MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

REPORT ON FINANCIAL STATEMENTS AND SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE IN ACCORDANCE WITH UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08

YEARS ENDED JUNE 30, 2024 AND 2023

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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Independent Auditors' Report

The Board of Trustees
Middlesex College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, Middlesex College Foundation, (the "Foundation") of Middlesex College (the "College"), a component unit of the County of Middlesex, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College and the Foundation, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America. The financial statements of the Middlesex College Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the College's proportionate share of the net pension liability Public Employees' Retirement System – PERS, schedule of College contributions Public Employees' Retirement System - PERS, schedule of the College's proportionate share of the net pension liability Police and Firemen's Employees' Retirement System – PFRS, schedule of College contributions Police and Firemen's Employees' Retirement System – PFRS, schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the College and changes in the Total OPEB Liability and Related Ratios – State Health Benefit Retired Employees Fund and Schedule of Changes in the College's Total OPEB Liability – College Plan, and the Schedules listed under Required Supplementary Information, as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 17, 2025

Overview of the Basic Financial Statements and Financial Analysis

This section of the audited financial statements for Middlesex College (the "College") presents management's discussion and analysis of the College's financial position for the years ended June 30, 2024 and 2023, with selected information pertaining to the year ended June 30, 2022. Management has prepared the financial statements and the related note disclosures, along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with management. Combined with the financial statements and accompanying notes that follow, this explains and clarifies College-wide financial performance, as well as the direction envisioned for the future.

Financial Statements

Included in this report are the College's basic financial statements, which include the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These basic financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles and accounting principles generally accepted in the United States of America.

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, component unit data is presented in the financial data of the primary government.

Statements of Net Position

Net position represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position consists of three categories: Net Investment in Capital Assets, Restricted and Unrestricted. Investment in Capital Assets represents the College's total investment in capital assets, reduced by accumulated depreciation and net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of Net Investment in Capital Assets. Restricted Net Position includes resources not accessible for general use because their use is subject to restrictions enforceable by third parties. Unrestricted Net Position represents resources derived from student tuition and fees, state and county appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for the transactions related to the educational and general operations of the College, and may be used at the discretion of the Board of Trustees to meet current expenses for any purposes. Internally, they are designated for such purposes as Information Technology upgrades, Capital Assets, Long-term Projects and Student Support Services.

The statements of net position present the College's current and non-current assets, deferred outflows of resources, liabilities, deferred inflows of resources and the resultant net position. The statements of revenues, expenses and changes in net position show the College's revenues and expenses segregated into operating and non-operating sections. It is important to note that the State and County appropriations and funding related to the Federal CARES Act and PELL funds, which are essential to the College's operations, are recorded as non-operating revenues. Therefore, the operating revenues less operating expenses show an operating loss of ($54,415,887) and ($59,486,351) for fiscal years ended June 30, 2024 and 2023, respectively, and after adding the non-operating revenues shows income before other revenues of $4,501,210 and $998,107 for the fiscal years ended June 30, 2024 and 2023, respectively. The statements of cash flows show the sources and uses of the College's cash for operating activities, non-capital financing activities, capital and related financing activities, and investing activities. Because the statements of net position treat the College as a whole as opposed to a group of separate funds, all inter-fund receivables and payables have been eliminated. Management's discussion and analysis of specific assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses follows this general discussion. For the most part, this analysis will utilize condensed portions of the basic financial statements with appropriate comments on specific items.

Financial Highlights

Condensed Statements of Net Position

The following represents assets, deferred outflows and inflows of resources, liabilities and net position of the College at June 30, 2024, 2023, and 2022:

	Net Position as of June 30,				
	2022	2023	2024	Change from 2023	Percent Change from 2023
CURRENT ASSETS	$ 62,654,130	$ 77,491,665	$ 95,568,546	$ 18,076,881	23%
NON-CURRENT ASSETS:					
Prepaid Assets	-	-	1,362,934	1,362,934	100%
Capital assets, nondepreciable land and construction in progress	8,529,828	13,832,233	9,191,649	(4,640,584)	-34%
Capital assets, net of accumulated depreciation	75,702,268	72,945,177	80,402,294	7,457,117	10%
Total Assets	$ 146,886,226	$ 164,269,075	$ 186,525,423	$ 22,256,348	14%
DEFERRED OUTFLOW OF RESOURCES	4,596,446	6,767,207	4,931,081	(1,836,126)	-27%
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 151,482,672	$ 171,036,282	$ 191,456,504	$ 20,420,222	12%
CURRENT LIABILITIES	$ 16,909,967	$ 23,595,736	$ 16,743,606	$ (6,852,130)	-29%
NON-CURRENT LIABILITIES:					
Net pension liability	29,855,199	36,554,083	31,983,583	(4,570,500)	-13%
Compensated absences	3,378,897	3,296,025	3,245,962	(50,063)	-2%
Higher Education Equipment Leasing Fund payable	-	-	394,138	394,138	100%
Deferred CIO Project	-	10,000,000	34,797,596	24,797,596	248%
Early Retirement Incentive Payable	545,000	545,000	545,000	-	0%
Obligation for Post-Employment Benefits	5,406,195	6,148,021	6,115,933	(32,088)	-1%
Total Liabilities	$ 56,095,258	$ 80,138,865	$ 93,825,818	$ 13,686,953	17%
DEFERRED INFLOW OF RESOURCES	22,604,449	10,447,934	7,945,772	(2,502,162)	-24%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 78,699,707	$ 90,586,799	$ 101,771,590	$ 11,184,791	12%
NET POSITION:					
Investment in capital assets	$ 84,232,096	$ 86,777,410	$ 89,593,943	$ 2,816,533	3%
Restricted	11,518	10,941	10,309	(632)	-6%
Unrestricted	(11,460,649)	(6,338,871)	80,662	6,419,533	-101%
Total Net Position	$ 72,782,965	$ 80,449,480	$ 89,684,914	$ 9,235,434	11%

This schedule is prepared from the College's Statements of Net Position.

Net position at June 30, 2024, totaled $89.7 million.
Net position at June 30, 2023, totaled $80.4 million.
Net position at June 30, 2022, totaled $72.7 million.

Current assets increased mainly as the result of current year positive operating results and an increase in accounts receivable from tuition and grants.

Non current assets increased mainly by the recording of a prepaid asset related to SBITA assets prior to the commencement of the subscription arrangement.

Current liabilities decreased due to less accounts payable and unearned revenue balances at the end of Fiscal Year 2024 when compared to prior year.

Non-current liabilities increased mainly attributed to the increase in Deferred CIO Project and ELF funding that is reported as unearned revenue.

Deferred outflow of resources has decreased based upon the actuarial valuation performed related to the net pension liability for the State of NJ as a result of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Balances in net position are shown as either investment in capital assets, restricted or unrestricted. Restricted funds are those specifically restricted by the funding source. Certain unrestricted funds have been designated for expenses related to information technology upgrades, capital assets, long-term projects, subsequent year budget support, student support services and benefits assessment. All board-designated and undesignated amounts are included in unrestricted net position on the statements of net position.

Condensed Statement of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the College's changes in net position. The purpose of the statement is to present revenues earned by the College, both operating and non-operating and expenses incurred by the College. A summary of the College's revenues and total operating expenses for the years ended June 30, 2024, 2023, and 2022 are as follows:

	Year Ended June 30,				
	2022	2023	2024	Change from 2023	Percent Change from 2023
OPERATING REVENUES:					
Net student revenues	$ 20,031,806	$ 22,337,663	$ 23,306,441	$ 968,778	4%
Federal and local grants and contracts	5,150,191	5,122,646	2,940,841	(2,181,805)	-43%
State grants and contracts	6,486,407	8,477,234	10,681,323	2,204,089	26%
County Grants and Contracts	114,158	129,155	581,609	452,454	350%
Private Grants and Contracts	1,187,409	1,360,474	1,155,622	(204,852)	-15%
Other operating revenues	1,637,951	3,145,530	2,485,433	(660,097)	-21%
Total	34,607,922	40,572,702	41,151,269	578,567	1%
Less: Operating expenses	92,885,436	100,059,053	95,567,156	(4,491,897)	-4%
Operating Loss	(58,277,514)	(59,486,351)	(54,415,887)	5,070,464	-9%
NON-OPERATING REVENUES:					
State appropriations	11,154,430	11,686,765	13,069,757	1,382,992	12%
On-Behalf Fringe Benefits	9,381,130	5,267,014	4,332,407	(934,607)	-18%
County appropriations	17,000,000	17,340,000	17,700,000	360,000	2%
Federal PELL grants	15,694,342	15,045,692	22,310,361	7,264,669	48%
Federal Cares Grants Institution	16,463,799	1,435,862	-	(1,435,862)	-100%
Federal Cares Grants Student	5,126,415	8,879,753	-	(8,879,753)	-100%
CIO revenue	-	-	5,224,361	5,224,361	100%
CIO expenses	-	-	(5,224,361)	(5,224,361)	100%
Investment income, net	97,115	859,597	1,534,220	674,623	78%
Interest Expense	(32,506)	(30,225)	(29,648)	577	-2%
Other non-operating revenues (expenses), net					
Total	74,884,725	60,484,458	58,917,097	(1,567,361)	-3%
OTHER REVENUES	6,307,958	6,668,408	4,734,223	(1,934,185)	-29%
INCREASE IN NET POSITION	$ 22,915,169	$ 7,666,515	$ 9,235,434	$ 1,568,919	20%

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
Years ended June 30, 2024 and 2023

In accordance with the GASB, COVID-19 and CARES Act Technical Bulletin, along with NACUBO guidance, CARES Act funds are considered subsidies and are classified as non-operating revenues. There were no CARES Funds available in fiscal year 2024.

Operating federal and local grants decreased by 43%. This is mainly attributable to a decrease in the following grants: ACLS grants and Hunger-Free Campus. SEOG and Direct loans allocations were reclassed under Federal Pell grants for FY 2024.

Operating state grants increased by 26%, primarily due to higher allocations for the Securing Our Children's Future (SOCF) grant, Some College No Degree Grant, TAG and CCOG financial aid programs. County grants also saw an increase for the fiscal year, largely due to the new Magnet School Dual Enrollment and Teen Arts Festival, as well as additional funds received from the County in support of the SOCF grant. Private grants and contracts decreased by 15% due to a decrease in RSC funding provided to the College.

Non-operating revenues decreased by 3% compared to the prior year, primarily due to the absence of CARES Act funds received in the prior years.

Investment income has increased mainly due to earning income at a higher investment rate.

Other revenues increased in the 2024 fiscal year mainly attributable to an increase in Chapter 12 capital projects.

Condensed Schedules of Operating Expenses

A summary of the College's operating expenses for the years ended June 30, 2024, 2023, and 2022 follows:

		Years Ended June 30,		Change	Percent Change
	2022	2023	2024	from 2023	from 2023
OPERATING EXPENSES:					
Instruction	$35,018,867	$37,220,160	$35,389,760	$ (1,830,400)	-5%
Public Service	5,471,479	6,174,291	6,483,239	308,948	5%
Academic support	3,112,090	3,289,224	5,239,986	1,950,762	59%
Student affairs	7,986,806	8,442,087	9,086,535	644,448	8%
Institutional support	16,692,914	17,993,585	19,119,151	1,125,566	6%
Operation and maintenance of plant	9,176,826	9,501,607	9,496,541	(5,066)	0%
Student aid	11,245,005	13,394,475	6,352,897	(7,041,578)	-53%
Depreciation	4,181,449	4,043,624	4,399,047	355,423	9%
	$ 92,885,436	$ 100,059,053	$ 95,567,156	$ (4,491,897)	-4%

Operating expenses include salaries, fringe benefits, and other personnel-related costs required to operate the College. Fringe benefits are allocated to functional departments based on various factors, such as direct charges and headcount. FY 2024 operating expenses are $4.5 million lower than in FY 2023, primarily due to a reduction in Student Aid expenses attributable to HEERF III ARP Student CARES Funding.

Instruction expenses decreased by $1.8 million, or 5% from the previous year. Most of this was mainly due to a decrease in cost allocations.

Public Service support expenses have increased by 5% from prior year. The increase is mainly due to the increase in expenses for Camp Middlesex, Early Learning, Corporate Education, Training and Institutional Research, and new grant FIPSE grant Enhanced Holistic Std Support.

Academic Support expenses increased by 59% from prior year. The increase is mostly attributable to an increase in SOCF expenses and Media and Library Services.

The decrease in Student Aid expenses by $7M or 53% is primarily due to conclusion of Student CARES Funding.

Condensed Schedules of Capital Assets, Net

The following presents the changes in capital assets and related depreciation for the years ended June 30, 2024 and 2023:

Capital Assets Activity for the Year Ended June 30, 2024	Beginning Balance	Acquisitions	Dispositions	Transfers	Ending Balance
Land	$ 3,419,950	$ -	$ -	$ -	$ 3,419,950
Construction in progress	10,412,283	5,056,174	-	(9,696,758)	5,771,699
Land improvements	9,186,897	-	-	22,288	9,209,185
Buildings and building improvements	125,206,558	263,554	-	7,877,521	133,347,633
Machinery, equipment and vehicles	20,294,874	1,898,118	(620,380)	1,796,949	23,369,561
Infrastructure	4,479,198	-	-	-	4,479,198
Total	172,999,760	7,217,846	(620,380)	-	179,597,226
Accumulated depreciation	86,222,350	4,399,047	618,114	-	90,003,283
Net capital assets	$ 86,777,410	$ 2,818,799	$ (2,266)	$ -	$ 89,593,943

Capital Assets Activity for the Year Ended June 30, 2023	Beginning Balance	Acquisitions	Dispositions	Ending Balance
Land	$ 3,419,950	$ -	$ -	$ 3,419,950
Construction in progress	5,109,878	5,302,405	-	10,412,283
Land improvements	9,174,177	12,720	-	9,186,897
Buildings and building improvements	124,894,760	311,798	-	125,206,558
Machinery, equipment and vehicles	19,626,915	775,799	(107,840)	20,294,874
Infrastructure	4,288,319	190,879	-	4,479,198
Total	166,513,999	6,593,601	(107,840)	172,999,760
Accumulated depreciation	82,281,903	4,043,624	103,177	86,222,350
Net capital assets	$ 84,232,096	$ 2,549,977	$ (4,663)	$ 86,777,410

Depreciation of capital assets is recorded on a straight-line basis over their estimated useful lives. Additional information related to capital assets and related depreciation can be found at Note 3 to the basic financial statements.

Summary and Outlook

Middlesex College (the College) is a two-year community college, founded in 1964 by the Board of Chosen Freeholders, the governing body of Middlesex County, State of New Jersey. The main campus is located in Edison, along with centers in New Brunswick and Perth Amboy. A decision was accepted via Board Resolution at the meeting of the Board of Trustees of Middlesex College on September 16, 2020 to change the College's name from "Middlesex County College" to "Middlesex College," effective January 1, 2021.

The Board of Trustees of Middlesex College, through the Office of the President and as set forth in the applicable New Jersey Statutes and Administrative Code, is responsible for establishing tuition, fees, admission and degree requirements, college investments and oversight of various administrative and operational matters, including the financial matters of the College.

Highlights from FY2024 include:

- Through sound fiscal management over the last several years, the College continues to maintain its status as one of the most affordable institutions of higher education in the State of New Jersey.
- On August 28, 2023, the Board of Trustees presented the Paige D. L'Hommedieu Award to Middlesex County Sheriff Mildred Scott, first female sheriff in Middlesex County and first African-American sheriff in New Jersey. The L'Hommedieu Award is the highest honor bestowed by the College and is awarded to an individual who embodies the citizenship, leadership, and humanity of Paige D. L'Hommedieu, the College's founding Board Chair. Sheriff Scott has demonstrated, throughout her career, the kind of unselfish devotion, public commitment, personal idealism, and spirit of volunteerism that Paige L'Hommedieu exemplified.
- On October 12, 2023, nearly a thousand people attended the HarvestFest event on the Quad at the Edison campus, celebrating the Fall season with students, alumni, and neighbors in Middlesex County with carriage rides, inflatable games, a classic car show, delicious food, a pumpkin patch, activities sponsored by our student organizations, athletics teams, departments, and more. Faculty, staff, and students also shared information about our programs and services, and we collected non-perishable food and personal hygiene items for our Middlesex College Cares Food Pantry.
- On October 22. 2023, over 3,000 people participated in the American Cancer Society's "Making Strides Against Breast Cancer" walk on the Edison Campus.
- Freshman Isabelle Marin and Sophomore Carlos Torres were named 1st Team National Junior College Athletic Association (NJCAA) All-Region XIX and 1st Team All-Garden State Athletic Conference after outstanding seasons for the Women's and Men's Soccer teams.
- The Community Resource Hub and Food Pantry recently received a $4,000 grant from the Elks Lodge in Edison to help replenish our Food Pantry. Members of the original Food Pantry Committee (including current employees Jennifer Altman, Alex Fields, Tim Hack, Arianna Illa, Brian Lavey, Pat Payne, and Charlotte Quigley along with retiree Kathy Shay) were instrumental in writing the proposal to create our Food Pantry.
- On November 16, 2023, the Middlesex College Foundation held its Annual Celebration of Philanthropy and Scholarship to bring together scholarship donors and recipients. Overall, $279,224 was awarded in Fall 2023 to 355 student recipients resulting in 441 scholarship awards.
- Giving Day 2023, held on November 28, 2023, was a huge success. We surpassed our goal of $25,000. The total amount raised was $26,538.
- In celebration of the Computer Science Club's successful semester, they hosted their first biannual Tech Expo. The event showcased members' achievements over the semester. This semester the Computer Science Club had 104 members who logged nearly 800 hours on extracurricular coding projects and completed 14 mini-projects. These projects displayed proficiency in technology such as Amazon Web Services, Figma Prototyping, and AI voice replication.

- On January 25, 2024, our Basketball teams held a Pink Night event to raise awareness about breast cancer. The Women's Basketball team triumphed over Brookdale Community College 71-46, and the Men's Basketball team won against Camden Community College 87-74.
- The Office of Student Life held its Spring semester Engagement Fair on January 30, 2024. This event showcased the many clubs and organizations available for students to join for extracurricular engagement. It also provided the opportunity for students, as well as staff and faculty, to learn more about the various activities and services offered. The Engagement Fair was a huge success with 40 clubs and eight service departments represented and over 250 students in attendance.
- Vice President for Student and Enrollment Services José Laureano, New Brunswick Center Director Evelyn Rosa, and Enrollment Services Assistant Brenda Trejo Idelfonso met with staff at the new Mexican Consul for Community Affairs in New Brunswick to discuss partnering in offering workshops in Spanish for parents of high school students in New Brunswick.
- Engage NJ is an organization of colleges and universities in New Jersey that focuses on empowering students to be the next generation of public servants by engaging in their communities. In February, the College co-sponsored the 5th Annual THRIVE Student Conference and Opportunity Fair on the Edison campus. The conference featured a wide range of opportunities for students to connect and learn from one another about solutions to food insecurity, racial justice, addressing climate change, political awareness, LGBTQ+ justice, and building career pathways through community engagement.
- Every February, the New Jersey dental community unites to provide dental care to thousands of children across the state who do not have access to or cannot afford dental care. These free services include dental examinations, x-rays, cleanings, and much more. The 27 second-year students in the Dental Hygiene program, along with Dental Hygiene faculty and staff participated in the annual Give Kids a Smile event, along with six volunteer dentists, 28 volunteer dental hygienists, two volunteer dental assistants, and three volunteer staff. Middlesex students treated 30 children ages 3-12, providing approximately $15,000 worth of dental care.
- In March, the College's Upsilon Gamma chapter of Phi Theta Kappa held an induction ceremony for its newest members before an audience of family and friends as well as Middlesex College faculty and staff. 248 students accepted the invitation to become members during this year. The mission of the Phi Theta Kappa International Honor Society is to recognize the academic achievement of students enrolled at two-year colleges and to provide opportunities for them to grow as scholars and leaders.
- Six Middlesex College students were selected as semifinalists for the Jack Kent Cooke College Scholarship: Safia Ansari, Adriana Fung, Theodore Kozak, Nima Sedghi, Idaliz Herrera, and Crystal Paulino.
- In April, the annual New Jersey County College Case Competition was hosted by the Rutgers University Business School in Newark. Teams from five New Jersey community colleges participated in this year's competition. The Middlesex College team took first place for analyzing a business case study and presenting solutions to address the challenges the company in the scenario faced.
- On May 2, 2024, nearly 150 colleagues and friends of Middlesex College gathered to play blackjack, roulette, craps, poker, and more at Casino de Mayo, Middlesex College Foundation's annual fundraiser. This event was not only about having fun but also about supporting students, with the event bringing in $72,645.
- On May 16, 2024, more than 780 of our 1,492 graduates participated in our annual Commencement Ceremony. For the third year our graduates wore eco-friendly caps and gowns made entirely from post-consumer plastic bottles. By switching to eco-friendly gowns, more than 20,000 plastic bottles were saved from making their way into landfills and oceans.

Enrollment

Enrollment in the Fall 2023 semester reflected roughly a 6.4% increase in total credit hours from Fall 2022, while Spring 2024 enrollment increased approximately 2.1% compared to Spring 2023. This increase can be tied to the College's enhanced emphasis on dual enrollment coursework for K-12 students and a shift toward more standard operations stemming from the end of the COVID-19 pandemic. Winter session enrollment was approximately level with the prior fiscal year, where there was overall significant growth. Enrollment within the two sessions offered during the Summer increased approximately 10.8% from FY2023. Total credit enrollment for FY2024 was up 5.0% compared to FY2023.

The College's Division of Student and Enrollment Services aids and supports enrollment and retention initiatives at the College, also supported by initiatives from the Division of Academic Affairs. The group consistently benchmarks and implements best practices in enrollment planning and enhancing our outreach to underdeveloped market niches. The group additionally reviews statistical information, generates ideas for expanded outreach and further review, and development of student markets. Outreach efforts for this Division are bolstered by support from planning grant resources designed to aid implementation of New Jersey's Community College Opportunity Grant (CCOG) Program. The College has also placed increased focus on growing its relationships with the K-12 school districts in Middlesex County, seeking to increase the rate of high school graduates from area schools enrolling at the College. Further, the implementation of new Marketing campaigns expanded the College's reach to potential students, utilizing print, television, social media and other platforms.

The College's leadership continues to focus on the retention of current students and assisting them in completing their degree programs in an efficient timeframe. The College continues to participate in the Guided Pathways to Career Success initiative, with implementation and support institutionalized within the College's Strategic Plan. Elements of Guided Pathways to Career Success implemented at Middlesex include the development of curriculum maps, streamlining of developmental coursework curriculum sequences, shifting to a multiple measures placement framework, and increasing academic interventions through the services of part-time Student Success Coaches. These actions have had a positive impact on the College's graduation rate, confirming the benefits of this approach.

The College emphasizes support for its student-veterans. The College's nationally recognized Veterans Services Center assists military veterans as they transition to civilian life. The Veterans Services Center staff ensure veterans receive all the education benefits and entitlements for which they are eligible, coordinate services they need to be successful, and create an environment where they can socialize with other military veterans. The College earned the 2023-2024 Gold Military Friendly School Designation and has also been honored by Military Times and Military Advanced Education and Transition for its support of our student veterans.

Focus on the Future

Current demographic and economic conditions, suggest that enrollment will continue to increase in FY2025, with projected growth of approximately 2% expected. The growth in enrollment coupled with an increase in credit tuition and fees are expected to reduce the deficit between revenues and expenses the College has faced over the last several years and provides hope for the coming years for sustained revenue growth.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
Years ended June 30, 2024 and 2023

The College is committed to a proactive approach in financial matters, continually working to ensure that Middlesex College operates in the most efficient manner possible while making appropriate short-term and long-term investments in updating our business processes, infrastructure and technology for continued and future sustainability. The College remains financially stable.

The COVID-19 pandemic continued its impact on the financial statements of the College during the prior fiscal year. From federal funds, in the College offset $1,269,244 and $11,958,059 in expenses, stemming from the effects of converting to remote learning and operations and other conditions brought about by the pandemic for the years ended June 30, 2023 and June 30, 2022, respectively. The College also utilized $166,618 and $4,505,740 in federal funds to offset the loss in revenues for the years ended June 30, 2023 and June 30, 2022, respectively.

The following presents how the CARES Act funds have impacted the operations of the College

	Fiscal Year 2024	Fiscal Year 2023
Income before Capital Revenues	$ 4,501,211	$ 988,107
Less: decrease in GASB pension-realted expenses	(1,677,285)	(1,206,645)
Less: Institutional Cares Funding as Revenue	-	(1,435,862)
Normalization of Income before Capital Revenues	**$ 2,823,926**	**$ (1,654,400)**

The College GASB 68 net pension liability decrease was determined by the actuarial present value of projected benefit payments that is attributed to the College. The decrease relates to the changes in interest accrued on the liability, the impact of benefit and assumption changes, the cost of benefit payments and the difference between expected and actual plan experience.
Management continues to take a thoughtful approach with regard to new expenditures and hiring with a focus on maximizing the resources available during each fiscal year. Management has determined that all the CARES funding has been utilized with obligations liquidated in full as of the final date of liquidation with the Federal Government on September 30, 2024.

Requests for Information

This financial report is designed to provide a general overview of Middlesex College's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Middlesex College, 2600 Woodbridge Avenue, Edison, New Jersey 08818, Attention: Frank L. Maltino, CPA, Chief Financial Officer.

Basic Financial Statements

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

STATEMENTS OF NET POSITION

	June 30,			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Business-type Activities Middlesex College 2024	Component Unit Middlesex College Foundation 2024	Business-type Activities Middlesex College 2023	Component Unit Middlesex College Foundation 2023
CURRENT ASSETS:				
Cash and Cash Equivalents	$ 82,576,462	$ 1,545,161	$ 69,078,076	$ 1,216,235
Investments		21,647,171		20,084,140
Receivables - Student, Net of Allowance of $10,599,623 and $9,583,800, respectively	3,803,346		3,012,449	
Due from Foundation	876,738		1,176,562	
Other Receivables	3,013,237	186,045	1,535,569	271,473
Grants Receivable	3,150,660		2,344,114	
Funds Held by Trustee	2,062,411		263,140	
Prepaid Expenses	85,693		81,755	
Total Current Assets	95,568,546	23,378,377	77,491,665	21,571,848
NON-CURRENT ASSETS:				
Prepaid Assets	1,362,934			
Capital Assets, Non Depreciable	9,191,649		13,832,233	
Capital Assets, Net of Accumulated Depreciation of $90,003,283 and $86,222,350, respectively	80,402,294		72,945,177	
Total Non-Current Assets	90,956,877		86,777,410	
Total Assets	186,525,423	23,378,377	164,269,075	21,571,848
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Deferrals	4,339,804		5,843,748	
Other Post Employment Benefits Deferrals	591,277		923,456	
Total Deferred Outflows of Resources	4,931,081		6,767,204	
Total Assets and Deferred Outflows of Resources	191,456,504	23,378,377	171,036,279	21,573,745
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses:				
Related to Pensions	3,116,325		3,195,186	
Related to Others	4,402,386	903,381	8,693,428	1,212,576
Compensated Absences	943,596		824,006	
Financed Purchase Payable-ELF	33,822			
Deposits Held in Custody for Others	770,740		651,492	
Unearned Revenue	7,476,735		10,231,624	
Total Current Liabilities	16,743,606	903,381	23,595,736	1,212,576
NON-CURRENT LIABILITIES:				
Compensated Absences	3,245,962		3,296,025	
Unearned Revenue - Community Innovation and Opportunity Project	34,797,596		10,000,000	
Financed Purchase Payable-ELF	394,138			
Early Retirement Incentive Payable	545,000		545,000	
Obligation for Post-Employment Benefits	6,115,933		6,148,021	
Net Pension Liability	31,983,583		36,554,083	
Total Non-Current Liabilities	77,082,212		56,543,129	
Total Liabilities	93,825,818	903,381	80,138,865	1,212,576
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferrals	7,246,788		9,054,671	
Other Post Employment Benefits Deferrals	698,984		1,393,263	
Total Deferred Inflows of Resources	7,945,772		10,447,934	
Total Liabilities and Deferred Inflows of Resources	101,771,590	903,381	90,586,799	1,212,576
NET POSITION				
INVESTMENT IN CAPITAL ASSETS	89,593,943		86,777,410	
RESTRICTED	10,309	3,256,702	10,941	2,809,789
UNRESTRICTED (DEFICIT)	80,662	19,218,294	(6,338,871)	17,549,483
Total Net Position	$ 89,684,914	$ 22,474,996	$ 80,449,480	$ 20,359,272

See accompanying notes to financial statements.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended June 30,			
	Business-type Activities Middlesex College 2024	Component Unit Middlesex College Foundation 2024	Business-type Activities Middlesex College 2023	Component Unit Middlesex College Foundation 2023
OPERATING REVENUES:				
Student Revenues:				
Tuition and Fees	$ 54,391,144		$ 48,792,824	
Less: Waivers, Appeals and Allowances	(31,084,703)		(26,455,161)	
Net student revenues	23,306,441		22,337,663	
Federal Grants and Contracts	2,940,841		5,122,646	
State Grants and Contracts	10,681,323		8,477,234	
County Grants and Contracts	581,609		129,155	
Private Grants and Contracts	1,155,622		1,360,474	
Fund Raising		$ 1,364,463		$ 1,268,090
Other Operating Revenues	2,485,433		3,145,530	
Total Operating Revenues	41,151,269	1,364,463	40,572,702	1,268,090
OPERATING EXPENSES:				
Instruction	35,389,760		37,220,160	
Public Service	6,483,239		6,174,291	
Academic Support	5,239,986		3,289,224	
Student Services	9,086,535		8,442,087	
Institutional Support	19,119,151	1,468,744	17,993,585	1,735,998
Operation and Maintenance of Plant	9,496,541		9,501,607	
Scholarship and Student Aid	6,352,897		13,394,475	
Depreciation	4,399,047		4,043,624	
Total Operating Expenses	95,567,156	1,468,744	100,059,053	1,735,998
OPERATING (LOSS)	(54,415,887)	(104,281)	(59,486,351)	(467,908)
NON-OPERATING REVENUES (EXPENSES):				
State Appropriations	13,069,757		11,686,765	
On-Behalf Fringe Benefits	4,332,407		5,267,014	
County Appropriations	17,700,000		17,340,000	
Federal Pell Grant	22,310,361		15,045,692	
COVID-19 Federal CARES Grants - Institutional			1,435,862	
COVID-19 Federal CARES Grants - Student Aid			8,879,753	
CIO Non-Operating Funding	5,224,361			
CIO Non-Operating Funding Expenses	(5,224,361)			
Investment Income/ Unrealized and Realized Gain on Investments	1,534,220	2,220,005	859,597	1,221,935
Interest Expense	(29,648)		(30,225)	
Total Non-Operating Revenues (Expenses)	58,917,097	2,220,005	60,484,458	1,221,935
INCOME BEFORE OTHER REVENUES	4,501,210	2,115,724	998,107	754,027
OTHER REVENUES:				
County Appropriation for Minor Capital	2,250,000		2,000,000	
County Appropriation for Chapter 12	2,456,791		4,425,902	
Higher Education Equipment Leasing Fund	27,432		242,506	
Total Other Revenues	4,734,223		6,668,408	
INCREASE IN NET POSITION	9,235,434	2,115,724	7,666,515	754,027
NET POSITION, BEGINNING OF YEAR	80,449,480	20,359,272	72,782,965	19,605,245
NET POSITION, END OF YEAR	$ 89,684,914	$ 22,474,996	$ 80,449,480	$ 20,359,272

See accompanying notes to financial statements.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from tuition, fees and grants	$ 35,960,239	$ 43,572,059
Payments to employees and fringe benefits	(63,257,505)	(63,953,087)
Payments to vendors and suppliers	(6,333,050)	(13,288,097)
Non Cash GASB 68	1,574,177	1,254,512
Payments for scholarships and fellowships	(6,352,897)	(13,394,475)
Other receipts	2,877,478	4,218,734
Net cash used by operating activities	(35,531,558)	(41,590,354)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State aid received	13,069,757	11,686,765
County appropriations	17,700,000	17,340,000
Direct lending receipts	2,892,047	2,599,056
Direct lending disbursements	(2,892,047)	(2,599,056)
Noncapital grants - student financial aid	21,679,792	21,571,820
Noncapital grants received	27,432	242,506
Noncapital grants received - Federal CARES		10,315,615
Noncapital gifts and endowments received	299,824	(314,082)
Net cash provided by noncapital financing activities	52,776,805	60,842,624
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	3,327,081	8,174,151
Acquisition and construction of capital assets	(8,580,780)	(6,593,601)
Proceeds from sale of capital assets	2,266	4,663
Interest paid on capital leases	(29,648)	(30,225)
Net cash (used in) provided by capital and related financing activities	(5,281,081)	1,554,988
CASH FLOWS FROM INVESTING ACTIVITY -		
Investment income	1,534,220	859,597
Net cash provided by investing activity	1,534,220	859,597
Net increase in cash and cash equivalents	13,498,386	21,666,853
Cash and cash equivalents, July 1	69,078,076	47,411,223
Cash and cash equivalents, July 30	$ 82,576,462	$ 69,078,076

See accompanying notes to financial statements.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2024	2023
Reconciliation of operating loss to net cash used by operating activities:		
Operating Loss	$ (54,415,887)	$ (59,486,351)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	4,399,047	4,043,624
Miscellaneous nonoperating income	4,332,407	5,267,014
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables, net	(1,037,400)	(1,484,554)
Prepaid expenses	(3,938)	353,579
Deferred outflows for pensions	1,503,944	(1,247,302)
Deferred outflows for OPEB	332,179	(923,456)
Accounts payable and accrued expenses	(4,369,903)	2,016,345
Unearned revenue	20,643,967	14,483,911
Funds held for others	119,248	206,231
Net OPEB liability	(32,088)	741,826
Net pension liability	(4,570,500)	6,698,884
Compensated absences	69,528	(103,590)
Deferred inflows for OPEB	(694,279)	(256,317)
Deferred inflows for pensions	(1,807,883)	(11,900,198)
Net cash used by operating activities	$ (35,531,558)	$ (41,590,354)

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies:

Organization – Middlesex College (the “College”) formerly known as Middlesex County College was established as a unit of the New Jersey Master Plan for Higher Education and is one of 19 county colleges in the State of New Jersey. The College offers pre-baccalaureate preparation (A.S. and A.A. degrees), as well as programs and certificates that are designed to prepare students for employment (A.A.S. degrees). The College also maintains a comprehensive community development operation, which provides lifelong learning opportunities to the citizens and businesses of the County of Middlesex (the “County”). The College is a component unit of the County under Governmental Accounting Standards Board (“GASB”) Statements No. 14 and 61, *The Financial Reporting Entity*. The College is an institution of higher education and a governmental unit and an instrumentality of the State of New Jersey as provided by the County College Act, N.J.S.A. 18A:64A.

Middlesex College Foundation, (the “Foundation”) is a legally separate component unit of Middlesex College, exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation’s purpose is to assist the Trustees of the College in the development and growth of college scholarships, programs and facilities that broaden and enhance educational opportunities and services provided for those seeking postsecondary education in Middlesex County, New Jersey. Because the resources of the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. Complete financial statements can be obtained from the Middlesex College Foundation at 2600 Woodbridge Avenue, Edison, New Jersey 08818.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities and the accounts are maintained on the accrual basis of accounting. The College’s reports are based on all applicable GASB authoritative literature in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the financial statements. Net investment in capital assets consists of capital assets net of accumulated depreciation and any related debt. Net positions are reported as restricted in the financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

GASB Statement No. 35 and 63 established standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- ***Net investment in capital assets:*** Capital assets, net of accumulated depreciation attributable to the acquisition, construction, or improvement of those assets and any debt obligations associated with the acquisition of the capital assets.

- ***Restricted:***

  Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the College.

  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 by the passage of time.

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

- ***Unrestricted:*** Net position not subject to externally imposed stipulations that may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Measurement Focus and Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus in accordance with the GASB. The College reports its financial statements as a business-type activity, as defined by GASB Statement Nos. 34 and 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Equivalents - Cash and equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and that have original maturities of three months or less when purchased.

Prepaid Assets – The prepaid assets represent payments made prior to the commencement of a subscription term associated with a subscription based information technology arrangement (SBITA) contract made to the SBITA vendor. At the commencement of the subscription term, the College will recognize the right-to-use subscription asset and a corresponding subscription liability.

Capital Assets - Capital assets include construction in progress, land, land improvements, buildings and building improvements and machinery, equipment and vehicles with acquisition costs of at least $2,500 and useful lives of at least five years and are recorded at historical cost or estimated historical cost if purchased or constructed. Construction in progress is recorded as costs are incurred during construction. Donated capital assets are valued at acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value or materially extend the useful lives are not capitalized.

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

Infrastructure	40 years
Land improvements	20 years
Building and improvements	45 years
Furniture and equipment	5-10 years

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 periods earned. Student tuition and fees collected for courses that are held subsequent to year end are recorded as unearned revenue in the accompanying financial statements.

Grants and contracts revenue is comprised mainly of revenues received from grants from the State of New Jersey, the Federal government and the County of Middlesex 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 years during which the State of New Jersey and the County appropriate the funds to the College.

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

Allowance for Doubtful Accounts - The College records an allowance for doubtful accounts for its accounts receivable balances. The allowance consists of 100% of all receivable balances outstanding in excess of 180 days and 10% of all receivable balances for the period of 0 to 180 days.

Compensated Absences - The College accounts for compensated absences (e.g. unused vacation and sick leave) in accordance with GASB Statement No. 16, *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.

College employees are granted varying amounts of vacation and sick leave in accordance with the College's personnel policy or applicable labor contract. Upon termination, if employees are eligible and have given sufficient notice as defined in their labor contracts or handbook, they are paid for accrued vacation up to the maximum days as defined by New Jersey Statute. The College's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, eligible employees are paid for their unused sick leave in accordance with the College's policies and agreements with the various employee unions.

Classification of Revenue - For the purposes of the statements of revenues, expenses and changes in net position, the College's policy is to define operating activities as those that serve the College's principal purpose and generally result from exchange transactions, such as the payment received for services or the payment made for the purchase of goods and services. Examples of such operating activities include (1) student tuition and fees, net of scholarship allowances, and (2) most federal, state and local grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the federal, state and county governments and net investment income.

Scholarship Allowance **–** Student tuition and fees are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for tuition and services provided by the College and the amount that is paid to students and/or third parties making payments on students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student services, the College has recorded a scholarship allowance. The amount of scholarship discount and allowance for the fiscal years ended June 30, 2024 and 2023 was $23,748,401 and $19,480,618, respectively.

Unearned Revenue - Unearned revenue includes student tuition, fees and deposits collected in advance of the applicable academic term, as well as NJEFA, CARES Act and funds related to the Community Innovation and Opportunity Project received in advance.

Long-Term Obligations - Long-term obligations are due more than one year from the date of the statements of net position.

Financial Dependency - Significant sources of revenue include appropriations from the State of New Jersey and the County. The College is economically dependent on these appropriations to carry on its operations.

Income Taxes - The College and Foundation are exempt from Federal income taxes under Internal Revenue Code Sections 115 and 501(c)(3), respectively.

The Foundation is no longer subject to Federal tax examinations for its Federal Form 990 and for the State of New Jersey Form CRI-300R for years prior to June 30, 2021.

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and deferred outflows and deferred inflows of resources 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. Significant estimates include the collectability of receivables, capital asset useful lives, depreciation methods, net pension liability and the value of the OPEB liability.

County of Middlesex Capital Support - The County is responsible for the issuance of certain bonds and notes for the College's capital expenses which are financed by bond ordinances. The County is also responsible for the payment of interest on issued debt and the retirement of such obligations. Accordingly, the debt is not included in the accompanying financial statements of the College.

The County adopts capital ordinances to fund certain capital expenses of the College. The College receives the County bond monies to fund certain capital assets expenses. Unexpended money in the current year is available for capital expenses in subsequent years.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College has two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to other postemployment benefits. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources.

This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to other postemployment benefits.

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. 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. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosures of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

Subsequent Events **-** Management has reviewed and evaluated all events and transactions from June 30, 2024 through January 17, 2025 the date that the financial statements are available to be issued and the effects of those that provide additional pertinent information about conditions that existed at the statements of net position date, have been recognized in the accompanying financial statements.

Note 2 - Cash and Equivalents and Investments:

Deposits

New Jersey statutes permit the deposit of public funds into the State of New Jersey Cash Management Fund or into institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (the "FDIC") or by any other agencies of the United States that insure deposits. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

(a) The market value of the collateral must equal 5% of the average daily balance of public funds, or
(b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000. As of June 30, 2024 and 2023, cash held by trustees was $2,062,411 and $263,140, respectively. In addition, during the fiscal years ended June 30, 2024 and 2023, the College carrying amount of deposits was $57,833,300 and $45,609,537, respectively, and the bank balance was $59,270,751 and $45,810,539, respectively.

The College's cash balance at the end of June 30, 2024 and 2023 include $34,797,596 and $10,000,000, respectively in restricted funds held in trust for construction related costs related to the Community Innovation and Opportunity (CIO) project. These funds are restricted solely and exclusively for the CIO project as determined by Middlesex County and are not part of the College's operating statement.

As of June 30, 2024 and 2023, $250,000 of the total deposits were insured by the FDIC and except for agency funds in the amount of $532,240, the remainder was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Government Unit Deposit Protection Act.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that the College disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the College would not be able to recover the value of its deposit or investment).

Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or

Note 2 - Cash and Equivalents and Investments (continued):

collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the College.

Credit Risk and Custodial Credit Risk - The College does not have a policy for either credit risk or custodial credit risk. However, it is the College's policy only to invest with banks that are approved by the Board of Trustees and insured by FDIC and covered by the New Jersey Government Unit Deposit Protection Act ("GUDPA"). At least five percent of the College's deposits were fully collateralized by funds held by the financial institutions, but not in the name of the College. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

During the fiscal years ended June 30, 2024 and 2023, the College participated in the New Jersey Cash Management Fund (the "NJCMF"). The NJCMF is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. At June 30, 2024 and 2023, the College had $24,743,162 and $23,468,540 invested in the NJCMF, respectively and reported as cash equivalents in the statements of net position.

The NJCMF is an investment pool administered by the State of New Jersey, Department of the Treasury and issues separate reports that can be obtained directly from the Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

Interest Rate Risk - The College does not have a policy to limit interest rate risk. The College did not hold any investments for the years ended June 30, 2024 and 2023 other than funds held in the NJCMF. The average maturity of the College's investments in the NJCMF are less than one year.

Custodial Credit Risk **–** Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The College does not have a policy for custodial risk.

Credit Risk – The College does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure 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. The debt instruments in the NJCMF are rated by three national rating agencies.

Concentration of Credit Risk **–** The College places no limit on the amount the College may invest in any one issuer. At June 30, 2024 and 2023, all of the College's investments were invested in the NJCMF.

Foundation Investments - Investments are stated at their fair values based on quoted market prices in the Foundation's statements of financial position. Interest and dividends and realized and unrealized gains and losses, if any, are reported as net investment return (loss) in the Foundation's statements of activities and changes in net assets. Investment return is reported in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Purchases and sales of investments are recorded on a settlement date basis. The cost of securities sold is determined using the specific identification method. Investments are reviewed annually for impairment. Management of the Foundation has determined there are no other than temporary losses as of June 30, 2024 and 2023.

Note 2 - Cash and Equivalents and Investments (continued):

Dividends and interest are recognized as earned. Net realized gains or losses and changes in net depreciation in fair value are determined by comparing cost to proceeds and fair value, respectively. Gains and losses on sales of securities are recorded in the Foundation's statements of activities and changes in net assets in the period in which the securities are sold.

The investments are protected by the Securities Insurance Protection Corporation ("SIPC") which provides limited insurance in certain circumstances for securities and cash held in brokerage accounts. The insurance is limited to $500,000 for securities and $250,000 for cash balances. The insurance does not protect against investment losses. At times, such balances may be in excess of SIPC insured limits.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements ("FASB ASC 820"), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in inactive markets;
- quoted prices for identical or similar assets or liabilities in active markets;
- inputs other than quotes prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Foundation assets measured at fair value.

- Equities and Mutual Funds: Valued at the closing price reported on the New York Stock Exchange.

- Fixed Income Securities: Corporate bonds, U.S. government securities and exchange traded funds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

Note 2 - Cash and Equivalents and Investments (continued):

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of June 30, 2024 and 2023:

	Assets at Fair Value as of June 30, 2024		
	Level 1	*Level 2*	*Total*
Equities	$ 12,176,319	$ -	$ 12,176,319
Mutual funds	4,643,725	-	4,643,725
Fixed income:			
Exchange traded funds	-	3,340,106	3,340,106
Corporate bonds	-	820,834	820,834
Government securities	-	666,187	666,187
Total Investments	$ 16,820,044	$ 4,827,127	$ 21,647,171

	Assets at Fair Value as of June 30, 2023		
	Level 1	*Level 2*	*Total*
Equities	$ 10,442,196	$ -	$ 10,442,196
Mutual funds	5,204,580	-	5,204,580
Fixed income:			
Exchange traded funds	-	3,669,209	3,669,209
Corporate bonds	-	294,287	294,287
Government securities	-	473,868	473,868
Total Investments	$ 15,646,776	$ 4,437,364	$ 20,084,140

Note 3 - Capital Assets:

Capital assets include land, land improvements, construction in progress, buildings and building improvements, infrastructure and furniture and equipment. Major outlays for capital assets and improvements are capitalized as projects are constructed. The County is responsible for the issuance of bonds and notes for the College's major capital expenses which are financed by the County bond ordinances. The County is also responsible for the payment of interest on issued debt and the principal retirement of such obligations. Accordingly, the debt is reported in the financial statements of the County.

Note 3 - Capital Assets (continued):

Capital asset activity for the years ended June 30, 2024 and 2023 is comprised of the following:

	Year Ended June 30, 2024				
	Beginning Balance	Acquisitions	Dispositions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 3,419,950	$ -	$ -	$ -	$ 3,419,950
Construction In Progress	10,412,283	5,056,174	-	(9,696,758)	5,771,699
Total capital assets not being depreciated:	13,832,233	5,056,174	-	(9,696,758)	9,191,649
Capital assests being depreciated:					
Building & Improvements	125,206,558	263,554	-	7,877,521	133,347,633
Land Improvements	9,186,897	-	-	22,288	9,209,185
Furniture & Equipment	20,294,874	1,898,118	(620,380)	1,796,949	23,369,561
Infrastructure	4,479,198	-	-	-	4,479,198
Total capital assets being depreciated:	159,167,527	2,161,672	(620,380)	9,696,758	170,405,577
Less accumulated depreciation for:					
Building & Improvements	(59,422,180)	(3,229,673)	-	-	(62,651,853)
Land Improvements	(7,536,426)	(189,174)	-	-	(7,725,600)
Furniture & Equipment	(17,027,616)	(867,927)	618,114	-	(17,277,429)
Infrastructure	(2,236,128)	(112,273)	-	-	(2,348,401)
Total accumulated depreciation:	(86,222,350)	(4,399,047)	618,114	-	(90,003,283)
Total capital assets being depreciated, net	72,945,177	(2,237,375)	(2,266)	9,696,758	80,402,294
Total capital assets, net	$ 86,777,410	$ 2,818,799	$ (2,266)	$ -	$ 89,593,943

Note 3 - Capital Assets (continued):

	Year Ended June 30, 2023			
	Beginning Balance	Acquisitions	Retirements / Dispositions	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,419,950	$ -	$ -	$ 3,419,950
Construction In Progress	5,109,878	5,302,405	-	10,412,283
Total capital assets not being depreciated:	8,529,828	5,302,405	-	13,832,233
Capital assests being depreciated:				
Building & Improvements	124,894,760	311,798	-	125,206,558
Land Improvements	9,174,177	12,720	-	9,186,897
Furniture & Equipment	19,626,915	775,799	(107,840)	20,294,874
Infrastructure	4,288,319	190,879	-	4,479,198
Total capital assets being depreciated:	157,984,171	1,291,196	(107,840)	159,167,527
Less accumulated depreciation for:				
Building & Improvements	(56,417,592)	(3,004,588)	-	(59,422,180)
Land Improvements	(7,348,187)	(188,239)	-	(7,536,426)
Furniture & Equipment	(16,385,411)	(745,382)	103,177	(17,027,616)
Infrastructure	(2,130,713)	(105,415)	-	(2,236,128)
Total accumulated depreciation:	(82,281,903)	(4,043,624)	103,177	(86,222,350)
Total capital assets being depreciated, net	75,702,268	(2,752,428)	(4,663)	72,945,177
Total capital assets, net	$ 84,232,096	$ 2,549,977	$ (4,663)	$ 86,777,410

Depreciation expense for the years ended June 30, 2024 and 2023 was $4,399,047 and $4,043,624, respectively. There were no significant commitments outstanding on projects as of June 30, 2024, however projects were identified and funds were board designated for capital assets, IT software upgrades and other long-term projects in the amount of $19,836,103 as of June 30, 2024.

Chapter 12 Capital Projects Funds available to the College that have been approved by the State and the County, and are bonded, each consisting of six and five bond ordinances for the years ended June 30, 2024 and 2023, respectively, totaling $36,367,409 and $31,699,000 for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024, $15,303,103 had been spent with $21,064,306 remaining to be spent for completion of the approved Capital Projects. As of June 30, 2023, $12,777,210 had been spent with $18,921,789 remaining to be spent for completion of the approved Capital Projects.

Note 4- Prepaid Asset:

The College has recorded prepaid assets in the amount of $1,362,934 as of June 30, 2024. This prepaid asset represents costs associated with the beginning stages of the College's Enterprise Resource Planning project. Upon implementation, integration and full completion, these costs will be amortized over future benefit periods.

Note 5 - Non-Current Liabilities:

Summary of Changes in Non-Current Liabilities - The following tables summarize the changes in non-current liabilities, including pensions disclosed in Note 5, for the years ended June 30, 2024 and 2023:

Year Ended June 30, 2024	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Compensated absences	$ 4,120,031	$ 2,211,084	$ 2,141,557	$ 4,189,558	$ 943,596	$ 3,245,962
Early retirement incentive payable	545,000	-	-	545,000	-	545,000
Financed purchase payable	-	427,960	-	427,960	33,822	394,138
Net pension liability	36,554,083	-	4,570,500	31,983,583	-	31,983,583
	$ 41,219,114	$ 2,639,044	$ 6,712,057	$ 37,146,101	$ 977,418	$ 36,168,683

Year Ended June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Compensated absences	$ 4,223,621	$ 2,114,970	$ 2,218,560	$ 4,120,031	$ 824,006	$ 3,296,025
Early retirement incentive payable	545,000	-	-	545,000	-	545,000
Net pension liability	29,855,199	6,698,884	-	36,554,083	-	36,554,083
	$ 34,623,820	$ 8,813,854	$ 2,218,560	$ 41,219,114	$ 824,006	$ 40,395,108

The College has recorded a liability for compensated absences of $4,189,558 and $4,120,031 as of June 30, 2024 and 2023, respectively. The liability is calculated based upon employees' accrued vacation and sick leave as of the statements of net position date. Vacation and sick leave provisions are documented in the employees' collective bargaining agreements.

Equipment Fund – Financed Purchase Payable **-** the College entered into a lease agreement with the NJEFA, as lessor, to issue bonds to finance the costs of acquiring and installing higher education equipment for lease to the College. The State's Equipment Leasing Fund ("ELF") provides funds to support the purchase of scientific, engineering, technical, computer, communications, and instructional equipment for public and private institutions of higher education.

The total amount of equipment to be financed is $1,826,703. The College's basic rent as set forth in the loan schedule is equal to approximately 25% of the debt service on the bonds, consisting of principal of $427,960 and interest of $124,460. In addition, the College is required to pay program expenses and administrative fees over the life of the lease. The College repayment schedule is the following:

June 30,	Principal	Interest	Total
2025	$ 33,822	$ 20,552	$ 54,374
2026	35,556	18,818	54,374
2027	37,380	16,995	54,375
2028	39,297	15,078	54,375
2029	41,312	13,063	54,375
2030-2034	240,593	31,276	271,869
	$ 427,960	$ 115,782	$ 543,742

Note 6 - Retirement Plans:

Plan Descriptions - The College participates in several retirement plans for its employees - the State of New Jersey Public Employees' Retirement System ("PERS"), Police and Firemen's Retirement System ("PFRS"), and the Alternate Benefit Program ("ABP"), which presently makes contributions to the Teachers' Insurance and Annuity Association - College Retirement Equities Fund ("TIAA"), MetLife Insurance Company ("Brighthouse"), AXA Financial ("Equitable"), MassMutual Retirement Services (the "Hartford"), VOYA Financial Services ("VOYA") formerly known as ING U.S. Inc. and Variable Annuity Life Insurance Company ("VALIC") a subsidiary of AIG Retirement Services. ABP is administered by a separate board of trustees. Generally, all employees, except certain part-time employees, participate in one or more of these plans. The College also participates in the New Jersey Defined Contribution Retirement Plan ("DCRP").

Public Employees' Retirement System Information - The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy is set by the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State of New Jersey or any county, municipality, school Board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund. Pursuant to the provisions of P.L. 2022, C.78, the member contribution rate was 7.5% in State fiscal year 2023.

The State of New Jersey PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports for PERS that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

PERS Funding Policy - PERS members are required to contribute 7.5% of their annual covered salary. The College is required to contribute at an actuarially determined rate. The College's actuarially determined contributions to PERS for the years ended June 30, 2024, 2023 and 2022 were $2,775,973, $2,667,074, and $2,731,381, respectively, equal to the required contributions for each year. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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

Alternative Benefit Program Information – The contributions requirements of plan members are determined by State statute. In accordance with N.J.S.A. 18A:66-173, required contributions, calculated on the employee's base pay, are 5% for plan members, and 8% for employers. Plan members may make additional voluntary contributions subject to section 403(b) of the internal revenue code. Under N.J.S.A 18A:66-174, most employer contributions are made by the State of New Jersey on-behalf of the College. The College is responsible for the employer contributions for non-academic employees.

Plan members direct the investments of contributions to insurance companies and mutual fund companies selected by the New Jersey Division of Pensions' Pension Provider Selector Board. These companies administer plan funds based on alternate benefit contracts with the New Jersey Division of Pensions. The amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan carriers are Equitable, the Hartford, VOYA, Brighthouse, Prudential, TIAA and VALIC.

Note 6 - Retirement Plans (continued):

ABP Funding Policy-During the fiscal year ended June 30, 2024, the College's share of the employer contributions for participants not eligible for State reimbursement was $378,426, employee contributions to the plan were $1,059,450, and the State of New Jersey made on-behalf payments for the College contributions of $1,316,694.

During the fiscal year ended June 30, 2023, the College's share of the employer contributions for participants not eligible for State reimbursement was $273,912, employee contributions to the plan were $934,316, and the State of New Jersey made on-behalf payments for the College contributions of $1,220,994.

Defined Contribution Retirement Plan Information - The DCRP was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010 providing eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. DCRP provides coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals and the DCRP is administered by Prudential. DCRP employer contributions are 3% of base salary and employee contributions are 5.5% of base salary. Employees can direct employer and employee contributions to any investment in their plan. Employees are 100% vested in employer's contributions after 12 months of participation and immediately vested in their own contributions.

DCRP Funding Policy- DCRP employee and employer contributions were $59,332 and $43,691 for the fiscal year ended June 30, 2024 and were $71,516 and $48,867 for the fiscal year ended June 30, 2023.

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

<u>*Public Employee's Retirement System (PERS) - 2024*</u>

At June 30, 2024, the College reported a liability of $28,903,903 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2022, which was rolled forward to June 30, 2023. 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 colleges, actuarially determined. At June 30, 2023, the College's proportion was 0.1995523086 percent which was a decrease of 0.0213854314 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the College recognized full accrual pension expense of $1,844,270 in the financial statements. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 63,496	$ 1,751,700
Difference between expected and actual experience	276,358	118,150
Net difference between projected and actual earnings on pension plan investments	133,106	
Changes in proportion and differences between College and proportionate share of contributions	177,702	4,712,423
College contributions subsequent to the measurement date	2,775,973	
	$ 3,426,635	$ 6,582,273

Note 6 - Retirement Plans (continued):

$2,775,973 is reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. 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:		
2025	$	(3,133,913)
2026		(2,098,594)
2027		292,804
2028		(941,263)
2029		(50,645)
	$	(5,931,611)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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 the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement morality 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-2021.

Note 6 - Retirement Plans (continued):

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Note 6 - Retirement Plans (continued):

Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
College’s proportionate share of the net pension liability	$ 33,050,318	$ 28,903,903	$ 25,383,823

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances for the local group at June 30, 2023 are as follows:

Deferred outflows of resources	$	1,080,204,730
Deferred inflows of resources	$	1,780,216,457
Net pension liability	$	14,606,489,066
College's proportion		0.1995523086%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2023 is $79,181,803. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2023 State special funding situation net pension liability amount of $122.1 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there was no net pension liability associated with this special

Note 6 - Retirement Plans (continued):

funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of $55.7 million, for the fiscal year ending June 30, 2023, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is $90,140.

Public Employee's Retirement System (PERS) - 2023

At June 30, 2023, the College reported a liability of $33,342,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating colleges, actuarially determined. At June 30, 2022, the College's proportion was 0.2209377400 percent which was a decrease of 0.0122911182 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the College recognized full accrual pension expense of $3,303,535 in the financial statements. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 103,306	$ 4,992,699
Difference between expected and actual experience	240,651	212,220
Net difference between projected and actual earnings on pension plan investments	1,380,018	
Changes in proportion and differences between College and proportionate share of contributions	261,129	2,825,522
College contributions subsequent to the measurement date	2,667,074	
	$ 4,652,178	$ 8,030,441

$2,667,074 is reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date.

Note 6 - Retirement Plans (continued):

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	$	(3,849,757)
2025		(2,212,566)
2026		(1,177,247)
2027		1,214,150
2028		(19,917)
	$	(6,045,337)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through 2026	2.75 – 6.55% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

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

Mortality Rates

Pre-retirement morality 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.

Note 6 - Retirement Plans (continued):

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

Long-Term 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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Note 6 - Retirement Plans (continued):

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
College's proportionate share of the net pension liability	$ 38,046,461	$ 33,342,546	$ 29,349,880

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances for the local group at June 30, 2022 are as follows:

Deferred outflows of resources	$	1,660,772,008
Deferred inflows of resources	$	3,236,303,935
Net pension liability	$	15,219,184,920
College's proportion		0.2209377400%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 is $1,032,778,934. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, and 5.72 years, respectively.

Note 6 - Retirement Plans (continued):

Police and Firemen's Retirement System (PFRS) - 2024

At June 30, 2024, the College reported a liability of $3,079,680 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2022, which was rolled forward to June 30, 2023. 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 state colleges, actuarially determined.

At June 30, 2023 the College's proportion was 0.0278734700 percent, which was a decrease of 0.0001838200% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the College recognized full accrual pension expense of $177,990 in the financial statements. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 6,647	$ 207,952
Difference between expected and actual experience	131,866	146,873
Net difference between projected and actual earnings on pension plan investments	156,842	
Changes in proportion and differences between College and proportionate share of contributions	231,841	309,690
College contributions subsequent to the measurement date	385,973	
	$ 913,169	$ 664,515

$385,973 is reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. 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:	
2025	$ (161,415)
2026	(100,598)
2027	188,873
2028	(61,675)
2029	496
	$ (134,319)

Note 6 - Retirement Plans (continued):

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through all future years	3.25 – 16.25% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Note 6 - Retirement Plans (continued):

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	**At current discount rate (7.00%)**	**At 1% increase (8.00%)**
College's proportionate share of the net pension liability	$ 3,594,286	$ 3,079,680	$ 2,650,968

Note 6 - Retirement Plans (continued):

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the Local Group

Deferred outflows of resources	$	1,753,080,638
Deferred inflows of resources	$	1,966,439,601
Net pension liability	$	13,084,649,602
College's proportion		0.0278734700%

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 is $844,810,693.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 6.16, 6.22, 6.13, 5.90, 5.92, 5.73, 5.59 and 5.58 years, respectively.

Police and Firemen's Retirement System (PFRS) - 2023

At June 30, 2022, the College reported a liability of $3,211,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021 which was rolled forward to June 30, 2022. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating state colleges, actuarially determined.

At June 30, 2022 the College's proportion was 0.02805729 percent, which was a decrease of 0.0122911182 percent from its proportion measured as of June 30, 2021.

Note 6 - Retirement Plans (continued):

For the year ended June 30, 2023, the College recognized full accrual pension expense of $37,172 in the financial statements. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 8,802	$ 404,269
Difference between expected and actual experience	145,363	196,750
Net difference between projected and actual earnings on pension plan investments	294,082	
Changes in proportion and differences between College and proportionate share of contributions	372,271	423,211
College contributions subsequent to the measurement date	371,052	
	$ 1,191,570	$ 1,024,230

$371,052 is reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. 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	$ (157,501)
2025	(139,267)
2026	(78,448)
2027	211,023
2028	(39,520)
	$ (203,713)

Actuarial Assumptions

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

This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through all future years	3.25 – 16.25% based on years of service
Investment rate of return	7.00%

Note 6 - Retirement Plans (continued):

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Long-Term 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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Note 6 - Retirement Plans (continued):

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

Asset Class	Allocation Target	Real Rate of Return Long-Term Expected
U.S. Equity	27.00%	8.12%
Non-U.S. developed markets	13.50%	8.38%
Private Equity	13.00%	11.80%
Emerging markets equity	5.50%	10.33%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	100.00%	

Discount rate

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

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 as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Note 6 - Retirement Plans (continued):

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
College's proportionate share of the net pension liability	$ 3,737,279	$ 3,211,537	$ 2,773,648

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Fireman's Retirement System.

Additional Information Related to the Local Group

Deferred outflows of resources	$	2,163,793,985
Deferred inflows of resources	$	2,805,919,493
Net pension liability	$	13,483,472,009
College's proportion		0.0280572900%

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 is $165,943,124.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 6.22, 6.13, 5.90, 5.92, 5.73, 5.59 and 5.58 years, respectively.

Note 7 – Other Postemployment Benefits:

A. <u>State Health Benefit Plan</u>

Plan description and benefits provided

For Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2023, the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the

Note 7 – Other Postemployment Benefits (continued):

collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2022 which is required to be recorded on the financial statements, is $75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of $6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed $1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from $1.8 billion in Fiscal Year 2021. The State has appropriated $2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is $88.9 billion, a decrease of $12.7 billion, or 12.5 percent from the $101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: https://www.state.nj.us/treasury/pensions/financialreports.shtml

Total OPEB Liability - 2024

The total OPEB liability from New Jersey's plan is $52,361,668,239.

Note 7 – Other Postemployment Benefits (continued):

Changes in the College's Total OPEB Liability

Below represents the changes in the College's total OPEB liability for the year ended June 30, 2023:

		Total OPEB Liability
Beginning total OPEB liability - June 30, 2022	$	108,769,920
Changes for the year:		
Service Cost		3,997,911
Interest		3,825,422
Difference between expected and actual		(5,309,423)
Changes in assumptions		218,931
Member contributions		98,032
Benefit payments		(2,981,979)
Net Changes		(151,106)
Ending total OPEB liability - June 30, 2023	$	108,618,814

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2023
Active plan members	217,212
Inactive plan members or beneficiaries currently receiving benefits	152,383
	369,595

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The College's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the College did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the College as of June 30, 2023 was $108,618,814. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023 and included in the June 30, 2023

Note 7 – Other Postemployment Benefits (continued):

audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
Salary Increases:			
	2.75 to 4.25% based on years of service	2.75% to 6.55% based on years of service	3.25 to 16.25% based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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 the actual experience studies for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate used for June 30, 2023 was 3.65%. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend was (1.99%) in fiscal year 2023, increasing to 13.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Note 7 – Other Postemployment Benefits (continued):

The following represents sensitivity of total nonemployer OPEB liability to changes in the discount rate and health care cost trend rate

The following presents the total non-employer OPEB liability associated with the College as of June 30, 2023 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	At 1% decrease (2.65%)	At current discount rate (3.65%)	At 1% increase (4.65%)
Total OPEB Liability (allocable to the College and the responsibility of the State)	$ 127,336,912	$ 108,618,814	$ 93,590,354

The following presents the total non-employer OPEB liability associated with the College as of June 30, 2023 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability (allocable to the College and the responsibility of the State)	$ 90,170,362	$ 108,618,814	$ 132,758,662

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

For the year ended June 30, 2024, the College recognized on-behalf OPEB expense and revenue in the financial statements of $2,693,369 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at June 30, 2023 are as follows:

Deferred outflows of resources	$	17,347,811,894
Deferred inflows of resources	$	30,503,688,706
Collective OPEB Expense	$	1,389,124,126
College's proportion		0.21%

Note 7 – Other Postemployment Benefits (continued):

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the College records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Total OPEB Liability - 2023

The total OPEB liability from New Jersey's plan is $50,646,462,966.

Changes in the College's Total OPEB Liability

Below represents the changes in the College's total OPEB liability for the year ended June 30, 2022:

	Total OPEB Liability
Beginning total OPEB liability - June 30, 2021	$ 130,659,316
Changes for the year:	
Service Cost	5,478,892
Interest	2,882,523
Difference between expected and actual	1,691,323
Changes in assumptions	(29,178,507)
Member contributions	91,597
Benefit payments	(2,855,224)
Net Changes	(21,889,396)
Ending total OPEB liability - June 30, 2022	$ 108,769,920

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2022
Active plan members	213,148
Inactive plan members or beneficiaries currently receiving benefits	151,669
	364,817

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The College's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the College did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB

Note 7 – Other Postemployment Benefits (continued):

liability associated with the College as of June 30, 2022 was $108,769,920. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Actuarial assumptions and other inputs

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
Salary Increases:			
	2.75 to 4.25%	2.75% to 6.55%	3.25 to 16.25%
	based on years of service	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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 vary for each plan member depending on the pension plan the member is enrolled in. Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS studies prepared for July 1, 2018 to June 30, 2021.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

Health Care Trend Assumptions

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

Note 7 – Other Postemployment Benefits (continued):

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 5.00%.

The following represents sensitivity of total nonemployer OPEB liability to changes in the discount rate and health care cost trend rate

The following presents the total non-employer OPEB liability associated with the College as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% decrease (2.54%)	At current discount rate (3.54%)	At 1% increase (4.54%)
Total OPEB Liability (allocable to the College and the responsibility of the State)	$ 127,847,599	$ 108,769,920	$ 93,480,114

The following presents the total non-employer OPEB liability associated with the College as of June 30, 2021 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability (allocable to the College and the responsibility of the State)	$ 89,904,987	$ 108,769,920	$ 133,550,155

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

For the year ended June 30, 2023, the College recognized on-behalf OPEB expense and revenue in the financial statements of $3,758,355 for OPEB expenses incurred by the State.

Note 7 – Other Postemployment Benefits (continued):

Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	$	20,104,625,333
Deferred inflows of resources	$	34,996,842,046
Collective OPEB Expense	$	1,595,653,562
College's proportion		0.22%

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the College records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

B. Middlesex College Post-Employment Health Benefit Plan

Total OPEB Liability – 2024

Plan Description and Benefits Provided

In addition to postemployment medical benefits covered under the School Employees Health Benefits Program, the College provides lifetime reimbursement for Medicare supplemental postemployment medical and prescription drug benefits to employees who retire on or after age 65 with more than 20 but less than 25 years of service in one of the New Jersey State Retirement Systems (PERS, PFRS, TPAF and ABP). Postemployment Medical Benefits for employees who earn over 25 years of service are provided by the New Jersey State Health Benefits Plan as described above. The spouse of a retiree receiving the supplemental benefit is covered for life. The College reimburses eligible retirees for the cost of health insurance that supplements benefits provided to the retiree by Medicare Parts A and B. The amount of reimbursement paid by the College includes the cost for Medicare Supplement and Medicare Part D premiums.

No assets are accumulated in a trust. In accordance with GASB Statement No. 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active plan members	48
Inactive plan members or beneficiaries currently receiving benefits	60
	108

Note 7 – Other Postemployment Benefits (continued):

Total OPEB Liability

The total OPEB liability from College's plan is $6,115,933. The liability was determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs

Discount rate	3.93%
Salary increases	3.00%
Inflation rate	2.70%
Healthcare cost trend rates -	
Supplemental Retiree	4.50%
Medicare Part D Plan	5.50%

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 through June 30, 2024.

Mortality Rates

Pre-Retirement:	PUB-2010 (G) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2021
Post-Retirement:	PUB-2010 (G) Headcount-Weighted Healthy Annuitant Male / Female Mortality Projected with Scale MP-2021
Disabled:	PUB-2010 (G) Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2021

Changes in the total OPEB liability

	Total OPEB Liability
Beginning total OPEB liability - June 30, 2023	$ 6,148,021
Changes for the year:	
Service Cost	209,725
Interest	227,351
Changes in assumptions	(211,274)
Benefit payments	(257,890)
Net Changes	(32,088)
Beginning total OPEB liability - June 30, 2024	$ 6,115,933

Note 7 – Other Postemployment Benefits (continued):

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums. Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% at June 30, 2023 to 3.93% at June 30, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	At 1% decrease (2.93%)	At current discount rate (3.93%)	At 1% increase (4.93%)
Total OPEB Liability	$ 6,924,816	$ 6,115,933	$ 5,444,234

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability	$ 5,374,020	$ 6,115,933	$ 7,012,797

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

For the year ended June 30, 2024, the College recognized OPEB expense of ($136,298) and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		$ 698,984
Difference between expected and actual experience	$ 591,277	
	$ 591,277	$ 698,984

Note 7 – Other Postemployment Benefits (continued):

Total OPEB Liability – 2023

Plan Description and Benefits Provided

In addition to postemployment medical benefits covered under the School Employees Health Benefits Program, the College provides lifetime reimbursement for Medicare supplemental postemployment medical and prescription drug benefits to employees who retire on or after age 65 with more than 20 but less than 25 years of service in the one of the New Jersey State Retirement Systems (PERS, PFRS, TPAF and ABP). Postemployment Medical Benefits for employees who earn over 25 years of service are provided by the New Jersey State Health Benefits Plan as described above. The spouse of a retiree receiving the supplemental benefit is covered for life. The College reimburses eligible retirees for the cost of health insurance that supplements benefits provided to the retiree by Medicare Parts A and B. The amount of reimbursement paid by the College includes the cost for Medicare Supplement and Medicare Part D premiums.

No assets are accumulated in a trust. In accordance with GASB Statement No. 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active plan members	48
Inactive plan members or beneficiaries currently receiving benefits	60
	108

Total OPEB Liability

The total OPEB liability from College's plan is $6,148,021. The liability was determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs

Discount rate	3.65%
Salary increases	3.00%
Inflation rate	2.75%
Healthcare cost trend rates -	
Supplemental Retiree	4.50%
Medicare Part D Plan	6.00%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

Note 7 – Other Postemployment Benefits (continued):

Mortality Rates

Pre-Retirement:	PUB-2010 (G) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2021
Post-Retirement:	PUB-2010 (G) Headcount-Weighted Healthy Annuitant Male / Female Mortality Projected with Scale MP-2021.
Disabled:	PUB-2010 (G) Headcount-Weighted Disabled Retiree Male / Female Mortality Projected with Scale MP-2021.

Changes in the total OPEB liability

	Total OPEB Liability
Beginning total OPEB liability - June 30, 2022	$ 5,406,195
Changes for the year:	
Service Cost	226,762
Interest	194,800
Changes in assumptions	(675,093)
Benefit payments	(260,278)
Net Changes	741,826
Beginning total OPEB liability - June 30, 2023	$ 6,148,021

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums. Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% at June 30, 2022 to 3.65% at June 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	At 1% decrease (2.65%)	At current discount rate (3.65%)	At 1% increase (4.65%)
Total OPEB Liability	$ 6,980,187	$ 6,148,021	$ 5,458,444

Note 7 – Other Postemployment Benefits (continued):

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Total OPEB Liability	$ 5,439,939	$ 6,148,021	$ 7,001,382

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

For the year ended June 30, 2023, the College recognized OPEB expense of ($177,668) and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		$ 1,008,838
Difference between expected and actual experience	$ 923,456	384,425
	$ 923,456	$ 1,393,263

Note 8 – Early Retirement Incentive Program

June 30,	Principal	Interest	Total
2025		$ 29,648	$ 29,648
2026	$ 20,000	29,104	49,104
2027	30,000	28,016	58,016
2028	45,000	26,384	71,384
2029	45,000	25,157	70,157
2030-2034	405,000	115,467	520,467
	$ 545,000	$ 253,776	$ 798,776

Note 9 – Deferred Compensation Salary Account:

The College offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

403(b)
AXA Financial (Equitable)
Empower (formerly MassMutual Retirement Services - the Hartford
Met Life Insurance Company (Brighthouse)
Teacher's Insurance and Annuity Association / College Retirement Equities Fund (TIAA)
Variable Annuity Life Insurance Company (VALIC)
VOYA Financial Services (ING)

457(b)
Teacher's Insurance and Annuity Association / College Retirement Equities Fund (TIAA) 52

Note 10 - Risk Management:

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

Property and Liability Insurance – The College maintains commercial insurance coverage for property (including liability (general and automobile), law enforcement liability, public officials' liability, employee benefits liability (errors & omissions), boiler and machinery, contractor's equipment, cyber insurance and surety bonds.

Note 10 - Risk Management (continued):

Joint Insurance Pool – The College is a member of the New Jersey County College Insurance Pool for the purpose of obtaining workers' compensation insurance coverage. Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. Contributions to the pool for the fiscal years ended June 30, 2024 and 2023 were $282,000 and $367,000, respectively. The audit report for the fund can be obtained from:

New Jersey County College Worker's Compensation Pool
1200 Old Trenton Road
Trenton, New Jersey 08690

Note 11 - New Jersey Unemployment Compensation Insurance:

The College is on a direct reimbursement basis with the State for New Jersey for Unemployment Compensation Insurance claims.

Note 12 - Commitments and Contingencies:

The College receives support from Federal and State of New Jersey grant programs, primarily student financial assistance. Entitlement to the resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. As of June 30, 2024, the College estimates that adjustments, if any, as a result of such audits would not have a material adverse effect on the College's financial statements.

The College is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the College and the College's insurance coverage is sufficient to address the risk presented by the claims.

Note 13 - Component Unit - Middlesex County Community College Foundation:

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation's Board is comprised of community leaders from the public and private sector. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College and is presented in the College's financial statements.

At June 30, 2024 and 2023, the College has a receivable due from the Foundation in the amounts of $876,738 and $1,176,562, respectively. Complete financial statements for the Foundation can be obtained from the administrative office at 2600 Woodbridge Avenue, P.O. Box 3050, Edison, New Jersey 08818.

The Foundation is a private nonprofit organization that conforms with Statement of Financial Accounting Standards Board Accounting Standards Certification (FASB ASC) Topic 958, *"Financial Statements for Non-for-Profit Organizations."* Thus, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity to account for these differences.

Note 14 - Components of Net Position:

At June 30, 2024 and 2023, the College's components of net position consisted of the following:

	Net Investment in Capital Assets	Restricted	Unrestricted	Total FY 2024	Total FY 2023
NET INVESTMENT IN CAPITAL ASSETS	$ 89,593,943	$ -	$ -	$ 89,593,943	$ 86,777,410
RESTRICTED FOR:					
Student Loans	-	10,309	-	10,309	10,941
BOARD DESIGNATED FOR:					
IT Software Upgrade	-	-	7,740,734	7,740,734	9,103,668
Other Capital Assets	-	-	7,996,967	7,996,967	8,345,833
Long-Term Projects	-	-	5,799,458	5,799,458	4,018,603
Subsequent Year Budget Support	-	-	1,089,146	1,089,146	2,921,691
Student Support Services	-	-	1,000,000	1,000,000	787,999
Benefits Assessment	-	-	-	-	1,000,000
EFFECT OF GASB 68 and 71 Pension Adjustments	-	-	(38,052,513)	(38,052,513)	(42,803,132)
EFFECT OF GASB 75 Other Postemployment Benefits	-	-	(6,223,640)	(6,223,640)	(6,617,828)
UNDESIGNATED	-	-	20,730,510	20,730,510	16,904,295
Total Per Statements of Net Position	$ 89,593,943	$ 10,309	$ 80,662	$ 89,684,914	$ 80,449,480

Note 15 - Middle States Commission on Higher Education:

The College is fully accredited by the Middle States Commission on Higher Education ("MSCHE"), 1007 North Orange Street, 4th Floor, MB #166, Wilmington, DE 19801. Regular accreditation visits by a team of MSCHE visitors are scheduled to take place every eight years.

The College was first accredited in 1970, and most recently re-accredited on June 23, 2022. The most recent full-team visit from Middle States occurred in March of 2021. The College was re-accredited on June 23, 2022. More of the College's accreditation information is available on the MSCHE website at *https://www.msche.org/institution/0222/.*

Note 16. Liquidity, Management Plans and Intentions:

The College maintains its liquidity position through prudent fiscal management of safeguarding of assets and specifically it liquid cash position. One way the College implements fiscal oversight is its implementation and rigorous operating budget review and expenditure controls. Below is a comparative chart that illustrates the normalization of operating results by excluding extraordinary circumstances that affect the College's financial statements.

	Fiscal Year 2024	Fiscal Year 2023
Income before Capital Revenues	$ 4,501,211	$ 988,107
Less: decrease in GASB pension-realted expenses	(1,677,285)	(1,206,645)
Less: Institutional Cares Funding as Revenue	-	(1,435,862)
Normalization of Income before Capital Revenues	**$ 2,823,926**	**$ (1,654,400)**

Note 17: Community Innovation and Opportunity

The College, in partnership with Middlesex County and the State of New Jersey finalized its Community Innovation and Opportunity ("CIO") Strategic Investment Plan (the "Plan") during the year ended June 30, 2024. The plan is designed to transform and bolster Middlesex College (the "College") as well as meet the diverse needs of the community. The Plan will fund the construction of a Multipurpose Community Venue for concerts, cultural and sporting events, an Academic Workforce Development and Conference Center, and a student center. The total estimated cost for this project is $250,000,000, for which Middlesex County will be taking the lead in assuming overall project responsibility for procurement of consultants and contractors, adhering to guidelines and reporting requirements. An interlocal agreement is in place with the County to seek reimbursement from the College for project costs. The College has received $40,000,000 in construction funding for the CIO project and has reimbursed Middlesex County for construction costs incurred in the amount of $5,224,361 less interest earned and bank service charges leaving a balance of $34,797,596 as of June 30, 2024. These funds are held in trust for the CIO project in a restricted bank account solely and exclusively for the CIO project.

Required Supplementary Information and Notes to Required Supplementary Information

MIDDLESEX COLLEGE
Schedule of the College's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset) - Local Group	0.1995523086%	0.2209377400%	0.2332288582%	0.2312665122%	0.2394454594%	0.2422552443%	0.2435575949%	0.2314776330%	0.2510439872%	0.2464395371%
College's proportionate share of the net pension liability (asset)	$ 28,903,903	$ 33,342,546	$ 27,629,455	$ 37,713,520	$ 43,144,439	$ 47,698,850	$ 56,696,315	$ 72,013,393	$ 56,354,345	$ 46,140,221
College's covered payroll	$ 15,603,803	$ 15,603,803	$ 16,554,295	$ 16,857,383	$ 16,831,714	$ 16,999,440	$ 16,787,415	$ 17,031,045	$ 17,053,011	$ 17,430,203
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	185.24%	213.68%	166.90%	223.72%	256.33%	280.59%	337.73%	422.84%	330.47%	264.71%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2022 and June 30, 2023.

MIDDLESEX COLLEGE
Schedule of the College's Contributions
Public Employees' Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,775,973	$ 2,667,074	$ 2,731,381	$ 2,529,939	$ 2,527,941	$ 2,337,214	$ 2,487,582	$ 2,409,657	$ 2,256,301	$ 2,160,909
Contributions in relation to the contractually required contribution	(2,775,973)	(2,667,074)	(2,731,381)	(2,529,939)	(2,527,941)	(2,337,214)	(2,487,582)	(2,409,657)	(2,256,301)	(2,160,909)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,278,714	$ 15,603,803	$ 15,132,265	$ 16,554,295	$ 16,857,383	$ 16,831,714	$ 16,999,440	$ 16,787,415	$ 17,031,045	$ 17,053,011
Contributions as a percentage of covered payroll	17.05%	17.09%	18.05%	15.28%	15.00%	13.89%	14.63%	14.35%	13.25%	12.67%

MIDDLESEX COLLEGE
Schedule of the College's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset) - Local Group	0.0278734700%	0.0280572900%	0.0304514686%	0.0286182726%	0.0269450693%	0.0299566101%	0.0275054150%	0.0301471559%	0.0267128959%	0.0312581264%
College's proportionate share of the net pension liability (asset)	$ 3,079,680	$ 3,211,537	$ 2,225,744	$ 3,697,858	$ 3,297,489	$ 4,053,623	$ 4,246,304	$ 5,758,878	$ 4,449,437	$ 3,931,982
College's covered payroll	$ 647,347	$ 647,347	$ 675,932	$ 422,276	$ 586,862	$ 555,165	$ 540,376	$ 438,282	$ 368,722	$ 368,722
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	475.74%	496.11%	329.29%	875.70%	561.88%	730.17%	785.81%	1313.97%	1206.72%	1066.38%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.98%	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%

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

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2022 and June 30, 2023.

MIDDLESEX COLLEGE
Schedule of the College's Contributions
Police and Firemen's Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 385,973	$ 371,052	$ 364,900	$ 319,715	$ 272,175	$ 282,266	$ 292,870	$ 243,428	$ 245,802	$ 217,136
Contributions in relation to the contractually required contribution	(385,973)	(371,052)	(364,900)	(319,715)	(272,175)	(282,266)	(292,870)	(243,428)	(245,802)	(217,136)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 798,455	$ 647,347	$ 630,704	$ 675,932	$ 422,276	$ 586,862	$ 555,165	$ 540,376	$ 438,282	$ 368,722
Contributions as a percentage of covered payroll	48.34%	57.32%	57.86%	47.30%	64.45%	48.10%	52.75%	45.05%	56.08%	58.89%

MIDDLESEX COLLEGE
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the College
Teacher's Pension and Annuity Fund
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the College	0.02882990%	0.00255935%	0.00287480%	0.00274323%	0.00247207%	0.00251969%	0.00250183%	0.00248775%	0.00241752%	0.00248170%
College's proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the College	$ 147,127	$ 1,320,480	$ 1,382,065	$ 1,806,384	$ 1,517,130	$ 1,602,973	$ 1,686,823	$ 1,957,021	$ 1,527,976	$ 1,326,390
Total proportionate share of the net pension liability (asset) associated with the College	$ 147,127	$ 1,320,480	$ 1,382,065	$ 1,806,384	$ 1,517,130	$ 1,602,973	$ 1,686,823	$ 1,957,021	$ 1,527,976	$ 1,326,390
Plan fiduciary net position as a percentage of the total pension liability	0.00%	32.28%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2022 and June 30, 2023.

MIDDLESEX COLLEGE

Schedule of the State's Proportionate Share of the Net OPEB Liability Associated With the College
and Changes in the Total OPEB Liability and Related Ratios
and Note to Required Supplementary Information
Public Employee's Retirement System, Police and Firemen's Retirement System and Alternate Benefit Program/Teachers Pension Annuity Fund
Required Supplementary Information

Last Ten Fiscal Years*

	Fiscal Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the College	0.21%	0.22%	0.23%	0.23%	0.23%	0.21%	0.20%	0.20%
College's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the College	$ 108,618,814	$ 108,769,920	$ 130,659,316	$ 154,048,711	$ 93,983,167	$ 96,897,712	$ 108,649,915	$ 116,464,462
Total proportionate share of the net OPEB liability (asset) associated with the College	$ 108,618,814	$ 108,769,920	$ 130,659,316	$ 154,048,711	$ 93,983,167	$ 96,897,712	$ 108,649,915	$ 116,464,462
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total OPEB Liability	Fiscal Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 3,997,911	$ 5,478,892	$ 6,425,699	$ 3,529,418	$ 3,373,825	$ 4,182,663	$ 4,993,852	
Changes of benefit terms			(139,071)					
Interest cost	3,825,422	2,882,523	3,389,440	3,367,822	3,826,853	3,995,024	3,427,264	
Differences between expected and actual	(5,309,423)	1,691,323	(30,611,089)	27,629,472	(8,717,037)	(6,308,932)	-	
Changes of assumptions	218,931	(29,178,507)	128,905	28,139,406	1,401,297	(11,119,497)	(13,811,766)	
Member contributions	98,032	91,597	86,651	81,287	85,520	(2,591,010)	(2,516,563)	
Gross benefit payments	(2,981,979)	(2,855,224)	(2,669,930)	(2,681,861)	(2,885,003)	89,549	92,666	
Net change in total OPEB liability	(151,106)	(21,889,396)	(23,389,395)	60,065,544	(2,914,545)	(11,752,203)	(7,814,547)	
Total OPEB liability - beginning	108,769,920	130,659,316	154,048,711	93,983,167	96,897,712	108,649,915	116,464,462	
Total OPEB liability - ending	$ 108,618,814	$ 108,769,920	$ 130,659,316	$ 154,048,711	$ 93,983,167	$ 96,897,712	$ 108,649,915	
Covered-employee payroll	$ 17,077,169	$ 15,603,803	$ 15,789,715	$ 17,594,676	$ 17,733,864	$ 17,657,868	$ 17,643,079	
Total OPEB liability as a percentage of covered-employee payroll	636.05%	697.07%	827.50%	875.54%	529.96%	548.75%	615.82%	

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

** information not available.

MIDDLESEX COLLEGE
Schedule of Changes in the College's Total OPEB Liability - College Plan
Required Supplementary Information

Last Ten Fiscal Years*

	Fiscal Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ (136,298)	$ (177,668)	$ (147,291)	$ 250,814	$ 592,000	$ 410,000	$ 334,000	
Contributions in relation to the contractually required contribution	136,298	177,668	147,291	(250,814)	(592,000)	(410,000)	(334,000)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	

	Fiscal Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 209,725	$ 226,762	$ 308,634	$ 321,000	$ 237,000	$ 217,000	$ 230,000	
Interest cost	227,351	194,800	138,888	176,363	251,000	248,000	235,000	
Benefit payments	(257,890)	(260,278)	(242,414)	(217,000)	(177,000)	(158,000)	(153,000)	
Actuarial assumption changes	(211,274)	(675,093)	-	(1,773,912)	1,052,000	214,000	120,000	
Actuarial demographic (gain)/loss		1,255,635	(1,041,495)	(67,869)	(578,000)	15,000	(512,000)	
Net change in total OPEB liability	(32,088)	741,826	(836,387)	(1,561,418)	785,000	536,000	(80,000)	
Total OPEB liability - beginning	$ 6,148,021	$ 5,406,195	$ 6,242,582	$ 7,804,000	$ 7,019,000	$ 6,483,000	$ 6,563,000	
Total OPEB liability - ending	$ 6,115,933	$ 6,148,021	$ 5,406,195	$ 6,242,582	$ 7,804,000	$ 7,019,000	$ 6,483,000	
Covered-employee payroll	$ 38,482,724	$ 36,226,471	$ 33,373,359	$ 35,201,870	$ 46,654,433	$ 49,331,998	$ 49,580,983	
Total OPEB liability as a percentage of covered-employee payroll	15.89%	16.97%	16.20%	17.73%	16.73%	14.23%	13.08%	

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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Supplementary Information

Single Audit Section

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Board of Trustees
Middlesex College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Middlesex College (the "College"), a component unit of Middlesex as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 17, 2025. The financial statements of the Middlesex College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 17, 2025

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the *Uniform Guidance* and New Jersey *OMB Circular 15-08*

Independent Auditors' Report

The Board of Trustees
Middlesex College

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Middlesex College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2024. 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 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, 2024.

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state 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.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
January 17, 2025

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant or FAIN Number	Passed through to Subrecipients	FY 2024 Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Awards:				
Student Financial Assistance Cluster:				
Federal Pell Grant Program (PELL)	84.063	P063Q231814		$ 19,285,590
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	P007A242584		426,750
Federal Direct Student Loans	84.268	P268K251814		2,892,047
Federal Work-Study Program (FWS)	84.033	P033A222584		305,608
Total Student Financial Assistance Cluster				22,909,995
Total Direct Awards:				22,909,995
U.S. Department of Education Passed through the Office of the Secretary of Higher Education:				
Educational Stabilization Fund:				
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (COVID-19):				
Governor's Emergency Education Relief Fund II: Hunger-Free Campus (GEERF II)	84.425C	P425E200826		95,738
Governor's Emergency Education Relief Fund II: Opportunity Meets Innovation Challenge (GEERF II)	84.425L	P425L200390		91,791
Developing Hispanic-Serving Institutions Program (Title V)	84.031S	Not available		1,650
Total U.S. Department of Education Passed Through the Office of the Secretary of Higher Education:				189,179
U.S. Department of Education Passed Through the NJ Department of Education:				
Career and Technical Education - Basic Grants to States -				
Carl D. Perkins Vocational and Applied Technology Grant	84.048A	V048A200030		773,139
Adult Basic Education - Basic Grants to States	84.002	V002200031		132,236
Passed through Board of Chosen Freeholders of the County of Middlesex				
HSE Youth Program in Edison	84.002	V002200031		191,992
Total U.S. Department of Education Passed Through the State of NJ Department of Education				1,097,367
U.S. Department of Education Passed Through the NJ EDGE.NET INC.:				
Open Textbook Collaboration	84.116T	P116T2000028		417,937
TOTAL U.S. DEPARTMENT OF EDUCATION				24,614,478
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through NJ Department of Human Services Division of Family Development				
COVID-19 Coronavirus State and Local Fiscal Recovery - Early Learning Center Stabilization Grant	21.027	FR-002000		26,913
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				26,913
U.S. DEPARTMENT OF LABOR, EDUCATION, AND TRAINING ADMINISTRATION:				
Direct Awards:				
Scaling Apprenticeship through Sector Based Strategies				
Passed through from Bergen Community College - NJ Health Works	17.268	HG-33026-19-60A-34		108,556
Total Direct Awards:				108,556

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant or FAIN Number	Passed through to Subrecipients	FY 2024 Expenditures
U.S. Department of Labor, Education and Training Administration				
Passed through Middlesex County Office of Workforce Development:				
One Stop Operator	17.258	Not available		$ 27,802
TOTAL U.S. DEPARTMENT OF LABOR, EDUCATION, AND TRAINING ADMINISTRATION				136,358
U.S. DEPARTMENT OF AGRICULTURE				
U.S Department of Agriculture				
Passed through the State of NJ - Division of Food and Nutrition:				
Child and Adult Care Food Program	10.558	201NJ304N1099		37,221
U.S. DEPARTMENT OF JUSTICE				
Passed through State of NJ Department of Law and Public Safety:				
Juvenile Justice Commission Associate Degree Pathway	16.540	Not available		84,082
American Council of Learned Societies	16.540	Not available		16,876
Total U.S. Department of Justice Passed through NJ Department of Law and Public Safety				100,958
NATIONAL AEURONAUTICS AND SPACE ADMINISTRATION				
Passed through Rutgers University:				
National Space Grant College and Fellowship Program - Education	43.008	NNX15AK05H		424
U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through County of Middlesex:				
CDBG- Entitlement Grants Cluster				
Community Development Block Grant COVID-19 (CDBG-CV)	14.218	Not available		67,256
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 24,983,608

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2024

State of New Jersey Grantor/Program or Cluster Title	State of New Jersey Account/ Grant Number	FY 2024 Award Amount	Grant Period	Passed through to Subrecipients	FY 2024 Expenditures
Student Financial Assistance Cluster:					
N.J. Higher Education Assistance Authority					
Tuition Aid Grant (TAG)	100-074-2405-007	$ 4,033,727	7/1/23-6/30/24		$ 4,033,727
New Jersey STARS	100-074-2405-313	323,114	7/1/23-6/30/24		323,114
Community College Opportunity Grant (CCOG)	Not Available	2,828,668	7/1/23-6/30/24		2,828,668
New Jersey BEST	Not Available	6,000	7/1/23-6/30/24		6,000
Subtotal N.J. Higher Education Assistance Authority					7,191,509
N.J. Department of State:					
Educational Opportunity Fund Article IV Art	100-074-2401-001	4,112	7/1/23-6/30/24		3,695
Educational Opportunity Fund Undergraduate Article IV	100-074-2401-001	305,403	7/1/23-6/30/24		305,403
Educational Opportunity Fund Article III Summer	100-074-2401-001	56,318	7/1/23-6/30/24		57,289
Subtotal N.J. Department of State					366,387
Total Student Financial Assistance Cluster					7,557,896
N.J. Office of the State Secretary of Higher Education:					
Securing our Children's Future Bond Act - Careeer and Technical Education (CTE)	Not Available	2,997,691	7/1/2022-Completion		1,449,340
Community College Opportunity Implementation Grant (CCOG)	100-074-2400-061	298,194	7/1/23-6/30/24		298,194
Center for Adult Transition	Not Available	250,000	7/1/23-6/30/24		43,869
Some College No Degree	Not Available	26,488	7/1/23-6/30/24		101,637
Educational Opportunity Fund Article IV	100-074-2401-002	336,326	7/1/23-6/30/24		329,337
Educational Opportunity Fund - Step Ahead	Not Available	76,006	7/1/23-6/30/24		76,006
Mental Health Community Provider Partnership and Professional Development-Leveraging Community Provider Partnership	Not Available	13,826	7/1/23-6/30/24		13,826
Mental Health Community Provider Partnership and Professional Development-Professional Development	Not Available	9,019	7/1/23-6/30/24		9,019
Subtotal N.J. Office of the State Secretary of Higher Education					2,321,228
N.J. Department of Education					
McKinney-Vento Education for Homeless Children and Youth Program	Not Available	23,331	7/1/23-6/30/24		23,331
N.J. Council of Community Colleges					
N.J. College Access Challenge Grant - College Readiness Now	Not Available	75,420	7/1/23-6/30/24		75,420
Work Force Innovation	Not Available	51,148	7/1/23-6/30/24		51,148
Subtotal N.J. Council of Community Colleges					126,568
N.J. Department of Food and Nutrition					
Child and Adult Care Food Program	100-010-3350-029	415,927	7/1/23-6/30/24		415,927
N.J.Department of Human Services, Division of Family Development					
WorkFirst NJ	Not Available	197,463	7/1/23-6/30/24		197,463
Subtotal N.J. Department of Human Services, Divison of Family Development					197,463
N.J. Department of Law and Public Safety, Office of the Attorney General					
N.J. Department of Community Affairs					
Community Innovation and Opportunity (CIO)	Not Available	20,000,000	7/1/23-Completion	$ 5,224,361	5,224,361
Subtotal N.J. Department of Community Affairs				5,224,361	5,224,361
N.J. Department of Treasury - Higher Education Administration:					
Operational Costs - County Colleges	100-082-2155-015	13,069,757	7/1/23-6/30/24		13,069,757
Chapter 12 Debt Service	100-082-2155-016	1,228,396	7/1/23-6/30/24		1,228,396
Employer Contributions - Alternate Benefit Program - FT Faculty	100-082-2155-017	1,316,694	7/1/23-6/30/24		1,316,694
Employer Contributions - Alternate Benefit Program - Adjunct	100-082-2155-017	322,344	7/1/23-6/30/24		322,344
Subtotal N.J. Department of Treasury					15,937,191
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				$ 5,224,361	$ 31,803,965

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2024

1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state grant activity of Middlesex College (the "College") under programs of the federal and state governments for the year ended June 30, 2024 and are presented on the accrual basis of accounting. The College is defined in Note 1 to the College's Notes to Financial Statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the purposes of these schedules, Federal Awards and State Financial Assistance include any assistance provided by a Federal and State agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations and other non-cash assistance. Because these schedules present only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position, changes in net position and other changes of the College in conformity with generally accepted accounting principles.

Expenditures for direct costs reported on the schedules are recognized as incurred and reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

2. Federal Student Loan Programs

Middlesex College is responsible only for the performance of certain administrative duties with respect to the Loan Programs; accordingly, these loan balances are not included in the College's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the College under these programs as of June 30, 2024.

3. Alternate Benefit Program

During the year ended June 30, 2024, the State of New Jersey, Department of Treasury made payments on behalf of Middlesex College to the Alternate Benefit Program of $1,639,038. These benefits are reimbursed by the State of New Jersey at the rate of 8% for faculty and staff involved in the student instruction process, all other disbursements for other staff are reflected in the accompanying basic financial statements for the year ended June 30, 2024. The June 30, 2024 benefit reimbursement for faculty is included in the accompanying schedule of expenditures of state financial assistance.

4. Indirect Costs

The College has elected not use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.

5. Funds Provided to Subrecipients

Of the state expenditures presented in the schedule of expenditures of state financial assistance, the College provided state financial assistance to the County of Middlesex for the Community Innovation and Opportunity (CIO) Project. The funding is to be used to expand the educational offerings of both Middlesex College and the Middlesex County Magnet School system and will turn the College's campus and surrounding facilities into a multi-faceted destination for the region.

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Part I- Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	____Yes __X__ No
• Significant deficiency(ies) identified?	____Yes __X__ None reported
Noncompliance material to the financial statements noted?	____Yes __X__ No

Federal Awards and State Financial Assistance

Internal control over major federal and state programs:	
• Material weakness(es) identified?	____Yes __X__ No
• Significant deficiency(ies) identified	____Yes __X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or NJ OMB 15-08?	___Yes __X__ No

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
YEAR ENDED JUNE 30, 2024

Part I- Summary of Auditors' Results

Identification of major federal and state programs:

AL Number/State Account Number	Grantor FAIN Number	Name of Federal and State Program or Cluster
Federal Awards:		
United States Department of Education		
Direct Awards		
Student Financial Assistance Cluster		
84.063	P063P161814	Federal Pell Grant Program (PELL)
84.007	P007A202584	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.268	P268K211814	Federal Direct Student Loans
84.033	P033A178578	Federal Work-Study Program (FWS)
United Stated Department of Education		
Passed Through the NJ Department of Education		
84.048A	V048A200030	Career and Technical Education- Basic Grants to States- Carl D. Perkins Vocational and Applied Technology Grant
State Awards:		
Student Financial Assistance Cluster		
100-074-2405-007		Tutiton Aid Grant (TAG)
100-074-2405-313		New Jersey STARS
Not Available		Community College Opportunity Grant (CCOG)
Not Available		New Jersey BEST
100-074-2401-001		Educational Opportunity Fund Article IV Art
100-074-2401-001		Educational Opportunity Fund Undergraduate Article IV
100-074-2401-001		Educational Opportunity Fund Article III Summer
Not Available		Securing our Children's Future Bond Act- Career and Technical Education (CTE)
100-082-2155-016		Chapter 12 Debt Service
Not Available		Community Innovation and Opportunity (CIO)

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

Federal	$ 750,000
State	$ 954,119

Auditee qualified as low-risk auditee? X Yes ___No

MIDDLESEX COLLEGE
(A Component Unit of the County of Middlesex)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
YEAR ENDED JUNE 30, 2024

Part II – Schedule of Financial Statement Findings

None to report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
YEAR ENDED JUNE 30, 2024

Part III - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs
No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Financial Assistance Programs
No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08