u></u>

**PASSAIC COUNTY COMMUNITY COLLEGE
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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Financial Outlook

The past several years have been challenging for most colleges in the United States. A strong economy during the past decade and the pandemic have significantly impacted enrollment. The impact of the pandemic is likely to present significant challenges for years to come. The College administration continues to exercise conscientious fiscal management, as demonstrated by its careful use of resources. As a result, the institution remains committed to providing high-quality instruction at a low cost during these turbulent times. The strong financial support the College received from the federal government has allowed the College to build its fiscal reserves. Strategic use of these reserves will allow the College to transition to a new post-pandemic “normal”.

The College completed its strategic plan, establishing priorities for the next three years (2022-2025). The first goal involves increasing student completion through data analysis and high-impact practices. The second goal is to strengthen community engagement and partnerships within the College Community. The third goal is to provide innovative academic programs and training that meet the current and future needs of students, employers, and the community. The fourth goal is to enrich the student experience. The fifth and final goal of the plan is to ensure the College’s sustainability. Through implementation of this plan, the College will stabilize enrollment and ensure that resources are appropriately allocated to allow the college to prosper.

The College aggressively secures grants to fund innovative programs and enhance student experiences. The College has numerous sources of aid from entities such as the U.S. Department of Education, the U.S. Department of Labor, the NJ Department of Education, the National Science Foundation, the Corporation for National Services – NJ, and the NJ Office of the Secretary of Higher Education. In December 2022 the College was awarded approximately \$2 million from the U.S. Department of Labor to establish a training program in solar energy. In January 2023, the College was awarded approximately \$1 million from the Fund for Post-Secondary Education to re-engage students who stopped attending college.

The College and the Passaic County Technical Institute were awarded a \$25 million grant under the New Jersey Securing Our Children’s Future Bond Act to develop a Biotechnology High School where 800 students will complete an associate’s degree along with their high school diploma. The new facility will be completed on the campus of the Passaic County Technical Institute in 2023. In addition, dual enrollment and early college programs in several county high schools should lead to increased enrollment. The College remains enthusiastic about the 3+1 educational agreement with Ramapo College of New Jersey (Ramapo), which originally began in the fall of 2020. The 3+1 agreement allows students to take three (3) years of coursework at the College, with the fourth year taught at Ramapo.

The College is confident that through comprehensive planning and strong fiscal management it can thrive.

Contacting the District

This financial report is designed to provide our users of financial statements with a general overview of the College’s finance and to show the College’s accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Passaic County Community College, One College Boulevard, Paterson, NJ 07505.

BASIC FINANCIAL STATEMENTS

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,759,368	\$ 5,939,973
Investments	4,190,167	4,467,801
Accounts Receivable	3,837,134	1,456,494
Grants Receivable	5,795,276	10,454,747
Due from the State of New Jersey	258,562	278,679
Other Receivables	415,188	2,957,025
Lease Receivables	684,910	649,405
Prepaid Expenses	280,930	250,503
Total Current Assets	<u>22,221,535</u>	<u>26,454,627</u>
Noncurrent Assets:		
Capital Assets, Net	84,555,475	81,890,363
Right-of-Use Leased Assets, Net	12,936,550	14,420,503
Lease Receivables	7,484,976	8,169,885
Total Noncurrent Assets	<u>104,977,001</u>	<u>104,480,751</u>
Total Assets	<u>127,198,536</u>	<u>130,935,378</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Liabilities	<u>1,650,568</u>	<u>1,207,196</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,386,458	2,695,081
Accrued Salaries and Benefits	645,731	612,636
Other Accrued Expenses	84,018	134,163
Current Portion of Long-Term Obligations:		
Compensated Absences	674,183	621,244
Financed Purchase Payable	365,000	350,000
Lease Liability	948,439	1,158,130
Unearned Revenue	1,397,633	2,260,227
Total Current Liabilities	<u>6,501,462</u>	<u>7,831,481</u>
Noncurrent Liabilities:		
Deposits Held in Custody for Others	171,242	1,504,182
Compensated Absences	2,083,935	2,007,935
Financed Purchase Payable	10,105,000	10,470,000
Lease Liability	12,717,309	13,665,748
Net Pension Liability	13,295,966	11,166,782
Total Noncurrent Liabilities	<u>38,373,452</u>	<u>38,814,647</u>
Total Liabilities	<u>44,874,914</u>	<u>46,646,128</u>

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Lease Liabilities	\$ 7,755,012	\$ 8,601,013
Deferred Pension Liabilities	<u>3,599,677</u>	<u>7,939,496</u>
Total Deferred Inflows of Resources	11,354,689	16,540,509
NET POSITION		
Net Investment in Capital Assets	74,085,475	71,070,363
Restricted	18,135	21,185
Unrestricted	<u>(1,484,109)</u>	<u>(2,135,611)</u>
Total Net Position	<u><u>\$ 72,619,501</u></u>	<u><u>\$ 68,955,937</u></u>

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Student Tuition and Fees	\$ 23,894,669	\$ 21,792,808
Less: Scholarship Allowance	(16,765,062)	(16,554,186)
Net Tuition and Fees	7,129,607	5,238,622
Federal Awards	9,510,004	9,113,182
State Financial Assistance	13,154,738	11,971,268
Local and Private Sponsored Programs	416,828	728,688
Auxiliary Services	2,217,875	1,981,979
Other Operating Revenues	1,146,332	1,166,363
Total Operating Revenues	33,575,384	30,200,102
OPERATING EXPENSES		
Instruction	31,476,319	31,155,657
Research	198,941	197,356
Public Service	3,884,297	6,475,904
Academic Support	2,162,254	2,253,734
Student Services	4,906,131	4,790,653
Institutional Support	16,679,293	12,798,798
Operation and Maintenance of Plant	5,394,496	4,806,454
Student Aid	3,234,465	7,411,528
Auxiliary Enterprises	2,468,523	2,273,825
Depreciation	3,427,524	3,732,248
Amortization	1,483,953	1,483,953
Total Operating Expenses	75,316,196	77,380,110
Loss from Operations	(41,740,812)	(47,180,008)
NONOPERATING REVENUES (EXPENSES)		
Federal Awards:		
Pell Grants	12,322,797	10,982,174
Education Stabilization Fund	4,456,685	20,038,556
State of New Jersey Appropriations	6,760,983	7,177,531
Passaic County Appropriations	17,250,000	17,164,500
Investment Income (Loss)	84,400	(42,166)
Rental Revenue	844,538	846,005
Total Nonoperating Revenues (Expenses)	41,719,403	56,166,600
Net (Expense) Revenue and Changes in Net Position		
Before Capital Appropriations	(21,409)	8,986,592
Capital Appropriations	3,684,973	3,950,527
Change in Net Position	3,663,564	12,937,119
Net Position, July 1	68,955,937	56,018,818
Net Position, June 30	\$ 72,619,501	\$ 68,955,937

See Accompanying Notes to Financial Statements.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 21,514,029	\$ 21,035,432
Government Grants	21,659,496	21,380,986
Grant Payments	(23,461,371)	(53,226,796)
Payments to Suppliers	(31,738,439)	(3,973,462)
Payments for Employee Salaries and Benefits	(33,525,936)	(33,036,130)
Auxiliary Service Receipts	2,197,300	2,061,979
Auxiliary Service Payments	(2,461,234)	(2,284,973)
Other Receipts	3,638,479	(1,776,423)
Net Cash Used by Operating Activities	<u>(42,177,676)</u>	<u>(49,819,387)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State of New Jersey Appropriations	6,760,983	7,177,531
Passaic County Appropriations	17,250,000	17,164,500
Federal Awards:		
Pell Grants	13,332,823	9,461,292
Education Stabilization Fund	8,755,992	24,531,534
Deposits Held in Custody for Others Received	-	150,751
Deposits Held in Custody for Others Refunded	(1,332,940)	-
Reserve for Expenses Payments	-	(231,600)
Net Cash Provided by Noncapital Financing Activities	<u>44,766,858</u>	<u>58,254,008</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Leases Financing	647,941	627,728
Purchases of Capital Assets	(6,114,735)	(6,616,379)
Payments of Financed Purchase Liability	(350,000)	(335,000)
Capital Appropriations	3,684,973	3,950,527
Net Cash Used by Capital and Related Financing Activities	<u>(2,131,821)</u>	<u>(2,373,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(4,509,967)
Sale of Investments	285,985	-
Interest and Dividends, Net of Expenses	76,049	-
Net Cash Provided (Used) by Investing Activities	<u>362,034</u>	<u>(4,509,967)</u>
Net Increase in Cash and Cash Equivalents	819,395	1,551,530
Cash and Cash Equivalents, July 1	5,939,973	4,388,443
Cash and Cash Equivalents, June 30	<u>\$ 6,759,368</u>	<u>\$ 5,939,973</u>

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH		
USED BY OPERATING ACTIVATES		
Loss from Operations	\$ (41,740,812)	\$ (47,180,008)
Adjustments to Reconcile Loss from Operations to		
Net Cash Used by Operating Activities:		
Depreciation Expense	3,427,524	3,732,248
Amortization Expense	1,483,953	1,483,953
(Increase) Decrease in Assets:		
Accounts Receivable	(2,380,640)	(757,376)
Due from State of New Jersey	20,117	24,823
Grants Receivable	(649,862)	(1,315,893)
Other Receivables	2,541,837	(2,907,074)
Prepaid Expenses	(30,427)	(5,683)
(Increase) Deferred Outflows of Resources:		
Deferred Pension Liability	(443,372)	637,250
Increase (Decrease) in Liabilities:		
Accounts Payable	(286,524)	(114,897)
Accrued Salaries and Benefits	33,095	149,462
Other Accrued Liabilities	(50,145)	53,300
Compensated Absences	128,939	339,530
Unearned Grant Revenue	(792,329)	858,918
Unearned Revenue	(70,265)	44,288
Lease Liability, Net of Right-of-Use Leased Assets	(1,158,130)	(1,080,578)
Net Pension Liability	2,129,184	(4,560,403)
Increase (Deferred) Inflows of Resources:		
Deferred Pension Liability	<u>(4,339,819)</u>	<u>778,753</u>
Total Adjustments	<u>(436,864)</u>	<u>(2,639,379)</u>
Net Cash Used by Operating Activities	<u><u>\$ (42,177,676)</u></u>	<u><u>\$ (49,819,387)</u></u>
Non-Cash Investing, Capital and Financing Activities:		
(Decrease) in Allowance for Uncollectible Accounts	\$ (933,613)	\$ (955,072)

PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION, INC.
(A Component Unit of Passaic County Community College)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalent	\$ 926,617	87,101
Cash Equivalents - Held by Passaic County Community College	-	789,183
Investments	136,567	136,294
Accounts Receivable	879,031	35,008
Contribution Receivable	-	95,000
Endowment Investments	26,115	23,805
Total Current Assets	<u>1,968,330</u>	<u>1,166,391</u>
Capital Assets, Net	4,557,688	4,626,376
Other Assets:		
Deferred Rent Asset	<u>29,902</u>	<u>-</u>
Total Assets	<u><u>\$ 6,555,920</u></u>	<u><u>\$ 5,792,767</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current Liabilities:		
Deposits Held in Custody for Passaic County Community College	\$ 537,541	\$ -
Accounts Payable	18,344	8,000
Mortgage Payable	195,126	300,504
Total Current Liabilities	<u>751,011</u>	<u>308,504</u>
Long-Term Liabilities:		
Mortgage Payable	788,873	974,694
Total Liabilities	<u>1,539,884</u>	<u>1,283,198</u>
Net Assets:		
Without Donor Restrictions	4,808,395	4,185,607
With Donor Restrictions	207,641	323,962
Total Net Assets	<u>5,016,036</u>	<u>4,509,569</u>
Total Liabilities and Net Assets	<u><u>\$ 6,555,920</u></u>	<u><u>\$ 5,792,767</u></u>

See Accompanying Notes to Financial Statements.

PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION, INC.
(A Component Unit of Passaic County Community College)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Rental Income	\$ 683,531	\$ -	\$ 683,531	\$ 531,044	\$ -	\$ 531,044
Bookstore Commissions	71,325	-	71,325	120,145	-	120,145
Contributions	18,540	129,808	148,348	17,580	300,606	318,186
In-Kind Salaries	77,070	-	77,070	72,191	-	72,191
Other Revenue	14,377	-	14,377	77,183	-	77,183
Vending Machine Revenue	32,845	-	32,845	20,233	-	20,233
Interest	-	-	-	-	-	-
Investment Income, Net of Advisory Fees	273	109	382	302	55	357
Net Unrealized Gain (losses)	-	2,201	2,201	-	(1,250)	(1,250)
Special Events	119,190	-	119,190	13,030	-	13,030
Less: Cost of Direct Benefits to Donors	(45,590)	-	(45,590)	(6,389)	-	(6,389)
Net Special Event Revenue	73,600	-	73,600	6,641	-	6,641
Net Assets Released from Restrictions						
Satisfaction of Program Restrictions	248,439	(248,439)	-	243,202	(243,202)	-
Total Revenues	1,220,000	(116,321)	1,103,679	1,088,521	56,209	1,144,730
EXPENSES						
Program Expenses:						
Scholarships	185,703	-	185,703	227,282	-	227,282
Literacy Training	62,736	-	62,736	15,920	-	15,920
Management and Professional Fees:						
In-Kind Salaries	77,070	-	77,070	72,191	-	72,191
Depreciation	68,688	-	68,688	68,688	-	68,688
Interest Expense	53,604	-	53,604	68,282	-	68,282
Personnel	70,162	-	70,162	50,096	-	50,096
Insurance Expense	58,250	-	58,250	47,580	-	47,580
License and Professional Fees	11,394	-	11,394	21,138	-	21,138
Office Expense	9,605	-	9,605	9,157	-	9,157
Total Expenses	597,212	-	597,212	580,334	-	580,334
Change in Net Assets	622,788	(116,321)	506,467	508,187	56,209	564,396
Net Assets, July 1	4,185,607	323,962	4,509,569	3,677,420	267,753	3,945,173
Net Assets, June 30	\$ 4,808,395	\$ 207,641	\$ 5,016,036	\$ 4,185,607	\$ 323,962	\$ 4,509,569

See Accompanying Notes to Financial Statements.

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Passaic County Community College (the “College”), a component unit of Passaic County, New Jersey was established as a unit of the New Jersey Master Plan for Higher Education and is one of nineteen New Jersey county colleges. The College offers pre-baccalaureate preparation (A.S. and A.A. degrees) as well as programs and certificates which are designed to prepare students for employment (A.A.S. degrees). The purpose of the College is to offer high quality programs and services which are affordable, accessible, and community centered. All programs and services are designed to meet the educational needs of a diverse community and to promote the economic, technological, cultural, social and civic development of Passaic County and its service areas.

Reporting Entity

These financial statements present the College, (a Component Unit of Passaic County, New Jersey), and its discretely presented component unit, Passaic County Community College Foundation, Inc.

Component Unit

The College adopted the GASB Statement, *Determining Whether Certain Organizations Are Component Unit*. The GASB Statement establishes additional guidance on the application of existing standards for the assessment of potential component units in determining the financial reporting entity.

Passaic County Community College Foundation, Inc (the “Foundation”) was organized under a separate Board of Trustees from the College in 1976 for the benefit of the College, faculty and students of the College, and the community. The primary function of the Foundation is to obtain contributions and award scholarships. The Board is responsible for their own accounting and finance related activities; however, the College’s governing board has fiscal responsibility over the Foundation. The financial activities of the Foundation have been discretely presented. Separate financial statement of the Foundation may be obtained through the College.

Basis of Presentation

The College’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public colleges and universities, through its pronouncements (Statements and Interpretations). The College is also required to follow Accounting Principle Boards (APB) opinions and, Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure, unless those pronouncements conflict with or contradict GASB pronouncements. The College has the option to apply FASB pronouncements and APB opinions issued after November 30, 1989 and the College has chosen to do so. The more significant accounting policies established in GAAP and used by the college is discussed on the following page.

The College prepares its financial statements in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis for Public Colleges and Universities*.

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are generally recognized when earned and expenses are recognized at the time the liability is incurred, regardless of when the related cash flows take place.

State and County appropriations are reported as a business-type activity. Business type activities are required to be used for operations for which a fee is charged to external users for good or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. State and County appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider has been set.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

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

The College has implemented GASB 87 for the period ending June 30, 2022. The changes adopted conform to the provisions of this Statement and are effective from July 1, 2021 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

Effective for the fiscal year ended June 30, 2023, the College adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The objective of Statement No. 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The College adopted GASB Statement No. 96 effective July 1, 2022, however, management determined that there were no material SBITA that required capitalization for the year ended June 30, 2023.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primary consist of tuition and fee charges to students and charge backs due from counties. Accounts receivable are recorded net of an estimated uncollectible amounts. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable represent amounts expended under grants awarded to the College and have been recorded as revenues as expended.

Capital Assets

Capital assets include land, land improvements, buildings and equipment. Such assets are recorded at historical cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add value to the asset are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	15-30 Years
Improvements	7-30 Years
Equipment and Fixtures	3-7 Years
Vehicles	5 Years

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements, deferred outflows and/or inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) and/or inflow of resources (revenue) until then. The College has the deferred amounts on net pension liability that qualifies for reporting in this category. Deferred amounts on net pension liability are reported in the statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years. In addition, the College reports deferred inflows of leases in the statement of net position.

Unearned Revenue

Tuition and fee revenues collected during the fiscal year which relate to the period after the fiscal year end have been recognized as deferred revenues. In addition, income from federal, state and local grants is considered unearned until recognized over the periods to which the expenses relate.

Non-Current Liabilities

Non-Current liabilities consist primarily of deposits held in custody for others, compensated absences, financed purchase liability, lease payable, and net pension liability.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The College accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB), "Accounting for Compensated Absences". 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.

Pensions

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

Net Position

Net Position is classified as net position and displayed in three components:

Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted:

Nonexpendable – Net position to externally imposed stipulations that they be maintained permanently by the College. There were no nonexpendable restricted net positions as of June 30, 2023 and 2022.

Expendable – Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to the stipulations or that expire with the passage of time.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Revenue Recognition

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarship expense and are recognized in the period earned.

Grants and contracts revenue is comprised mainly of revenues received from grants from the State of New Jersey and the federal government and are recognized as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as unearned revenue in the accompanying financial statements. Revenue from state and county appropriations is recognized in the fiscal year during which the State of New Jersey and Passaic County appropriates the funds to the College.

Classification of Revenue and Expenses

Revenues and expenses are those that serve the College's principal purpose and generally result from exchange transactions, such as payment received for services and payment made for the purchase of goods and services. Operating revenues include: (1) student tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises; and (3) most federal, state, and local grants and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the state and county and net investment income.

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the differences between the stated charge of goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

County of Passaic Capital Support

Passaic County is responsible for the issuance of Bonds and Notes for the College's capital expenditures which are financed by Bond Ordinances. Passaic County is also responsible for the payment of interest on issued debt and the retirement of such obligations. Accordingly, the debt is reported in the financial statements of Passaic County and is not included in the accompanying financial statements of the College. Passaic County adopts capital ordinances to fund certain capital expenditures of the College. The College receives Passaic County Bond monies to fund its plant expenditures. Unexpended money in the current year is generally available for capital expenditures in subsequent years.

Income Taxes

The College is exempt from federal income taxes under Internal Revenue Code Section 115.

Reclassifications

Certain amounts have been reclassified to the financial statements for the year ended June 30, 2023 to conform to current year presentation.

Subsequent Event

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 through November 17, 2023, the date that the financial statements were available to be issued.

Recently Issued Accounting Pronouncements to be implemented in future years

The College is currently reviewing the following for applicability and potential impact on the financial statements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of the Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

PASSAIC COUNTY COMMUNITY COLLEGE
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NOTE 2. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the College considers cash and cash equivalents to be currency on hand, demand deposits with banks, and investment accounts and liquid investments with a maturity of three months or less when purchased.

The College has adopted a cash management plan that requires it to deposit public funds into institutions located in New Jersey by the Federal Deposit Insurance Corporation ("FDIC") or in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Sec. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

All cash and cash equivalents on deposit are partially insured by the FDIC up to \$250,000 for each depository. Deposits in excess of FDIC limits are entirely insured or collateralized by a collateral pool maintained by public depositories as required by Governmental Unit Deposit Protection Act GUDPA.

As of June 30, 2023 and 2022, none of the College's bank balances of \$7,956,802 and \$7,878,122 were exposed to either custodial credit risk or foreign currency risk.

At June 30, 2023 and 2022, the College's deposits are summarized as follows:

	2023	2022
Insured - FDIC	\$ 250,000	\$ 250,000
Insured - GUDPA	7,706,802	7,628,122
	<u>\$ 7,956,802</u>	<u>\$ 7,878,122</u>

Bank deposits as of June 30, 2023 and 2022, respectively are required to be classified as to credit risk. Deposits are considered to be exposed to custodial credit risk if they 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 name of the College.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the College will not be able to recover deposits or collateral securities that are in the possession of an outside party. The College does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the College's name.

PASSAIC COUNTY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the College's deposits as of June 30, 2023 and 2022 are held in foreign currency.

Under GUDPA, financial institutions are not required to pledge collateral for amounts covered by FDIC insurance. Noninterest-bearing transaction accounts are insured by the Dodd-Frank Deposit Insurance Provision of the FDIC. The amount noted as "GUDPA Insured" above includes deposits covered by the Dodd-Frank Provision as well as GUDPA.

NOTE 3. INVESTMENTS

The College has limited the investment of assets to cash and cash equivalent and fixed income, municipal bonds. The College uses institutional asset management which is a member FDIC.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits and investments may not be return to it. The College does not have a policy for custodial credit risk for its investments.

Credit Risk - The College does not have an investment policy regarding the management of credit risk. GASB requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk - Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limit on the amount the College may invest in any one issuer.

Investments Measured at Fair Value - Per GASB No. 72, fair value is described as an exit price. Fair value measurements assume a transaction takes place in government's principal market or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming the general market participants would act in their economic best interest. Fair value does not take into consideration transaction costs.

All investments are classified within Level 1 because they comprise cash and cash equivalent and municipal bonds with readily determinable fair values based on daily redemption values.

The fair value of the College's investments at June 30, 2023 and 2022:

Investment Type	2023		
	At Cost	Unrealized (Losses)	Fair Value
Fixed Income - U.S. Treasury Notes	\$ 4,223,982	\$ (33,815)	\$ 4,190,167
Investment Type	2022		
	At Cost	Unrealized (Losses)	Fair Value
Fixed Income - U.S. Treasury Notes	\$ 4,509,967	\$ (42,166)	\$ 4,467,801

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3. INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2023 and 2022:

	2023	2022
Investment Income:		
Net Unrealized Gains (Losses)	\$ 8,351	\$ (42,166)
Interest and Dividends	88,112	-
Total Investment Income	96,463	(42,166)
Less Investment Expense	(12,063)	-
Net Investment Income	\$ 84,400	\$ (42,166)

NOTE 4. ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2023 and 2022, the College's accounts receivable were as follows:

	2023	2022
Accounts Receivable:		
Tuition and Fees	\$ 33,380,998	\$ 31,933,971
Less: Allowance for Doubtful Accounts	(29,543,864)	(30,477,477)
Total Accounts Receivable	\$ 3,837,134	\$ 1,456,494

At June 30, 2023 and 2022, the College's grants receivable were as follows:

	2023	2022
Grants Receivable:		
Federal Sources	\$ 5,206,054	\$ 9,994,790
State Sources	304,746	290,266
Local Sources	284,476	169,691
Total Grants Receivable	\$ 5,795,276	\$ 10,454,747

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5. LEASE RECEIVABLE AND ARRANGEMENTS

The college's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for applicable lease. Under lease agreements, the College receives variable utility payments that are dependent upon utility usage. The variable payments are recorded as an inflow of resources in the period the payment is received.

The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

Future deferred inflows on noncancellable lease at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 684,910	\$ 408,664	\$ 1,093,574
2025	734,865	371,888	1,106,753
2026	774,922	332,710	1,107,632
2027	829,670	291,140	1,120,810
2028	874,776	246,914	1,121,690
2029 - 2033	4,270,743	490,512	4,761,255
Total	<u>\$ 8,169,886</u>	<u>\$ 2,141,828</u>	<u>\$ 10,311,714</u>

Lessor Arrangements:

The College leases space in Memorial Hall, Paterson, New Jersey (entire first and second floors) to the State of New Jersey, division of employment, unemployment & vocational rehabilitation and the Passaic County Workforce Development Center, One Stop Career Center. In accordance with GASB 87, the College records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate implicit in the lease agreement. Variable payments are excluded from the valuations unless they are fixed in substance. During the year ended June 30, 2023, the College recognized \$844,538 in lease revenue and \$443,290 in interest revenue related to these agreements, respectively. During the year ended June 30, 2023, the College does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

Lease Type	Number of Contracts	Lessees	Average Rate	Lease Terms	Average Annual Leasee Payment
Buildings	1	Passaic County One Stop	5.20%	9/1/2012 - 8/31/2032	\$ 497,000
Buildings	1	State of New Jersey	5.20%	9/1/2012 - 8/31/2032	349,000

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NOTE 6. CAPITAL ASSETS

The detail of capital asset activity for the year ended June 30, 2023, is as follows:

	Balance at June 30, 2022	Additions/ Transfers	Reinstatement	Balance at June 30, 2023
Capital Assets:				
Non-Depreciable:				
Land	\$ 1,967,634	\$ -	\$ -	\$ 1,967,634
Construction in Progress	542,977	(542,977)	-	-
Total Non-Depreciable Capital Assets	<u>2,510,611</u>	<u>(542,977)</u>	<u>-</u>	<u>1,967,634</u>
Depreciable:				
Buildings and Improvements	116,478,200	5,595,071	-	122,073,271
Machinery and Equipment	<u>10,960,937</u>	<u>1,040,542</u>	<u>-</u>	<u>12,001,479</u>
Total at Historical Cost	<u>127,439,137</u>	<u>6,635,613</u>	<u>-</u>	<u>134,074,750</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(40,009,156)	(2,626,010)	-	(42,635,166)
Machinery and Equipment	<u>(8,050,229)</u>	<u>(801,514)</u>	<u>-</u>	<u>(8,851,743)</u>
Total Accumulated Depreciation	<u>(48,059,385)</u>	<u>(3,427,524)</u>	<u>-</u>	<u>(51,486,909)</u>
Depreciable Capital Assets, Net	<u>79,379,752</u>	<u>3,208,089</u>	<u>-</u>	<u>82,587,841</u>
Capital Assets, Net	<u>\$ 81,890,363</u>	<u>\$ 2,665,112</u>	<u>\$ -</u>	<u>\$ 84,555,475</u>

The detail of capital asset activity for the year ended June 30, 2022, is as follows:

	Balance at June 30, 2021	Additions/ Transfers	Reinstatement	Balance at June 30, 2022
Capital Assets:				
Non-Depreciable:				
Land	\$ 1,967,634	\$ -	\$ -	\$ 1,967,634
Construction in Progress	2,354,374	(1,811,397)	-	542,977
Total Non-Depreciable Capital Assets	<u>4,322,008</u>	<u>(1,811,397)</u>	<u>-</u>	<u>2,510,611</u>
Depreciable:				
Buildings and Improvements	109,277,014	5,756,186	1,445,000	116,478,200
Machinery and Equipment	<u>8,254,455</u>	<u>2,706,482</u>	<u>-</u>	<u>10,960,937</u>
Total Depreciable Capital Assets	<u>117,531,469</u>	<u>8,462,668</u>	<u>1,445,000</u>	<u>127,439,137</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(35,939,518)	(2,624,638)	(1,445,000)	(40,009,156)
Machinery and Equipment	<u>(6,942,619)</u>	<u>(1,107,610)</u>	<u>-</u>	<u>(8,050,229)</u>
Total Accumulated Depreciation	<u>(42,882,137)</u>	<u>(3,732,248)</u>	<u>(1,445,000)</u>	<u>(48,059,385)</u>
Depreciable Capital Assets, Net	<u>74,649,332</u>	<u>4,730,420</u>	<u>-</u>	<u>79,379,752</u>
Capital Assets, Net	<u>\$ 78,971,340</u>	<u>\$ 2,919,023</u>	<u>\$ -</u>	<u>\$ 81,890,363</u>

Depreciation expense was \$3,427,524 and \$3,732,248 for the years ended June 30, 2023 and 2022, respectively.

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NOTE 7. RIGHT-OF-USE LEASED ASSETS

The amount of leased assets (intangible right of use assets) by major classes of underlying assets at June 30, 2023 and 2022, respectively, are as follows:

	Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023
Right-of-Use Leased Assets:				
Buildings	\$ 1,976,397	\$ -	\$ -	\$ 1,976,397
Parking Garage	13,928,059	-	-	13,928,059
Total Right-of-Use Leased Assets	<u>15,904,456</u>	<u>-</u>	<u>-</u>	<u>15,904,456</u>
Less: Accumulated Amortization:				
Buildings	(471,003)	(471,003)	-	(942,006)
Parking Garage	(1,012,950)	(1,012,950)	-	(2,025,900)
Total Accumulated Amortization	<u>(1,483,953)</u>	<u>(1,483,953)</u>	<u>-</u>	<u>(2,967,906)</u>
Total Right-of-Use Leased Assets, Net	<u>\$ 14,420,503</u>	<u>\$ (1,483,953)</u>	<u>\$ -</u>	<u>\$ 12,936,550</u>
	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
Right-of-Use Leased Assets:				
Buildings	\$ -	\$ 1,976,397	\$ -	\$ 1,976,397
Parking Garage	-	13,928,059	-	13,928,059
Total Right-of-Use Leased Assets	<u>-</u>	<u>15,904,456</u>	<u>-</u>	<u>15,904,456</u>
Less Accumulated Amortization:				
Buildings	-	(471,003)	-	(471,003)
Parking Garage	-	(1,012,950)	-	(1,012,950)
Total Accumulated Amortization	<u>-</u>	<u>(1,483,953)</u>	<u>-</u>	<u>(1,483,953)</u>
Total Right-of-Use Leased Assets, Net	<u>\$ -</u>	<u>\$ 14,420,503</u>	<u>\$ -</u>	<u>\$ 14,420,503</u>

Amortization expense was \$1,483,953 and \$1,483,953 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8. UNEARNED REVENUES

At June 30, 2023 and 2022, the College's unearned revenues were as follows:

	2023	2022
Unearned Revenue:		
Tuition and Fees	\$ 164,613	\$ 234,878
Grant Revenue:		
Federal Sources	743,240	1,338,282
State Sources	356,045	511,252
Local Sources	133,735	175,815
	<u>1,233,020</u>	<u>2,025,349</u>
Total Unearned Revenue	<u>\$ 1,397,633</u>	<u>\$ 2,260,227</u>

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NOTE 9. NON-CURRENT LIABILITIES

During the years ended June 30, 2023 and 2022, the following changes occurred in the College's non-current liabilities:

	Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023	Current Portion	Noncurrent Portion
Noncurrent Liabilities:						
Deposits Held in Custody of Others	\$ 1,504,182	\$ -	\$ (1,332,940)	\$ 171,242	\$ -	\$ 171,242
Compensated Absences	2,629,179	750,183	(621,244)	2,758,118	674,183	2,083,935
Financed Purchase Payable	10,820,000	-	(350,000)	10,470,000	365,000	10,105,000
Lease Liability	14,823,878	-	(1,158,130)	13,665,748	948,439	12,717,309
Net Pension Liability	11,166,782	-	2,129,184	13,295,966	-	13,295,966
Total Noncurrent Liabilities	<u>\$ 40,944,021</u>	<u>\$ 750,183</u>	<u>\$ (1,333,130)</u>	<u>\$ 40,361,074</u>	<u>\$ 1,987,622</u>	<u>\$ 38,373,452</u>
	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022	Current Portion	Noncurrent Portion
Noncurrent Liabilities:						
Deposits Held in Custody of Others	\$ 1,353,431	\$ 150,751	\$ -	\$ 1,504,182	\$ -	\$ 1,504,182
Compensated Absences	2,289,649	496,524	(156,994)	2,629,179	621,244	2,007,935
Financed Purchase Payable	11,155,000	-	(335,000)	10,820,000	350,000	10,470,000
Lease Liability	-	14,823,878	-	14,823,878	1,158,130	13,665,748
Net Pension Liability	15,727,185	-	(4,560,403)	11,166,782	-	11,166,782
Total Noncurrent Liabilities	<u>\$ 30,525,265</u>	<u>\$ 15,471,153</u>	<u>\$ (5,052,397)</u>	<u>\$ 40,944,021</u>	<u>\$ 2,129,374</u>	<u>\$ 38,814,647</u>

Compensated Absences

College's employees are granted varying amounts of vacation and sick leave in accordance with the College's personnel policy. 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 employees shall be paid by the College for the unused sick leave in accordance with the College's agreements with the various employee unions. The College policies allow for payments of accumulated sick time, not to exceed \$15,000, to employees with ten years of service or more. In the Statement of Net Position, the liabilities are reported in two components – current (amounts due within one year) and noncurrent (amounts due in more than one year). The College accrues the liability for these compensated absences in the periods that they are earned. The current portion of this liability is based on historical trends.

Financed Purchase Payable

On December 1, 2010, the College entered into a financed purchase agreement with the New Jersey Education Facilities Authority (NJEFA) for the construction of a three (3) story building on the campus of the College at Memorial Hall, Paterson, New Jersey. Under the terms of the agreement, the College paid all construction costs for the building and received reimbursement from NJEFA. NJEFA issued \$13,635,000 of New Jersey Educational Facilities Authority Revenue Bonds, Series 2010C, to finance the construction of the building, fund capitalized interest on the Bonds and to pay the cost of issuance. This bond has been defeased by issuance of Series 2020 bond.

On July 1, 2020, The Passaic County Improvement Authority (the "Authority") issued \$11,475,000 of County Guaranteed Lease Revenue Refunding Bonds, Series 2020. The Bonds are being issued by the Authority to provide funds which will be used to refund a portion of the outstanding principal amount of Series 2010C, specifically the 2010 bonds maturing on or after July 1, 2021, and pay the costs of issuance of the Bonds. The Series 2010C series has been defeased and are not recorded on the financial statements. The College and the Authority entered into a financed purchase agreement, dated as of July 1, 2020 for occupancy of a three (3) story building on the campus of the College at Memorial Hall, Paterson, New Jersey.

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NOTE 9. NON-CURRENT LIABILITIES (Continued)

Finance Purchase Payable (Continued)

The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2023:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 365,000	\$ 553,100	\$ 918,100
2025	385,000	535,050	920,050
2026	400,000	515,613	915,613
2027	425,000	494,722	919,722
2028	445,000	472,475	917,475
2029 - 2033	2,605,000	1,985,294	4,590,294
2034 - 2038	3,365,000	1,222,830	4,587,830
2039 - 2041	2,480,000	281,180	2,761,180
Total	<u>\$ 10,470,000</u>	<u>\$ 6,060,264</u>	<u>\$ 16,530,264</u>

When the term of this agreement has expired and the Authority has certified that all of the outstanding Bonds have been paid or provision for payment duly made, and the Trustee has certified to the Authority that all of the Outstanding Bonds, including the principal, redemption premium, if any, and interest, all swap payments.

Obligations, swap termination payments and all other obligations incurred by the Authority in connection with the project or otherwise due and owing under the indenture have been paid, or that sufficient funds for such payment in full are held in trust by the Trustee, the Authority shall transfer all its rights, title and interest in and to the building to the College by deed or deeds in form satisfactory to the Authority.

Lease Liability

The College has entered into various lease agreements for office space and teaching spaces from the Passaic County Community College Foundation (the "Foundation") and parking garage from the Passaic County Improvement Authority. In accordance with GASB 87, the College records intangible right-of-use leased assets and lease liabilities based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the College's incremental borrowing rate. Variable payments are excluded from the valuation unless they are fixed in substance. The College does not have any leases subject to residual value guarantee. The intangible right-of-use leased assets are amortized over the shorter of the lease term or the underlying asset useful life. The intangible right-of-use leased assets total \$15,904,456 and accumulated amortization totaled \$2,936,550, respectively. The lease commitments expire at various dates. See note 7 for more information on leased assets (intangible right-of-use leased assets) by major classes of underlying assets at June 30, 2023. The general terms lease arrangements are as follows:

Lease Type	Number of Contracts	Lessors	Average Rate	Lease Terms	Average Annual Lease Payment
Buildings	3	The Foundation	6.00%	7/1/2008 - 12/1/2030	\$ 177,000
Parking Garage	2	Passaic County Improvement Authority	6.00%	6/1/2005 - 4/15/2035	1,465,000

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9. NON-CURRENT LIABILITIES (Continued)

Lease Liability (Continued)

The following is a schedule of the future minimum payments under the noncancellable lease at June 30, 2023:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 948,439	\$ 794,144	\$ 1,742,583
2025	1,009,733	735,571	1,745,304
2026	1,074,892	673,214	1,748,106
2027	1,084,039	607,286	1,691,325
2028	1,030,066	544,898	1,574,964
2029 - 2033	8,518,579	1,840,049	10,358,628
Total	<u>\$ 13,665,748</u>	<u>\$ 5,195,162</u>	<u>\$ 18,860,910</u>

NOTE 10. RETIREMENT SYSTEMS

All required employees of the College are covered by either the State of New Jersey Public Employees' Retirement System (PERS) or the Alternate Benefit Plan (ABP), which presently makes contributions to Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA/CREF), Hartford, MetLife, AXA Financial, ING, Prudential and VALIC. The PERS system is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits public employee retirement system. The ABP alternatives are administered by a separate Board of Trustees. Generally, all employees, except certain part-time employees, participate in one of these plans.

The PERS was established in January 1955 under the provisions of N.J.S.A. 43:15A and provides coverage to substantially all full-time employees of the College provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Employees eligible for enrollment after June 30, 2007 but before November 2, 2008
3	Employees eligible for enrollment after November 2, 2008 but before May 22, 2010
4	Employees eligible for enrollment after May 22, 2010 but before June 28, 2011
5	Employees eligible for enrollment after June 28, 2011

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

According to state law, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated.

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NOTE 10. RETIREMENT SYSTEMS (Continued)

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the PERS. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, members contribute at a rate of 7.5%. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of all retirement system de

The College's and employees' contributions to PERS for the past three years were as follows:

Year Ended June 30,	College Contribution		Employee Contributions	Pensionable Employee Salaries
	Normal Cost and Accrued Liability	Percentage of Covered Payroll		
2023	\$ 1,111,022	17.98%	\$ 447,969	\$ 5,972,908
2022	1,103,921	16.84%	462,736	6,177,887
2021	1,055,028	15.40%	491,661	6,555,427

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

At June 30, 2023 and 2022, the College's net pension liability for PERS was \$13,295,966 and \$11,166,782, respectively.

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 that date. 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 entities, actuarially determined. At June 30, 2023, the College's proportion was 0.08800%, which was an decrease of 0.00620% from its proportion measured as of June 30, 2022. At June 30, 2022, the College's proportion was 0.09430%, which was an decrease of 0.0021% from its proportion measured as of June 30, 2021.

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NOTE 10. RETIREMENT SYSTEMS (Continued)

For the year ended June 30, 2023 and 2022, the College recognized pension expense of \$(1,565,084) and \$(2,005,589), respectively. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$ 11,337	\$ -	\$ 96,174	\$ -
Changes in assumptions	-	1,949,737	-	3,917,291
Net differences between projected and actual investment earnings on pension plan investments	550,308	-	-	2,941,624
Changes in proportion	-	1,649,940	-	1,080,581
District contributions subsequent to measurement date	1,088,923	-	1,111,102	-
Total	<u>\$ 1,650,568</u>	<u>\$ 3,599,677</u>	<u>\$ 1,207,276</u>	<u>\$ 7,939,496</u>

College contributions subsequent to the measurement date for fiscal years ended June 30, 2023 and 2022 in the amount of \$1,088,923 and \$1,111,102 are recognized as a reduction of the net pension liability subsequent to the corresponding fiscal year ended.

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

Year Ended June 30,	
2024	\$ (1,793,368)
2025	(997,184)
2026	(610,533)
2027	373,708
2028	(10,655)
	<u>\$ (3,038,032)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. These actuarial valuations used the following actuarial assumptions applied to all periods in the measurement.

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NOTE 10. RETIREMENT SYSTEMS (Continued)

	2023	2022
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:	2.75 - 6.55%	2.00 - 6.00%
Through 2026	based on years of service	based on years of service
Thereafter	3.00 - 7.00%	3.00 - 7.00%
	based on years of service	based on years of service
Investment rate of return	7.00%	7.00%

For the year ended June 30, 2022, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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.

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NOTE 10. RETIREMENT SYSTEMS (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 and 2022 are summarized in the following table:

Asset Class	2023		2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%	27.00%	8.09%
Non U.S. Developed Market Equity	13.50%	8.38%	13.50%	8.71%
Emerging Market Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Assets	8.00%	11.19%	8.00%	9.15%
Real Estate	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	95.00%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7% 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 non-employer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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 net pension liability of the as of June 30, 2023 and 2022 (June 30, 2022 and 2021, respectively Measurement Date), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2023		
	1% Decrease (6.00)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PERS net pension liability	\$ 17,081,422	\$ 13,295,966	\$ 10,074,391
	2022		
	1% Decrease (6.00)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PERS net pension liability	\$ 15,206,893	\$ 11,166,782	\$ 7,738,176

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NOTE 10. RETIREMENT SYSTEMS (Continued)

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Payable to the pension plan

At June 30, 2023 and 2022, respectively, the College reported accounts payable to the PERS of \$1,088,923 and \$1,111,102 for the required actuarially determined contribution to PERS for the years ended.

Alternate Benefit Program Information (ABP)

ABP provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for, or on behalf of, those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and non-contributory requirements are established by the State of New Jersey Retirement and Social Security Law.

Employer contributions to ABP are paid by the State of New Jersey; however, such contributions have not been reflected as revenue and expense in the accompanying financial statements.

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum federal statutory limit, on a pre-tax basis. Employer contributions are 8%. The State of New Jersey reimburses the College a portion of employer contributions for certain classified positions relating to direct student education.

The College's and employees' contributions to ABP for the past three years were as follows:

Year Ended June 30,	Employer Contribution		Employee Contributions	Contributable Employee Salaries
	Gross College Paid	State Reimbursed		
2023	\$ 1,489,250	\$ 932,272	\$ 930,781	\$ 18,615,620
2022	1,458,233	956,222	911,396	18,227,914
2021	1,421,642	1,027,837	888,526	17,770,519

NOTE 11. POST-RETIREMENT MEDICAL BENEFITS

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the State Health Benefit Local Education Retired Employees Plan (Local Education Retired Plan) covering certain county college employees, including those county college employees and retirees eligible for coverage.

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NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description and Benefits Provided (Continued)

The Local Education Retired Plan is a multiple-employer defined benefit other post-employment benefit (OPEB) plan that is administered by the State 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 Benefit Other Than Pensions*. The Local Education Retired Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State 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 retired 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 postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Measurement Focus and Basis of Accounting

The financial statements of the post-retirement health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

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NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2022 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$3.52 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for PERS and ABP retirees' post-retirement benefits on behalf of the College for the years ended June 30, 2023, 2022 and 2021 were Gross Benefit Payments, \$1,398,861 and \$1,308,702, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the College was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2022. Non-employer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the College is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the College. Accordingly, the College's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability, attributable to the College. Therefore, in addition, the College does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal years ended June 30, 2023 and 2022, the College recognized OPEB expense of \$6,753,359 and \$6,942,776, respectively. These amounts have been included as a revenue and expense in the financial statements in accordance with GASB No. 85.

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NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2023 and 2022 the State's proportionate share of the OPEB liability attributable to the College is \$53,289,668 and \$64,044,425, respectively. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the College at June 30, 2022 and 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022 and 2021, respectively. At June 2022, the State's share of the OPEB liability attributable to the College was 0.1052% which was a decrease of -0.0015% from its proportion measured as of June 30, 2021 of 0.1067%. At June 2021, the State's share of the OPEB liability attributable to the College was 0.1067% which was an increase of -0.0045% from its proportion measured as of June 30, 2020 of 0.1112%.

Actuarial Assumptions and Other Inputs

The OPEB liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The OPEB liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	2023		2022	
	TPAF/ABP	PERS	TPAF/ABP	PERS
Inflation Rate:	2.50%	2.50%	2.50%	2.50%
Salary Increases:	2.75 – 4.25%	2.75 – 6.55%	1.55 – 4.45%	2.00 – 6.00%
Through 2026	based on service years	based on service years	based on service years	based on service years
Thereafter	2.75 – 5.65%	3.00 – 7.00%	2.75 – 5.65%	3.00 – 7.00%
	based on service years	based on service years	based on service years	based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 95% and 5% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Discount Rate

The discount rate for June 30, 2022 was 3.54% and for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Change in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the College for the fiscal years ended June 30, 2023 and 2022 (measurement dates June 30, 2022 and 2021, respectively) are as follows:

	Total OPEB Liability (State Share 100%)	
	2023	2022
Balance, July 1 measurement date	\$ 64,044,425	\$ 75,401,150
Changes reconized for the fiscal year:		
Service cost	3,614,860	4,128,865
Interest on the total OPEB liability	1,412,235	1,661,380
Changes of benefit terms	-	(68,167)
Difference between expected and actual experience	(132,435)	(15,875,759)
Changes in assumptions	(14,295,432)	63,185
Gross benefit payments	(1,398,861)	(1,308,702)
Contributions from the member	44,876	42,473
Net changes	(10,754,757)	(11,356,725)
Balance, June 30, measurement date	\$ 53,289,668	\$ 64,044,425

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the College at June 30, 2022 and 2021. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the College for the fiscal years ended June 30, 2022 and 2021 were not provided by the pension system.

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NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the OPEB liability attributable to the College as of June 30, 2023 and 2022, calculated using the discount rate disclosed above, as well as what the State's proportionate share of the OPEB liability attributable to the College would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2023		
	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 62,636,399	\$ 53,289,668	\$ 45,798,730
	2022		
	At 1% Decrease (1.21%)	At Current Discount Rate (2.21%)	At 1% Increase (3.21%)
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 76,715,167	\$ 64,044,425	\$ 54,066,976

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates

The following presents the State's proportionate share of the OPEB liability attributable to the College as of June 30, 2023 and 2022, calculated using the healthcare trend rate as disclosed above as well as what the State's proportionate share of the OPEB liability attributable to the College would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	2023		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 44,047,168	\$ 53,289,668	\$ 65,430,253
	2022		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 51,844,170	\$ 64,044,425	\$ 80,428,466

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 11. POST-RETIREMENT MEDICAL BENEFITS (Continued)

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the College at June 30, 2022 and 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the College at June 30, 2022 and 2021 were not provided by the pension system.

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION

Passaic County Community College Foundation, Inc. (the Foundation) is a legally separate, tax exempt component unit of the College. The Foundation is organized and operated for educational purposes to assist in developing and augmenting the facilities and carrying out the educational functions of the College and acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation provides the College community broader educational opportunities for, and service to, the students and alumni of the college and its community. The Foundation operates under a board of trustees that is separate from the college.

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization and general activities. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities as net assets without donor restrictions.

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

We record investments purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return or (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

**PASSAIC COUNTY COMMUNITY COLLEGE
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NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Accounts Receivable

Accounts receivable consist of rent and bookstore commission receivables. All accounts receivable are expected to be collected within one year.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Foundation's contributions receivable consisted of unconditional promises to give, all of which are expected to be collected within one year for the years ended June 30, 2023 and 2022, respectively. Based upon historical collection experience, management has determined that no allowance for doubtful accounts is necessary. Conditional promises to give, that is, with a measurable performance or other barrier are not recognized until the conditions on which they depend have been substantially met. The Foundation has no conditional promises to give for the years ended June 30, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. All acquisitions of property and equipment in excess of \$2,500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Foundation reviews the carry values of properties for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the assets. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Revenue Recognition

Revenue is recognized when earned. Program service fees, grants, and contract awards from federal, state, and local government agencies are recognized as the related expenses are incurred or specified contract benchmarks are fulfilled by the Foundation. Special events revenue is comprised of an exchange element based upon the direct benefits donor receive and a contribution element of the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately.

Contributions

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**PASSAIC COUNTY COMMUNITY COLLEGE
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NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Donated Services and Contributions

Contributed donated professional services are recorded at the respective fair values of the services received. We recognized these services as contributions since the services require specialized skills and are performed by people with those skills and would otherwise be purchased by the Foundation. The Foundation benefited from in-kind salary donation, which were estimated to be \$77,070 and \$72,191 for the years ended June 30, 2023 and 2022, respectively. These amounts have been reported as both in-kind contribution revenue and expenses on the statement of activities. In addition to contributed professional services, volunteers contribute time to program services and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities. The allocation of expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, equities, fixed income, and certificate of deposits with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts and contributions receivable is limited due to high historical collection rate and substantial portions of outstanding amounts are due from donors supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Income Tax Status

The Foundation is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3). Thus, it qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Deposits

Bank balances are insured up to \$250,000 in aggregate by the Federal Deposit Insurance Corporation for each bank. At June 30, 2023 and 2022, none of the Foundation's balances were uninsured. At June 30, 2023 and 2022, the Foundation had deposits of \$0 and \$789,183, respectively, which were held by the College.

Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2023	2022
Financial Assets:		
Cash and Cash Equivalents	\$ 926,617	\$ 876,284
Investments	136,567	136,294
Accounts Receivable	879,031	35,008
Contributions Receivable	-	95,000
Total Financial Assets	<u>1,942,215</u>	<u>1,142,586</u>
Less Amount not Available to be Used Within One Year		
Net assets - Donor-Imposed Restrictions	<u>(207,641)</u>	<u>(323,962)</u>
Total Financial Assets	<u>(207,641)</u>	<u>(323,962)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,734,574</u>	<u>\$ 818,624</u>

The Foundation endowment fund consists of donor-restricted endowment. Income from donor-restricted endowments is restricted for specific purpose. Donor-restricted endowment funds are not available for general expenditure. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in a certificate of deposit. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation anticipates collecting sufficient revenue to cover general expenditures not covered by donor restriction resources.

PASSAIC COUNTY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Investment

Investments consist of following at June 30, 2023 and 2022:

	June 30, 2023		June 30, 2022	
	Cost	Fair Value	Cost	Fair Value
Investment:				
Certificate of Deposit	\$ 136,567	\$ 136,567	\$ 136,294	\$ 136,294
Endowment Investment:				
Cash and Cash Equivalent	665	665	504	559
US Equity	17,335	18,390	10,290	9,551
International Equities	-	-	6,876	6,441
Fixed Income	7,330	7,060	7,330	7,254
	<u>25,330</u>	<u>26,115</u>	<u>25,000</u>	<u>23,805</u>
Total Investments	<u>\$ 161,897</u>	<u>\$ 162,682</u>	<u>\$ 161,294</u>	<u>\$ 160,099</u>

Fair Value Measurement

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell the asset in an orderly transaction in the most advantageous, market at the measurement date under current market condition regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

The three levels of the hierarchy are further described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

PASSAIC COUNTY COMMUNITY COLLEGE
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NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

(A significant portion of our investment assets are classified within Level 2 because they comprise Certificate of Deposits (CDs) valued using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2. All other investments assets are classified within Level 1 because they comprise of fixed income, equities and cash and cash equivalents. Fixed incomes are valued at the closing price reported on the active market on which they are traded and are classified within Level 1. The carrying amounts of cash and cash equivalents approximate fair value due to the short-term nature of the items and are considered to fall within Level 1 of the fair value hierarchy.

	2023			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Short Term Investments:				
Certificate of Deposit	\$ 136,567	\$ -	\$ 136,567	\$ -
Endowment Investments:				
Cash and Cash Equivalent	665	665	-	-
US Equity	18,390	18,390	-	-
Fixed Income	7,060	7,060	-	-
	<u>\$ 162,682</u>	<u>\$ 26,115</u>	<u>\$ 136,567</u>	<u>\$ -</u>
	2022			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Short Term Investments:				
Certificate of Deposit	\$ 136,294	\$ -	\$ 136,294	\$ -
Endowment Investments:				
Cash and Cash Equivalent	559	559	-	-
US Equity	9,551	9,551	-	-
International Equities	6,441	6,441	-	-
Fixed Income	7,254	7,254	-	-
	<u>\$ 160,099</u>	<u>\$ 23,805</u>	<u>\$ 136,294</u>	<u>\$ -</u>

Endowment

The Foundation's endowment consists of one individual investment fund established by donors for nursing scholarship purposes. Its endowment includes only donor-restricted endowment fund. As required by generally accepted accounting principles, net assets associated with endowment fund is classified, and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act ("NJ UPMIFA"), as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. On June 30, 2022 and 2021, there are no such donor stipulations. As a result of this interpretation, Foundation retains in perpetuity (a) the original value of initial and subsequent gift amount donated to the endowment and (b) any accumulations to the endowment made in accordance with direction of the applicable donor gift at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Endowment (Continued)

In making a determination to appropriate or accumulate, the Foundation shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the Foundation

As of June 30, 2023 and 2022, we had the following endowment net asset composition by type of fund:

	<u>2023</u>	<u>2022</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Funds		
and Amount required to be Maintained		
In Perpetuity by Donor	\$ 25,000	\$ 25,000
Accumulated Investment Gain (Loss)	1,115	(1,195)
	<u>\$ 26,115</u>	<u>\$ 23,805</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At June 2023, funds with original value of \$25,000, fair value of \$26,115, and appreciation of \$1,115 were reported in net assets with donor restriction. At June 30, 2022, funds with original gift value of \$25,000, fair value of \$23,805, and deficiencies of \$1,195 were reported in net assets with donor restrictions.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment that attempt to provide a predictable stream of funding to program supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the sending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the Consumer Price Index plus 6 percent on an annual basis. Actual returns in any given year may vary from this amount. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that produce expected earnings while assuming a low level of investment risk.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Investment and Spending Policies (Continued)

Changes in Endowment net assets for the years ended June 30, 2023 and 2022:

	2023	2022
	With Donor Restrictions	With Donor Restrictions
Endowment Net Assets, July 1	\$ 23,805	\$ -
Investment Return, net		
Interest and Dividends, Net	109	55
Unrealized Gains (Losses)	2,201	(1,250)
Total Investment Return	2,310	(1,195)
Contribution	-	25,000
Endowment Net Asset, June 30	<u>\$ 26,115</u>	<u>\$ 23,805</u>

Capital Assets

Capital Assets consist of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Land	\$ 2,655,000	\$ 2,655,000
Buildings and Improvements	2,747,518	2,747,518
Less: Accumulated Depreciation:	(844,830)	(776,142)
Total Capital Assets, Net	<u>\$ 4,557,688</u>	<u>\$ 4,626,376</u>

The Foundation's land and building are pledged as collateral for the Foundation's mortgage note payable.

Depreciation expense was \$68,688 and \$68,688 for the years ended June 30, 2023 and 2022, respectively.

Bookstore Commissions

On July 1, 2009, the Foundation entered into an amended agreement with Follett Corporation to operate the Passaic County Community College official campus store. Under the terms and conditions set forth in the agreement, the Foundation receives an annual amount from Follett equal to the sum of 10% of any gross revenue up to \$2,000,000; plus 11% of any part of gross revenue over \$2,000,000 but less than \$3,500,000; plus 12.5% of any part of gross revenue over \$3,500,000.

Leases

On February 23, 2012, the Foundation entered into an agreement with the College to pay rent on 219-225 Market street until February 22, 2027. The base rent under the agreement is \$179,000 for each year with no calculated increases.

On December 1, 2015, the Foundation entered into an agreement with the College to pay rent on 113-119 Van Houten Street until December 30, 2030. The base rent under the agreement is \$83,970 for each year with no calculated increases.

On July 1, 2023, the Foundation entered into an agreement with the College to pay rent on 126 Broadway until June 30, 2033. The base rent under the agreement is \$314,854 for the first year with a 2% increase to the calculated base rent for each succeeding year.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

Leases (Continued)

Rental income for the year ended June 30, 2023 was \$683,531, which include rent of \$653,629 and a straight line rent adjustment of \$29,902. Rental income for the year ended June 30, 2022 was \$531,044, which include rent of \$531,044 and a straight line rent adjustment of \$0. Approximate minimum future rental income expected to be received from operating leases through expiration are as follows:

Year Ended June 30,	Total Rental Income
2024	\$ 577,824
2025	584,122
2026	590,545
2027	537,429
2028	424,779
2029-2033	2,018,977
	<u>\$ 4,733,676</u>

Other Asset for Deferred Rent

Other asset for deferred rent was \$29,902 and \$0 at June 30, 2023 and 2022, respectively. The following summarizes the expected future rent leveling into rental income as of June 30, 2023:

Year Ended June 30,	Net (Increase) Decrease to Rental Income
2024	\$ (23,605)
2025	(17,182)
2026	(10,631)
2027	(3,948)
2028	2,868
2029-2033	82,400
	<u>\$ 29,902</u>

Mortgage Payable

On November 28, 2011, the Foundation purchased a building located at 219-225 Market Street in Paterson, New Jersey. The property also has a 15 year, 4.9% mortgage payable, and due in monthly installments of \$13,136 secured by a Deed of Trust on the land and building.

On November 1, 2015, the Foundation purchased a building located at 113-119 Van Houten Street, in Paterson, New Jersey. The property also has a 15 year, 4.13% mortgage payable, and due in monthly installments of \$5,724 secured by a Deed of Trust on the land and building.

PASSAIC COUNTY COMMUNITY COLLEGE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12. COMPONENT UNIT – PASSAIC COUNTY COMMUNITY COLLEGE FOUNDATION (Continued)

The future scheduled maturities of long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 185,301	\$ 41,023	\$ 226,324
2025	194,210	32,114	226,324
2026	203,726	22,598	226,324
2027	173,162	12,900	186,062
2028	60,683	8,008	68,691
2029-2031	166,917	8,389	175,306
	<u>\$ 983,999</u>	<u>\$ 125,032</u>	<u>\$ 1,109,031</u>

Distributions to the College

During the year ended June 30, 2023 and 2022, the Foundation distributed \$160,703 and \$198,532 to the College for scholarships. Complete financial statements for the Foundation can be obtained from the Controller's Office, Passaic County Community College, One College Boulevard, Paterson, New Jersey.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods:

	2023	2022
Restricted for Specified Purpose:		
Scholarships	\$ -	\$ 29,859
Student Emergency Assistance Funds	98,574	124,610
Professional Early Childhood Education	67,602	130,338
Open Education Resources Project	7,000	7,000
Stem Program	3,000	3,000
Neighborhood Express Wellness	5,350	5,350
Perpetual Restriction:		
Endowment Fund	26,115	23,805
Total	<u>\$ 207,641</u>	<u>\$ 323,962</u>

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or other events specified by the donor as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Released from donor restrictions		
Scholarships	\$ 160,703	\$ 191,282
Student Emergency Assistance Funds	25,000	35,000
Professional Early Childhood Education	62,736	15,920
Stem Program	-	1,000
Total	<u>\$ 248,439</u>	<u>\$ 243,202</u>

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. CONTINGENT LIABILITIES

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the College may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the College.

NOTE 15. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The College maintains commercial insurance coverage for the sports program, nurses for the hospital and surety bonds. The County of Passaic pays for the College's property, workers compensation, and liability and student accidents.

REQUIRED SUPPLEMENTARY INFORMATION

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of the County of Passaic)
SCHEDULES OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE FISCAL YEARS

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
College's proportion of the net pension liability	0.0942622924%	0.0942622924%	0.0964421063%	0.0967347300%	0.1053043436%	0.1030214815%	0.1021398681%	0.1084947650%	0.1149972812%
College's proportionate share of the net pension liability	\$ 13,295,966	\$ 11,166,782	\$ 15,727,185	\$ 17,430,131	\$ 20,733,900	\$ 23,981,754	\$ 30,250,899	\$ 24,354,901	\$ 21,530,636
College's covered-employee payroll	\$ 5,972,908	\$ 6,177,887	\$ 6,555,427	\$ 6,848,917	\$ 6,970,215	\$ 7,148,683	\$ 7,484,819	\$ 7,298,029	\$ 7,676,757
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	215.22%	170.34%	229.63%	250.07%	290.04%	320.41%	414.51%	317.26%	286.07%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the College will only present information for those years for which information is available.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of the County of Passaic)
SCHEDULES OF COLLEGE'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE FISCAL YEARS

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,111,022	\$ 1,103,921	\$ 1,055,028	\$ 940,944	\$ 1,047,438	\$ 954,384	\$ 910,153	\$ 932,764	\$ 948,021
Contributions in relation to the contractually required contribution	<u>1,111,022</u>	<u>1,103,921</u>	<u>1,055,028</u>	<u>940,944</u>	<u>1,047,438</u>	<u>954,384</u>	<u>910,153</u>	<u>932,764</u>	<u>948,021</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 5,972,908	\$ 6,177,887	\$ 6,555,427	\$ 6,848,917	\$ 6,970,215	\$ 7,148,683	\$ 7,484,819	7,298,029	\$ 7,204,461
Contributions as a percentage of covered-employee payroll	17.98%	16.84%	15.40%	13.50%	14.65%	12.75%	12.47%	12.95%	13.42%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the College will only present information for those years for which information is available.

PASSAIC COUNTY COMMUNITY COLLEGE

(A Component Unit of the County of Passaic)

**SCHEDULES OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF OPEB LIABILITY ATTRIBUTABLE TO THE COLLAGE AND RELATED RATIOS
STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN
LAST SIX FISCAL YEARS**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Balance, July 1	\$ 64,044,425	\$ 75,401,150	\$ 46,267,630	\$ 42,613,151	\$ 36,471,686	\$ 39,162,297
Changes reconized for the fiscal year:						
Service cost	3,614,860	4,128,865	2,290,622	2,021,773	1,292,863	1,542,769
Interest on the total OPEB liability	1,412,235	1,661,380	1,677,455	1,700,957	1,332,453	1,148,581
Difference between expected and actual experience	(132,435)	(15,875,759)	12,665,129	620,072	9,506,299	-
Changes in assumptions	(14,295,432)	63,185	13,773,199	689,854	(4,890,072)	(4,568,305)
Changes in proportion	-	-	-	-	-	-
Gross benefit payments	(1,398,861)	(1,308,702)	(1,312,672)	(1,420,278)	(1,139,460)	(844,762)
Contributions from the member	44,876	42,473	39,787	42,101	39,382	31,106
Net changes	(10,754,757)	(11,288,558)	29,133,520	3,654,479	6,141,465	(2,690,611)
Balance, June 30,	<u>\$ 53,289,668</u>	<u>\$ 64,112,592</u>	<u>\$ 75,401,150</u>	<u>\$ 46,267,630</u>	<u>\$ 42,613,151</u>	<u>\$ 36,471,686</u>
College's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	<u>53,289,668</u>	<u>64,112,592</u>	<u>75,401,150</u>	<u>46,267,630</u>	<u>42,613,151</u>	<u>36,471,686</u>
Total OPEB liability	<u>\$ 53,289,668</u>	<u>\$ 64,112,592</u>	<u>\$ 75,401,150</u>	<u>\$ 46,267,630</u>	<u>\$ 42,613,151</u>	<u>\$ 36,471,686</u>
College's covered employee payroll	\$ 19,527,016	\$ 36,455,828	\$ 35,541,038	\$ 36,437,578	\$ 40,325,030	\$ 40,023,076
Total OPEB Liability as a percentage of covered employee payroll	272.90%	175.86%	212.15%	126.98%	105.67%	91.13%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requiement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the College will only present information for those years for which information is available.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of the County of Passaic)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Public Employees' Retirement System (PERS)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None
Changes in assumptions:		
Discount rate:		
As of June 30, 2022	7.00%	3.54%
As of June 30, 2021	7.00%	2.21%
Municipal bond rate:		
As of June 30, 2022	3.54%	3.54%
As of June 30, 2021	2.16%	2.16%
Inflation rate:		
As of June 30, 2022		
Price	2.75%	2.50%
Wage	3.25%	2.50%
As of June 30, 2021	2.75%	2.50%
Long-term expected rate of return on pension plan investments:		
As of June 30, 2022	7.00%	Not Applicable
As of June 30, 2021	7.00%	Not Applicable

SINGLE AUDIT SECTION

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)**

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

The Board of Trustees
Passaic County Community College
Paterson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Passaic County Community College (the "College"), a component unit of Passaic County, New Jersey, and the Passaic County Community College Foundation, Inc., the discretely presented component unit of the College as of and for the year ended June 30, 2023, which collectively comprise the College's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

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) to determine 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Donohue, Gironde, Doria & Tomkins LLC". The script is cursive and fluid.

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Secaucus, New Jersey
November 17, 2023

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

The Board of Trustees
Passaic County Community College
Paterson, New Jersey

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

We have audited the Passaic County Community College's, (the "College") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2023. The College's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 the *New Jersey OMB Circular 15-08*. Our responsibilities under those standards, Uniform Guidance and New Jersey 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.

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.

Auditor's 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Secaucus, New Jersey
November 17, 2023

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	FAIN Number	Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture:				
Passed through State of New Jersey - Department of Agriculture:				
Child and Adult Care Food Program	10.558	*	\$ 86,849	\$ -
Total U.S. Department of Agriculture			86,849	-
U.S. Department of Interior:				
National Park Service Grant	15.954	*	23,044	-
Total U.S. Department of Interior			23,044	-
U.S. Department of Justice:				
Grants to Reduce Domestic Violence	16.525	WA-AX-0020	866	-
Total U.S. Department of Justice			866	-
U.S. Department of Labor:				
Passed through State of New Jersey				
Passed through Passaic County Workforce Development Center:				
WIOA - Youth Activities - Passaic City	17.259	*	317,463	-
WIOA - Youth Rise - Academic Readiness and Career Pathways Program	17.259	*	247,398	-
			564,861	-
Employment and Training Administration:				
American Competitiveness and Workforce Improvement Act				
Passed through Bergen County Community College:				
Scaling Apprenticeship Through Sector-Bases Strategies-Health Works	17.268	*	104,059	-
Community Projects Funding/Congressionally Directed Spending	17.289	*	33,835	-
Total U.S. Department of Labor			702,755	-
National Endowment for the Humanities:				
Passed through State of New Jersey - New Jersey Council on the Arts:				
Promotion of the Arts Partnership Agreements-Poetry Center	45.025	*	44,400	-
Promotion of the Humanities Teaching and Learning Resources	45.162	AC-258929-18	564	-
Total National Endowment for the Arts Humanities			44,964	-
National Science Foundation:				
Education and Human Resources - Bridges to Baccalaureate	47.076	*	253,568	-
Passed through Rutgers University:				
Sustainable Pathway for Urban Youth in STEM	47.076	*	87,470	-
Total National Science Foundation			341,038	-
U.S. Department of Education:				
Passed through State of New Jersey:				
Department of Labor and Workforce Development:				
Passed through Paterson Public Schools:				
Adult Education - Basic Grants to States	84.002A	*	284,830	-
Student Financial Assistance Cluster:				
Federal Supplemental Education Opportunity	84.007	*	119,501	-
Federal Work-study Program	84.033	*	143,413	-
Federal Pell Grant Program	84.063	*	12,322,797	-
Federal Direct Loans Student Loans	84.268	*	2,614,350	-
Total Student Financial Assistance Cluster			15,200,061	-
Title V - Higher Education - Institutional Aid - Pathway to Teacher Certification	84.031S	P031S180112	\$ 304,513	\$ -
Title V - Higher Education - Institutional Aid - Teacher Excellence Project (P-TEC)	84.031S	P031S190260	490,926	-
Title V - Higher Education - The PCCC Prosper Project	84.031S	P031S200263	215,360	-
Higher Education - Instructional Aid (Pathway to STEM Degrees)	84.031C	P031C160140	314,057	-
Higher Education - Instructional Aid (STEM Transfer Readiness and Career Success)	84.031C	P031C160140	505,469	-
Total Higher Education Institutional Aid			1,830,325	-
Education Stabilization Fund (ESF)				
COVID-19 - Higher Education Emergency Relief Fund (HEERF)				
HEERF: Student Aid	84.425E	P425E200988	2,196,321	-
HEERF: Institutional Aid	84.425F	P425F200453	1,911,834	-
HEERF: Virtual Options for Institutional Change and Educational Success (VOICES)	84.425P	P425P200250	348,530	-
			4,456,685	-

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>FAIN Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Education (Continued):				
Passed through New Jersey the Office of Secretary of Higher Education (OSHE)				
COVID-19-Government's Emergency Education Relief Fund (GEERF)				
GEERF II - OMIC On-Ramps to College	84.425C	*	331,500	-
GEERF II - OMIC Student Success	84.425C	*	219,017	-
			<u>550,517</u>	<u>-</u>
Total Education Stabilization Fund			5,007,202	
TRIO Cluster:				
TRIO Student Support Services	84.042A	*	262,068	-
TRIO Student Support Services - STEM	84.042A	*	354,397	-
TRIO Student Support Services - ESL	84.042A	*	369,498	-
TRIO Upward Bound	84.047A	P047A170734	331,660	-
Total TRIO Cluster			<u>1,317,623</u>	<u>-</u>
Passed through State of New Jersey:				
Department of Education:				
Vocational Education - Basic Grants to States (Perkins)	84.048A	*	698,405	-
Passed through Department of State:				
Office of the Secretary of Higher Education (OSHE)				
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334S	*	327,969	-
Direct:				
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334A	*	154,108	-
			<u>482,077</u>	<u>-</u>
Total U.S. Department of Education			<u>24,820,523</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed through State of New Jersey				
Work First New Jersey				
Temporary Assistance to Family Needs (TANF):				
High School Equivalency	93.558	*	128,646	-
Intensive Math	93.558	*	140,801	-
Total U.S. Department of Health and Human Services			<u>269,447</u>	<u>-</u>
Total Federal Awards			<u>\$ 26,289,486</u>	<u>\$ -</u>

* - Information Not Available

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

State of New Jersey Grantor/ Pass Through Grantor/ Program or Cluster Title	Grant Account Number	Grant Period		Expenditures	Cumulative Expenditures
		From	To		
Department of Education:					
Passed through Paterson Public Schools:					
Preschool Education Aid	495-034-5120-086	07/01/22	06/30/23	\$ 1,639,545	\$ 1,639,545
Total Department of Education				<u>1,639,545</u>	
Department of State:					
Passed through Office of the Secretary of Higher Education (OSHE):					
College Bound Program	100-074-2400-012	08/23/22	08/22/23	437,120	437,120
County College-Based Center for Adult Transition	100-074-2400-078	06/15/22	06/30/23	129,577	129,577
Educational Opportunity Fund Administration (EOF):					
Article III - Educational Opportunity Fund	100-074-2401-001	06/01/22	06/30/23	232,275	232,275
Article III & IV - Summer Support and Undergraduate Cost of Education Supplemental Education Program -	100-074-2401-001	06/01/22	06/30/23	149,351	149,351
Article IV - Winter Year Support Funds	100-074-2401-002	06/01/22	06/30/23	6,776	6,776
Article IV - Winter Year Support Funds	100-074-2401-002	06/01/22	06/30/23	23,904	23,904
Article IV - Academic Year Support Funds	100-074-2401-002	06/01/22	06/30/23	432,436	432,436
Total Educational Opportunity Fund Administration				<u>844,742</u>	
Higher Education Student Assistance Authority:					
Tuition Aid Grants (TAG)	100-074-2405-007	07/01/22	06/30/23	2,614,760	2,614,760
Community College Opportunity Grants	100-074-2405-332	07/01/22	06/30/23	1,544,688	1,544,688
Community College Opportunity Grants	100-074-2405-332	07/01/22	06/30/23	243,844	243,844
				<u>1,788,532</u>	
NJ Student Tuition Assistance Reward Scholarship (NJ STARS) Program	100-074-2405-313	07/01/22	06/30/23	89,533	89,533
Council of the Arts:					
Cultural Project - Folk Art Center	100-074-2530-032	07/01/22	06/30/23	125,000	125,000
Cultural Project - PCCHC	100-074-2530-032	07/01/22	06/30/23	326,698	326,698
				<u>451,698</u>	
New Jersey Historical Commission:					
General Operating Support - History Grant Partnership Program (CHPP)	100-074-2540-105	07/01/22	06/30/23	45,417	45,417
Total Department of State				<u>6,401,379</u>	
Department of Treasury:					
Commission on Higher Education:					
Operational Costs - County Colleges	100-082-2155-015	07/01/22	06/30/23	6,760,983	6,760,983
On-behalf Alternate Benefit Program	100-082-2155-017	07/01/22	06/30/23	932,272	932,272
On-behalf post-retirement medical benefits incurred	*	07/01/22	06/30/23	6,753,359	6,753,359
Total Department of Treasury				<u>14,446,614</u>	
Total State Financial Assistance				22,487,538	
Less:					
On-behalf post-retirement medical benefits incurred				<u>(7,693,255)</u>	
Total Subject to State Single Audit				<u>\$ 14,794,283</u>	
* - Information Not Available					

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. GENERAL

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance include all the federal and state grant activity of Passaic County Community College (the "College"). All federal and state awards received directly from federal and state agencies, as well federal and state awards passed through other governmental agencies are included.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and New Jersey Office of Management and Budget Circular 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. LOAN PROGRAMS

The College is responsible only for the performance of certain administrative duties with respect to the Federal Family Education Loan Program and the State of New Jersey Alternative Loan and New Jersey Class Loans and, accordingly, these loans are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under this program as of June 30, 2023.

NOTE 4. INDIRECT COST METHOD

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

NOTE 5. RECONCILIATION OF THE FINANCIAL STATEMENTS

The following is a reconciliation of the financial statements to the schedule of expenditures of federal awards and state financial assistance expenditures:

	<u>Federal Awards</u>	<u>State Financial Assistance</u>	<u>Local and Private</u>	<u>Total</u>
Operating Revenues:				
Federal Awards	\$ 26,289,486	\$ -	\$ -	\$ 26,289,486
State Financial Assistance	-	13,154,738	-	13,154,738
Auxiliary Services	-	1,639,545	578,330	2,217,875
Nonoperating Revenues:				
State of New Jersey Appropriations	-	6,760,983	-	6,760,983
On-behalf not Reported:				
Alternate Benefit Program	-	932,272	-	932,272
	<u>\$ 26,289,486</u>	<u>\$ 22,487,538</u>	<u>\$ 578,330</u>	<u>\$ 49,355,354</u>

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

The amount of reported as post-retirement medical benefits represent the OPEB expense amounts incurred by the State on behalf of the College for the year ended June 30, 2023. On-behalf expenditures for the College by the State are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the College's basic financial statements and the amount subject to the State single audit and major program determination.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

FINANCIAL STATEMENT SECTION

A) Type of Auditor's Report Issued:

Unmodified

B) Internal Control over Financial Reporting:

1) Material weakness(es) identified?

_____ Yes ☒ No

2) Significant deficiency(ies) identified?

_____ Yes ☒ None reported

C) Noncompliance material to financial statements noted?

_____ Yes ☒ No

FEDERAL AWARDS SECTION

D) Internal Control over major programs:

1) Material weakness(es) identified?

_____ Yes ☒ No

2) Significant deficiency(ies) identified?

_____ Yes ☒ None reported

E) Type of auditor's report on compliance for major programs

Unmodified

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

_____ Yes ☒ No

G) Identification of major programs

Federal Assistance Listing Number(s)
84.007
84.033
84.063
84.268
84.048A
84.425C
84.425E
84.425F
84.425P

Name of Federal Program or Cluster
Student Financial Assistance Cluster:
Federal Supplemental Education Opportunity
Federal Workstudy Program
Federal Pell Grant Program
Federal Direct Loans Student Loans
Career and Technical Education - Perkins
COVID-19 - Governor's Emergency Education Relief Fund (GEERF)
COVID-19 - Higher Education Emergency Relief Funds:
Student Aid
Institutional Aid
Virtual Options for Institutional Change and Educational Success (VOICES)

H) Dollar threshold used to determine between Type A and Type B Programs.

\$750,000

I) Auditee qualified as low-risk auditee?

☒ Yes _____ No

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

STATE FINANCIAL ASSISTANCE SECTION

J) Dollar threshold used to determine between Type A and Type B Programs. \$750,000

K) Auditee qualified as low-risk auditee? ✓ Yes No

L) Internal Control over major programs:

1) Material weakness(es) identified? Yes ✓ No

2) Significant deficiency(ies) identified? Yes ✓ None reported

M) Type of auditor's report on compliance for major programs Unmodified

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

O) Identification of major programs

State Grant/Project Number(s)	Name of State Program
100-074-2405-332	Community College Opportunity Grant
100-074-2400-012	College Bound Program
100-082-2155-015	Operational Costs - County Colleges
100-082-2155-017	Alternate Benefit Program

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violation of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting)

No matters were reported.

**PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

(This Section identified audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable.)

No matters were reported.

PASSAIC COUNTY COMMUNITY COLLEGE
(A Component Unit of Passaic County, New Jersey)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2023

(This section identifies the status of prior year findings related to basic financial statements and federal awards and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards* and audit findings required to be reported by the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular Letter 15-08)

STATUS OF PRIOR YEAR FINDINGS

No matters were reported.