

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Basic Financial Statements,  
Management's Discussion and Analysis and  
Schedules of Expenditures of Federal Awards and  
State Financial Assistance

June 30, 2023 and 2022

(With Independent Auditors' Reports Thereon)

**Bergen Community College  
(A Component Unit of the County of Bergen)**

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## Independent Auditors' Report

**Board of Trustees**  
**Bergen Community 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 of Bergen Community College, State of New Jersey (the College), a component unit of the County of Bergen, State of New Jersey, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Bergen Community College as of June 30, 2023 and 2022, 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.

We did not audit the financial statements of Bergen Community College Foundation (the Foundation), the discretely presented component unit of Bergen Community College. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bergen Community College Foundation is based on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

#### ***Change in Accounting Principle***

We draw attention to Note 1 in the notes to financial statements which disclose the effects of the College's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITA)*". Our opinion is not modified with respect to this matter.

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

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

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.

***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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 11 and the required supplementary information on pages 56 through 59 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 regarding 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 Schedules of Expenditures of Federal Awards and State Financial Assistance on pages 60 through 61 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* and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024. on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Woodcliff Lake, New Jersey  
March 29, 2024

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Overview of the Basic Financial Statements and Financial Analysis**

This section of the audited financial statements for Bergen Community College (the College) presents management's discussion and analysis of the College's financial position for the years ended June 30, 2023 and 2022, with selected information pertaining to the year ended June 30, 2021. 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.

**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.

The College adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as of July 1, 2003. GASB Statement No. 39 establishes criteria for determining whether certain organizations should be reported as component units of the financial reporting entity.

As a result, this report also includes the statements of financial position and statements of activities of the Bergen Community College Foundation (the Foundation). The Foundation is a legally separate component unit of the College and is exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation's purpose is to obtain private funding to enhance the educational goals of the College. 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 and is discretely presented in the College's financial statements. Complete financial statements can be obtained from the Bergen Community College Foundation at 400 Paramus Road, Paramus, NJ 07652.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**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. Net investment in capital assets, reflects the equity in capital assets. Restricted net position primarily includes grants and contracts and capital funds that are subject to regulations or restrictions governing their use. Unrestricted net position are available to the College for general purposes, but are internally designated for various academic and student programs.

**Statements of Revenues, Expenses and Changes in Net Position**

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, which are essential to the College's operations, are recorded as non-operating revenues. Therefore, the operating revenues less operating expenses show a loss (in Millions) of \$52.6, \$54.5, and \$56.6, for fiscal years ended June 30, 2023, 2022 and 2021, respectively, while the net of non-operating revenues less non-operating expenses shows an excess of revenues over expenses of \$60.3, \$60.9, and \$59.8 for fiscal years ended June 30, 2023, 2022 and 2021, 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, liabilities, deferred outflows and 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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Financial Highlights**  
**Condensed Schedule of Net Position (in Millions)**

The following represents assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at June 30, 2023, 2022 and 2021:

	Net Position as of June 30,				
	2021	2022	Change from 2021	2023	Change from 2022
<b>CURRENT ASSETS</b>	\$ 102.5	\$ 108.0	\$ 5.5	\$ 113.2	\$ 5.2
<b>NONCURRENT ASSETS</b>					
Capital assets, net of accumulated depreciation	128.0	128.7	0.7	129.7	1.0
Other noncurrent assets	<u>27.2</u>	<u>30.8</u>	<u>3.6</u>	<u>36.1</u>	<u>5.3</u>
Total Assets	<u>257.7</u>	<u>267.5</u>	<u>9.8</u>	<u>279.0</u>	<u>11.5</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflow of pension resources	<u>6.7</u>	<u>3.5</u>	<u>(3.2)</u>	<u>4.9</u>	<u>1.4</u>
<b>CURRENT LIABILITIES</b>	22.7	23.2	0.5	21.2	(2.0)
<b>NONCURRENT LIABILITIES</b>					
Deposits held in trust	0.3	-	(0.3)	-	-
Long-term debt	14.3	13.8	(0.5)	13.2	(0.6)
Net pension liability	42.4	29.2	(13.2)	34.0	4.8
Other noncurrent liabilities	<u>4.5</u>	<u>3.1</u>	<u>(1.4)</u>	<u>3.6</u>	<u>0.5</u>
Total Liabilities	<u>84.2</u>	<u>69.3</u>	<u>(14.9)</u>	<u>72.0</u>	<u>2.7</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow of pension resources	<u>22.3</u>	<u>23.6</u>	<u>1.3</u>	<u>12.0</u>	<u>(11.6)</u>
<b>NET POSITION</b>					
Net investment in capital assets	112.2	113.4	1.2	116.1	2.7
Restricted	38.1	38.5	0.4	40.1	1.6
Unrestricted	<u>7.6</u>	<u>26.2</u>	<u>18.6</u>	<u>43.7</u>	<u>17.5</u>
Total Net Position	<u>\$ 157.9</u>	<u>\$ 178.1</u>	<u>\$ 20.2</u>	<u>\$ 199.9</u>	<u>\$ 21.8</u>

This schedule is prepared from the College's statements of net position.



**Bergen Community College**  
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Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Condensed Schedule of Revenues, Expenses and Changes in Net Position (in Millions)**

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, both operating and non-operating. A summary of the College's revenues for the years ended June 30, 2023, 2022 and 2021 follows:

	Years Ended June 30,				
	2021	2022	Change from 2021	2023	Change from 2022
<b>OPERATING REVENUES</b>					
Tuition and fees and auxiliary enterprises, net of scholarship allowances	\$ 28.4	\$ 31.0	\$ 2.6	\$ 30.3	\$ (0.7)
Federal grants and contracts	28.0	32.8	4.8	47.6	14.8
State, county and private grants	9.7	8.7	(1.0)	11.5	2.8
Other operating revenues	0.2	0.7	0.5	0.5	(0.2)
Total	<u>66.3</u>	<u>73.2</u>	<u>6.9</u>	<u>89.9</u>	<u>16.7</u>
Less operating expenses	<u>122.9</u>	<u>127.6</u>	<u>4.7</u>	<u>142.5</u>	<u>14.9</u>
Operating Loss	<u>(56.6)</u>	<u>(54.4)</u>	<u>2.2</u>	<u>(52.6)</u>	<u>1.8</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	10.9	12.5	1.6	13.1	0.6
County appropriations	22.0	22.6	0.6	23.3	0.7
Pell Grants	16.5	16.5	-	18.7	2.2
Investment income/(expenses), net	(0.4)	(0.6)	(0.2)	0.5	1.1
Other nonoperating revenues (expenses), net	<u>10.8</u>	<u>9.9</u>	<u>(0.9)</u>	<u>4.7</u>	<u>(5.2)</u>
Total	<u>59.8</u>	<u>60.9</u>	<u>1.1</u>	<u>60.3</u>	<u>(0.6)</u>
<b>CAPITAL APPROPRIATIONS</b>	<u>13.3</u>	<u>13.5</u>	<u>0.2</u>	<u>14.3</u>	<u>0.8</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 16.5</u>	<u>\$ 20.0</u>	<u>\$ 3.5</u>	<u>\$ 22.0</u>	<u>\$ 2.0</u>

State and county appropriations make up a significant portion of the College's annual revenues and should be viewed as an offset to net operating expenses. Overall net student revenues decreased \$0.7 million in comparison to the prior year. Federal grants and contracts, state, county, private grants and other operating revenues increased by \$17.4 million. Pell Grants have been excluded from Operating Revenues.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Condensed Schedules of Operating Expenses (in Millions)**

A summary of the College's operating expenses for the years ended June 30, 2023, 2022 and 2021 follows:

	Years Ended June 30,				
	2021	2022	Change from 2021	2023	Change from 2022
<b>OPERATING EXPENSES</b>					
Instruction	\$ 37.9	\$ 39.9	\$ 2.0	\$ 40.5	\$ 0.6
Academic support	5.1	5.5	0.4	5.3	(0.2)
Student services	14.9	20.0	5.1	24.4	4.4
Institutional support	39.6	34.0	(5.6)	35.8	1.8
Operation and maintenance of plant	12.6	13.9	1.3	21.9	8.0
Scholarships and fellowships	4.9	5.8	0.9	5.6	(0.2)
Auxiliary enterprises	0.2	0.3	0.1	0.3	-
Depreciation	7.7	7.8	0.1	8.1	0.3
Amortization	-	0.4	0.4	0.6	0.2
Total	<u>\$ 122.9</u>	<u>\$ 127.6</u>	<u>\$ 4.7</u>	<u>\$ 142.5</u>	<u>\$ 14.9</u>

Operating expenses include salaries, fringe benefits, and other personal services expenses. Fringe benefits are allocated to functional departments using various factors, including direct charges and headcounts. Operating expenses increased from the prior year due primarily to instruction and Operation and maintenance support.

**Schedule of Components of Net Position**

The following represents the components of the College's net position at June 30, 2023 and 2022:

	Net Position as of June 30,				
	Net Investment in Capital Assets	Restricted	Unrestricted	Total FY 2023	Total FY 2022 (As Restated)
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	\$ 116,082,493	\$ -	\$ -	\$ 116,082,493	\$ 113,213,778
<b>RESTRICTED FOR:</b>					
Unemployment reserve	-	4,407,172	-	4,407,172	2,352,875
Capital projects	-	35,708,719	-	35,708,719	36,130,434
<b>BOARD-DESIGNATED FOR:</b>					
Renewals and replacements of capital assets	-	-	41,450,535	41,450,535	38,054,672
Reserve for Workmen's Comp	-	-	284,190	284,190	284,190
<b>UNDESIGNATED:</b>					
Current funds	-	-	1,948,600	1,948,600	(12,103,659)
Total per Statements of Net Position	<u>\$ 116,082,493</u>	<u>\$ 40,115,891</u>	<u>\$ 43,683,325</u>	<u>\$ 199,881,709</u>	<u>\$ 177,932,290</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Schedule of Components of Net Position (continued)**

Balances on the statements of net position are shown as either invested in capital assets, net, restricted, or unrestricted. Restricted funds are those specifically restricted by the funding source. Certain unrestricted funds have been designated by the Board of Trustees for the renewal and replacement of capital assets and other reserves. All board-designated and undesignated net position are included in unrestricted net position on the statements of net position.

**Schedule of Capital Assets and Right-To-Use Subscription Assets Activities**

Capital Assets and Right-To-Use Subscription Assets Activities for the Year Ended June 30, 2023	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	5,810,832	37,000	-	5,847,832
Buildings	112,639,761	-	-	112,639,761
Building improvements	81,167,158	1,701,352	-	82,868,510
Furniture and furnishings	2,132,307	1,700,196	-	3,832,503
Equipment	34,497,087	5,536,938	7,441	40,026,584
Vehicles	1,112,275	218,074	-	1,330,349
Machinery	123,246	-	-	123,246
Infrastructure	7,976,635	3,553	-	7,980,188
Capitalized software	3,282,256	250,845	-	3,533,101
Equipment leasing fund assets	2,309,838	-	-	2,309,838
Construction in progress	9,837,235	468,627	773,213	9,532,649
Total	264,002,099	9,916,585	780,654	273,138,030
Accumulated depreciation	135,339,981	8,081,038	6,934	143,414,085
Total Capital Assets, Net	<u>\$ 128,662,118</u>	<u>\$ 1,835,547</u>	<u>\$ 773,720</u>	<u>\$ 129,723,945</u>
Right-to use subscription assets	\$ 887,947	\$ 1,775,417	\$ -	\$ 2,663,364
Accumulated amortization	(428,927)	(624,400)	-	(1,053,327)
Total Right-To-Use Subscription Assets, Net	<u>\$ 459,020</u>	<u>\$ 1,151,017</u>	<u>\$ -</u>	<u>\$ 1,610,037</u>

**Bergen Community College**  
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Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Schedule of Capital Assets and Right-To-Use Subscription Assets Activities (continued)**

Capital Assets and Right-To-Use Subscription Assets Activities for the Year Ended June 30, 2022	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance
Land	\$ 3,113,469	\$ -	\$ -	\$ 3,113,469
Land improvements	4,420,602	1,390,230	-	5,810,832
Buildings	112,639,761	-	-	112,639,761
Building improvements	77,181,023	3,986,135	-	81,167,158
Furniture and furnishings	1,702,978	429,329	-	2,132,307
Equipment	32,827,951	1,693,527	24,391	34,497,087
Vehicles	1,057,179	55,096	-	1,112,275
Machinery	123,246	-	-	123,246
Infrastructure	7,976,635	-	-	7,976,635
Capitalized software	3,217,681	64,575	-	3,282,256
Equipment leasing fund assets	2,309,838	-	-	2,309,838
Construction in progress	9,010,440	971,835	145,040	9,837,235
Total	255,580,803	8,590,727	169,431	264,002,099
Accumulated depreciation	127,546,662	7,817,710	24,391	135,339,981
Total Capital Assets, Net	<u>\$ 128,034,141</u>	<u>\$ 773,017</u>	<u>\$ 145,040</u>	<u>\$ 128,662,118</u>
Right-to use subscription assets	\$ 887,947			\$ 887,947
Accumulated amortization	-	(428,927)	-	(428,927)
Total Right-To-Use Subscription Assets, Net	<u>\$ 887,947</u>	<u>\$ (428,927)</u>	<u>\$ -</u>	<u>\$ 459,020</u>

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 4 to the basic financial statements.

**Debt Administration**

At June 30, 2023, the College had \$50,690,102 of outstanding long-term liabilities, including debt. Of this amount, \$2,595,386 is for compensated absences, \$13,163,779 is for the repayment of bonds issued by the Bergen County Improvement Authority, software subscription liability of \$962,188 and the remaining \$33,968,188 represents the net pension liability.

For more detailed information, please refer to Notes 5 and 6 to the basic financial statements.

**Economic Factors that Could Affect the Future**

The higher education industry has experienced substantial changes in recent years. These changes are principally influenced by a sequence of financial and social factors. Challenges include reduced revenues from pandemic-driven student enrollment declines along with increased inflation and the need for mental health services. These challenges necessitate adaptability and resilience.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Management's Discussion and Analysis (Unaudited)  
June 30, 2023 and 2022

**Economic Factors that Could Affect the Future (*continued*)**

Institutions offering low tuition costs and enrolling large percentages of Pell-eligible students are clearly a viable example of providing economic mobility to today's college graduates. Institutions, such as Bergen Community College, that are affordable and offer a quick return on investment are committed to access and success for low- to moderate-income students who stand to gain the most in economic and social returns from higher education.

**Summary and Outlook**

Founded in 1965, Bergen Community College enrolls more than 15,000 students in Associate in Arts, Associate in Science and Associate in Applied Science degree programs and certificate programs. More than 5,000 students are enrolled in non-credit, professional development courses through the Division of Continuing Education.

Bergen Community College programs prepare students for transfer to four-year colleges and universities, or for immediate entry into a career. Since its inception, Bergen Community College has offered open admissions, small classes, affordable tuition, dedicated faculty, outstanding student services, flexible scheduling and a student-centered campus.

**Requests for Information**

This financial report is designed to provide a general overview of Bergen Community 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 Bergen Community College, 400 Paramus Road, Paramus, New Jersey 07652.

## **FINANCIAL STATEMENTS**

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Net Position  
June 30, 2023 and 2022

	2023		2022	
	Business-Type College Activities	Component Unit Foundation	Business-Type College Activities (As Restated)	Component Unit Foundation
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 40,409,114	\$ 270,473	\$ 37,342,005	\$ 340,470
Restricted investments	4,349,492	-	4,341,483	-
Investments	<u>54,496,542</u>	<u>11,551,478</u>	<u>54,419,833</u>	<u>10,710,214</u>
Total Cash and Equivalents and Investments	<u>99,255,148</u>	<u>11,821,951</u>	<u>96,103,321</u>	<u>11,050,684</u>
Receivables - Student, net of allowance of \$1,964,821 and \$1,452,789, respectively	4,319,925	-	9,838,447	-
Other receivables	<u>9,571,154</u>	<u>67,427</u>	<u>2,030,417</u>	<u>80,123</u>
Total Receivables	<u>13,891,079</u>	<u>67,427</u>	<u>11,868,864</u>	<u>80,123</u>
Inventories	32,729	-	14,748	-
Prepaid expenses and other assets	<u>43,047</u>	<u>91,782</u>	<u>-</u>	<u>92,799</u>
Total Current Assets	<u>113,222,003</u>	<u>11,981,160</u>	<u>107,986,933</u>	<u>11,223,606</u>
<b>Noncurrent Assets</b>				
County of Bergen receivable	34,389,105	-	30,788,890	-
Capital assets, net of accumulated depreciation of \$143,414,087 and \$135,339,981, respectively	129,723,945	-	128,662,118	-
Right-to-use subscription assets, net of accumulated amortization of \$1,053,327 and \$428,927, respectively	<u>1,610,037</u>	<u>-</u>	<u>459,020</u>	<u>-</u>
Total Noncurrent Assets	<u>165,723,087</u>	<u>-</u>	<u>159,910,028</u>	<u>-</u>
Total Assets	<u>278,945,090</u>	<u>11,981,160</u>	<u>267,896,961</u>	<u>11,223,606</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow of pension resources	<u>4,897,401</u>	<u>-</u>	<u>3,451,358</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses				
Vendors	3,601,975	194	1,761,073	18,474
Accrued salaries and benefits	1,476,359	-	1,100,182	-
Compensated absences, current portion	3,485,047	-	3,493,647	-
Other accrued expenses	<u>4,136,330</u>	<u>163,441</u>	<u>2,900,668</u>	<u>223,396</u>
Total Accounts Payable and Accrued Expenses	12,699,711	163,635	9,255,570	241,870
Unearned student tuition and fees	5,105,188	-	4,147,690	-
Unearned grant revenue	2,327,591	-	9,212,983	-
Long-term debt, current portion	585,000	-	565,000	-
Software subscription liability, current portion	<u>540,522</u>	<u>-</u>	<u>363,504</u>	<u>-</u>
Total Current Liabilities	<u>21,258,012</u>	<u>163,635</u>	<u>23,544,747</u>	<u>241,870</u>
<b>Noncurrent Liabilities</b>				
Long-term debt, net	13,163,779	-	13,758,557	-
Software subscription liability, non-current portion	962,188	-	251,407	-
Compensated absences	2,595,386	-	3,031,966	-
Net pension liability	<u>33,968,749</u>	<u>-</u>	<u>29,214,614</u>	<u>-</u>
Total Noncurrent Liabilities	<u>50,690,102</u>	<u>-</u>	<u>46,256,544</u>	<u>-</u>
Total Liabilities	<u>71,948,114</u>	<u>163,635</u>	<u>69,801,291</u>	<u>241,870</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow of pension resources	<u>12,012,668</u>	<u>-</u>	<u>23,614,738</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	116,082,493	-	113,213,778	-
Restricted Expendable for				
Unemployment	4,407,172	-	2,352,875	-
Capital projects	35,708,719	-	36,130,434	-
Unrestricted	<u>43,683,325</u>	<u>-</u>	<u>26,235,203</u>	<u>-</u>
Without donor restrictions	-	1,242,478	-	1,301,456
With donor restrictions	<u>-</u>	<u>10,575,047</u>	<u>-</u>	<u>9,680,280</u>
Total Net Position	<u>\$ 199,881,709</u>	<u>\$ 11,817,525</u>	<u>\$ 177,932,290</u>	<u>\$ 10,981,736</u>

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2023 and 2022

	2023		2022	
	Business-Type Activities	Component Unit Foundation	Business-Type Activities (As Restated)	Component Unit Foundation
<b>OPERATING REVENUES</b>				
Student revenues				
Tuition and fees	\$ 65,469,494	\$ -	\$ 60,699,570	\$ -
Auxiliary enterprises	250,731	-	142,952	-
Less scholarship allowance	<u>(35,423,713)</u>	<u>-</u>	<u>(29,867,167)</u>	<u>-</u>
Net student revenues	30,296,512	-	30,975,355	-
Federal grants and contracts	47,567,275	-	32,795,852	-
State, county, and private grants	11,529,432	-	8,701,997	-
Other operating revenues	<u>455,267</u>	<u>1,390,356</u>	<u>665,615</u>	<u>1,230,761</u>
Total Operating Revenues	<u>89,848,486</u>	<u>1,390,356</u>	<u>73,138,819</u>	<u>1,230,761</u>
<b>OPERATING EXPENSES</b>				
Instruction	40,463,130	-	39,907,621	-
Academic support	5,270,473	-	5,485,230	-
Student services	24,433,386	-	20,009,322	-
Institutional support	35,863,393	881,459	33,991,852	827,125
Operation and maintenance of plant	21,853,012	-	13,917,793	-
Scholarships and fellowships	5,612,983	445,977	5,764,308	686,712
Auxiliary enterprises	259,003	-	276,190	-
Depreciation	8,081,038	-	7,817,710	-
Amortization	<u>624,400</u>	<u>-</u>	<u>428,927</u>	<u>-</u>
Total Operating Expenses	<u>142,460,818</u>	<u>1,327,436</u>	<u>127,598,953</u>	<u>1,513,837</u>
<b>OPERATING LOSS</b>	<u>(52,612,332)</u>	<u>62,920</u>	<u>(54,460,134)</u>	<u>(283,076)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State appropriations	13,087,248	-	12,541,885	-
County appropriations	23,292,675	-	22,614,248	-
Pell grants	18,704,360	-	16,531,698	-
Investment income (loss)	1,360,246	772,869	227,376	(1,673,928)
Interest expense	(804,014)	-	(840,530)	-
Other nonoperating revenues/expenses, net	<u>4,664,367</u>	<u>-</u>	<u>9,899,537</u>	<u>-</u>
Net Nonoperating Revenues	<u>60,304,882</u>	<u>772,869</u>	<u>60,974,214</u>	<u>(1,673,928)</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES</b>	7,692,550	835,789	6,514,080	(1,957,004)
<b>OTHER REVENUES</b>				
Capital appropriations	<u>14,256,869</u>	<u>-</u>	<u>13,512,352</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	21,949,419	835,789	20,026,432	(1,957,004)
<b>NET POSITION</b>				
Beginning of year	<u>177,932,290</u>	<u>10,981,736</u>	<u>157,905,858</u>	<u>12,938,740</u>
End of year	<u>\$ 199,881,709</u>	<u>\$ 11,817,525</u>	<u>\$ 177,932,290</u>	<u>\$ 10,981,736</u>

The accompanying notes are an integral part of the financial statements.



**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Cash Flows

	Years Ended June 30,	
	2023	2022 (As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees (including chargebacks to other counties)	\$ 36,536,532	\$ 26,596,194
Federal grants and contracts	47,567,275	32,795,852
State, county, and private grants	11,529,432	8,701,997
Payments to suppliers	(49,099,431)	(35,317,276)
Payments to utilities	(2,589,569)	(1,814,642)
Payments to employees	(57,624,936)	(59,947,365)
Payments for benefits	(23,612,869)	(23,362,510)
Payments for scholarships and fellowships	(5,612,983)	(5,764,308)
Auxiliary enterprises	250,731	142,952
Other receipts (payments)	(14,548,123)	(1,615,995)
Net Cash from Operating Activities	(57,203,941)	(59,585,101)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	13,087,248	12,541,885
County appropriations	23,292,675	22,614,248
Pell grant	18,704,360	16,531,698
Loan program receipts	11,467,514	10,453,797
Loan program disbursements	(11,467,514)	(10,453,797)
Other non-capital financing activities	4,664,367	9,899,537
Net Cash from Noncapital Financing Activities	59,748,650	61,587,368
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments on capital debt	(574,778)	(621,283)
Principal payments paid on leases	(887,618)	(273,036)
County capital appropriation	10,656,654	9,964,032
Interest and bonding paid on capital debt	(804,014)	(840,530)
Purchases of capital assets	(9,143,372)	(8,445,687)
Net Cash from Capital and Related Financing Activities	(753,128)	(216,504)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	1,360,246	227,376
(Purchases) maturities of investments	(84,718)	3,454,336
Net Cash from Investing Activities	1,275,528	3,681,712
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,067,109	5,467,475
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	37,342,005	31,874,530
End of year	\$ 40,409,114	\$ 37,342,005

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Statements of Cash Flows

	Years Ended June 30,	
	2023	2022 (As Restated)
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (52,612,332)	\$ (54,460,134)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation	8,081,038	7,817,710
Amortization	624,400	428,927
Loss on disposal of equipment	507	-
Changes in operating assets, deferred outflows and liabilities and deferred inflows		
Student accounts and other receivables, net	(2,022,215)	(3,433,747)
Inventories	(17,981)	60
Prepaid expenses and other	(43,047)	-
Pension resources	(8,293,978)	(8,663,445)
Accounts payable and accrued expenses	3,007,561	(3,031,796)
Unearned student tuition and fees	957,498	1,618,231
Unearned grant revenue	(6,885,392)	391,508
Deposits held in custody for others	-	(252,415)
Net Cash Flows Used in Operating Activities	\$ (57,203,941)	\$ (59,585,101)

The accompanying notes are an integral part of the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**1. Organization**

Bergen Community College (“the College”) was established as a unit of the New Jersey Master Plan for Higher Education and is one of 18 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 Bergen. The College is a component unit of the County of Bergen, State of New Jersey.

Bergen Community College Foundation (“the Foundation”) is a legally separate component unit of Bergen Community College, exempt from tax under the Internal Revenue Code Section 501(c)(3). The Foundation’s purpose is to obtain private funding to enhance the educational goals of the College. 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 and is discretely presented in the College’s financial statements. Complete financial statements can be obtained from the Bergen Community College Foundation at 400 Paramus Road, Paramus, New Jersey 07652.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accounting policies of the College conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. 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*.

GASB Statement No. 35 *Basic Financial Statements – and Management’s Discussion and Analysis – Public Colleges and Universities* and GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* establish standards for external financial reporting for public colleges and universities and require 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, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted:*
  - Nonexpendable* – Net position subject to externally imposed stipulations that they be maintained permanently by the College. There were no nonexpendable restricted net positions at June 30, 2023 and 2022.

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

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Basis of Presentation (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 positions are 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.

***Reclassification of Prior Year Information***

Certain prior amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported Statements of Net Position, Statements of Revenues, Expenses and Changes to Net Position or Statements of Cash Flows.

***Measurement Focus and Basis of Accounting***

The accompanying financial statements of the College have been prepared on the accrual basis of accounting using the economic resources measurement focus. The College reports as a business-type activity, as defined by GASB Statements No. 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.

***Use of Estimates***

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

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Recently Adopted Accounting Standards***

In June 2017, GASB issued Statement No. 87, *Leases*, effective for the College's fiscal year beginning July 1, 2021. This statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. The College adopted GASB Statement No. 87 effective July 1, 2021, however, management has determined that there were no material leases that require the College to record a lease liability and an intangible right-to-use asset for fiscal years ending June 30, 2023 and 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The objective of Statement No 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The College adopted GASB Statement No. 96 effective July 1, 2022. The College has recognized right-to-use subscription assets associated with its SBITA agreements and discloses the total amount of subscription assets separately from other capital assets.

***New Accounting Standards***

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

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 determined the impact of the Statement on the financial statements.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Cumulative Effect of Change in Accounting Principle***

The College implemented the provisions of GASB Statement No. 96. *Subscription-Based Information Technology Arrangements (SBITAs)*, for the year ended June 30, 2023 which established a single model for SBITA accounting based on the concept that SBITAs are a financing of a “right-to-use” underlying asset. This statement requires a subscriber to recognize a software subscription liability and a right-to-use subscription asset. As a result, the College has reported a cumulative effect of change in accounting principle of \$887,947 for the right-to-use subscription asset and a (\$887,947) liability for software subscription liability for a net cumulative effect of \$-0- to the July 1, 2021 net position.

***Cash and Cash Equivalents***

Cash and cash 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.

***Investments***

The College carries investments in certificates of deposit at cost which approximates fair market value; interest income is included in investment income in the accompanying statements of revenues, expenses, and changes in net position.

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable, students and other, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management’s assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College’s historical losses and periodic review of individual accounts. Student accounts receivable are deemed uncollectible if payment is not received within one academic year. The College will reserve for each individual student receivable deemed uncollectible by the end of the next fiscal year. The allowance as of June 30, 2023 and 2022 was \$1,964,821 and \$1,452,789, respectively.

***Inventories***

Inventories consist of stock room supplies at cost. Cost is determined by the first-in, first-out (FIFO) method.

***Capital Assets***

Capital assets with acquisition costs of at least \$300 and useful lives of at least two years are recorded at historical cost if purchased or constructed. Construction-in-progress is recorded as costs are incurred during construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Capital Assets (continued)***

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

Buildings	50 years
Building improvements	50 years
Land improvements	20 years
Infrastructure	20 years
Equipment, furniture and furnishings, machinery, vehicles and capitalized software	4-20 years

***Subscription-Based Information Technology Arrangements (SBITAs)***

The College has entered into subscription-based information technology arrangements (SBITAs) with various vendors. SBITAs are defined as arrangements in which a government entity contracts with a vendor to access and use software applications and related data hosted by the vendor on the vendor's servers. The College recognizes a right-to use subscription asset associated with its SBITA agreements and discloses the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets. The College also discloses any payments not included in the measurement of subscription assets.

***Deferred Outflows and Deferred Inflows of Resources***

Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets that is applicable to a future reporting period. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources.

***Revenue Recognition and Unearned Revenue***

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 before year end for courses that are held subsequent to year end are recorded as unearned student tuition and fees in the accompanying statements of net position.

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 Bergen 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 grant revenue in the accompanying statements of net position.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Revenue Recognition and Unearned Revenue (continued)***

Revenue from federal, state and county appropriations is recognized in the fiscal years during which the United States, State of New Jersey and the County of Bergen appropriate the funds to the College.

***Scholarship Allowance***

Student tuition and fees and residence life revenues 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.

***Classification of Revenue and Expense***

For the purpose 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 include, student tuition and fees, and residence life, net of scholarship allowances; sales and services of auxiliary enterprises; and most Federal, State, local and other grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as operating and capital appropriations from the State, Pell grants, and net investment income and gifts and non-exchange grants.

Interest expense is reported as a nonoperating activity.

***Financial Dependency***

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

***County of Bergen Capital Support***

The County of Bergen is responsible for the issuance of certain bonds and notes for the College's capital expenditures which are authorized by county bond ordinances. The County of Bergen is also responsible for the payment of interest on issued debt and the retirement of such obligations. Accordingly, such debt is not included in the accompanying statement of net position. Unexpended money in the current year is available for capital expenditures in subsequent years.



**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Bergen County Improvement Authority***

The Bergen County Improvement Authority (“Authority”) is responsible for the issuance of certain lease revenue bonds and notes for the College’s capital expenditures which are financed by revenues which include rental payments made by the College pursuant to lease agreements between the Authority and the College. The Bergen County Improvement Authority is responsible for the payment of interest on issued debt and the retirement of such obligations solely from the revenues associated with such bonds. The obligation of the College to pay rent under the lease is a direct obligation of the College and is recorded as long-term debt in the accompanying statements of net position.

***Income Taxes***

The College is exempt from Federal income taxes under Internal Revenue Code Section 115(1). The Foundation is exempt from Federal income taxes under the Internal Revenue Code Section 501(c)(3) and, therefore, has made no provision for Federal income taxes. The Foundation is subject to the accounting standard for uncertain tax positions and has determined that no liabilities are required to be recorded for uncertain tax positions. 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, 2020.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 29, 2024.

**3. Cash and Cash Equivalents and Investments**

***Deposits***

As of June 30, 2023 and 2022, the College’s carrying amount of deposits was \$40,409,114 and \$37,342,005, respectively, and the bank balance was \$42,046,708 and \$27,459,530, respectively.

GASB Statement No. 40 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 collateralized with securities held by the pledging financial institution’s trust department or agent but not in the name of the College.

Of the above amounts, \$250,000 of the total deposits was insured by the Federal Deposit Insurance Corporation (the FDIC) as of June 30, 2023 and 2022, respectively, and 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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**3. Cash and Cash Equivalents and Investments (continued)**

***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).

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 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.

***Investments***

The College's investment policy is to invest in certificates of deposit with maturities of less than one year as approved by the Board of Trustees. As of June 30, 2023 and 2022, unrestricted certificates of deposit were \$54,496,542 and \$54,419,833, respectively, with interest rates ranging from 2.15% to 5.47%, and restricted certificates of deposit were \$4,349,492 and \$4,341,483, respectively, with interest rates ranging from 4.50% to 4.55%. Of the above amounts, \$250,000 of the certificates of deposit were insured by the FDIC at June 30, 2023 and 2022, respectively, and the remainder was covered by collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Government Unit Deposit Protection Act.

***Interest Rate Risk***

The College does not have a policy to limit interest rate risk. Investments consist of certificates of deposit with original maturities of greater than three months and less than one year.

**Bergen Community College**  
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Notes to the Financial Statements  
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**4. Capital Assets and Right-To-Use Subscription Assets**

The College's capital assets and right-to-use subscription assets for the years ended June 30, 2023 and 2022 are comprised of the following:

	Year Ended June 30, 2023			Ending Balances
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	
<b>DEPRECIABLE ASSETS</b>				
Land improvements	\$ 5,810,832	\$ 37,000	\$ -	\$ 5,847,832
Buildings	112,639,761	-	-	112,639,761
Building improvements	81,167,158	1,701,352	-	82,868,510
Furniture & furnishings	2,132,308	1,700,196	-	3,832,504
Equipment	34,497,088	5,536,938	7,441	40,026,585
Vehicles	1,112,275	218,074	-	1,330,349
Machinery	123,246	-	-	123,246
Infrastructure	7,976,635	3,553	-	7,980,188
Capitalized software	3,282,255	250,845	-	3,533,100
Equipment leasing fund assets	2,309,837	-	-	2,309,837
Total Depreciable Assets	<u>\$ 251,051,395</u>	<u>\$ 9,447,958</u>	<u>\$ 7,441</u>	<u>\$ 260,491,912</u>
<b>ACCUMULATED DEPRECIATION</b>				
Land improvements	\$ 2,619,291	\$ 133,267	\$ -	\$ 2,752,558
Buildings	51,483,432	1,614,090	-	53,097,522
Building improvements	40,108,564	2,666,337	-	42,774,901
Furniture & furnishings	1,450,894	251,686	-	1,702,580
Equipment	28,415,831	3,031,839	6,934	31,440,736
Vehicles	947,152	34,553	-	981,705
Machinery	45,477	4,173	-	49,650
Infrastructure	5,053,480	136,544	-	5,190,024
Capitalized software	2,910,098	208,549	-	3,118,647
Equipment leasing fund assets	2,305,762	-	-	2,305,762
Total Depreciation	<u>135,339,981</u>	<u>8,081,038</u>	<u>6,934</u>	<u>143,414,085</u>
<b>DEPRECIABLE ASSETS, NET</b>	<u>115,711,414</u>	<u>1,366,920</u>	<u>507</u>	<u>117,077,827</u>
<b>NONDEPRECIABLE ASSETS</b>				
Land	3,113,469	-	-	3,113,469
Construction in progress	9,837,235	468,627	773,213	9,532,649
Total Nondepreciable Assets	<u>12,950,704</u>	<u>468,627</u>	<u>773,213</u>	<u>12,646,118</u>
<b>Capital Assets, Net</b>	<u>\$ 128,662,118</u>	<u>\$ 1,835,547</u>	<u>\$ 773,720</u>	<u>\$ 129,723,945</u>
Right-to-use subscription assets	\$ 887,947	\$ 1,775,417	\$ -	\$ 2,663,364
Accumulated amortization	(428,927)	(624,400)	-	(1,053,327)
<b>Right-to-Use Subscription Assets, Net</b>	<u>\$ 459,020</u>	<u>\$ 1,151,017</u>	<u>\$ -</u>	<u>\$ 1,610,037</u>

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Notes to the Financial Statements  
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**4. Capital Assets and Right-To-Use Subscription Assets (continued)**

	Year Ended June 30, 2022			Ending Balances
	Beginning Balance	Acquisition and Other Increases	Dispositions and Other Decreases	
<b>DEPRECIABLE ASSETS</b>				
Land improvements	\$ 4,420,602	\$ 1,390,230	\$ -	\$ 5,810,832
Buildings	112,639,761	-	-	112,639,761
Building improvements	77,181,023	3,986,135	-	81,167,158
Furniture & furnishings	1,702,979	429,329	-	2,132,308
Equipment	32,827,952	1,693,527	24,391	34,497,088
Vehicles	1,057,179	55,096	-	1,112,275
Machinery	123,246	-	-	123,246
Infrastructure	7,976,635	-	-	7,976,635
Capitalized software	3,217,680	64,575	-	3,282,255
Equipment leasing fund assets	2,309,837	-	-	2,309,837
Total Depreciable Assets	<u>243,456,894</u>	<u>7,618,892</u>	<u>24,391</u>	<u>251,051,395</u>
<b>ACCUMULATED DEPRECIATION</b>				
Land improvements	2,531,988	87,303	-	2,619,291
Buildings	49,850,834	1,632,598	-	51,483,432
Building improvements	37,576,226	2,532,338	-	40,108,564
Furniture & furnishings	1,241,246	209,648	-	1,450,894
Equipment	25,507,900	2,932,322	24,391	28,415,831
Vehicles	905,564	41,588	-	947,152
Machinery	41,304	4,173	-	45,477
Infrastructure	4,913,970	139,510	-	5,053,480
Capitalized software	2,671,868	238,230	-	2,910,098
Equipment leasing fund assets	2,305,762	-	-	2,305,762
Total Depreciation	<u>127,546,662</u>	<u>7,817,710</u>	<u>24,391</u>	<u>135,339,981</u>
<b>DEPRECIABLE ASSETS, NET</b>	<u>115,910,232</u>	<u>(198,818)</u>	<u>-</u>	<u>115,711,414</u>
<b>NONDEPRECIABLE ASSETS</b>				
Land	3,113,469	-	-	3,113,469
Construction in progress	9,010,440	971,835	145,040	9,837,235
Total Nondepreciable Assets	<u>12,123,909</u>	<u>971,835</u>	<u>145,040</u>	<u>12,950,704</u>
<b>Capital Assets, Net</b>	<u>\$ 128,034,141</u>	<u>\$ 773,017</u>	<u>\$ 145,040</u>	<u>\$ 128,662,118</u>
Right-to-use subscription assets	\$ 887,947	\$ -	\$ -	\$ 887,947
Accumulated amortization	-	(428,927)	-	(428,927)
<b>Right-to-Use Subscription Assets, Net</b>	<u>\$ 887,947</u>	<u>\$ (428,927)</u>	<u>\$ -</u>	<u>\$ 459,020</u>

**Bergen Community College**  
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Notes to the Financial Statements  
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**4. Capital Assets and Right-To-Use Subscription Assets (continued)**

Subscription-based information technology arrangements (SBITAs) in which the College contracted to use information technology software from a third party for more than one year has been recorded as right-to-use subscription assets in the statements of net position. As of June 30, 2023, the College had \$2,663,364 in total right-to-use subscription assets and \$1,053,327 in accumulated amortization on those assets.

Estimated costs to complete the projects classified as construction in progress as of June 30, 2023 and 2022 were \$468,627 and \$971,835, respectively. The projects are expected to be funded primarily from County Capital, New Jersey Chapter 12, and College funds. Depreciation expense for the years ended June 30, 2023 and 2022 was \$8,081,037 and \$7,817,710, respectively.

**5. Summary of Changes in Noncurrent Liabilities**

The following tables summarize the changes in noncurrent liabilities during the years ended June 30, 2023 and 2022:

Year Ended June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt	\$ 14,323,557	\$ -	\$ 574,778	\$ 13,748,779	\$ 585,000
Software subscription liability	614,911	1,775,417	887,618	1,502,710	540,522
Net pension liability	29,214,614	4,754,135	-	33,968,749	-
Compensated absences	6,525,613	-	445,180	6,080,433	3,485,047
	<u>\$ 50,678,695</u>	<u>\$ 6,529,552</u>	<u>\$ 1,907,576</u>	<u>\$ 55,300,671</u>	<u>\$ 4,610,569</u>

Year Ended June 30, 2022	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt	\$ 14,944,840	\$ -	\$ 621,283	\$ 14,323,557	\$ 565,000
Software subscription liability	887,947	-	273,036	614,911	363,504
Net pension liability	42,399,396	-	13,184,782	29,214,614	-
Deposits held in custody for others	252,415	-	252,415	-	-
Compensated absences	8,122,567	-	1,596,954	6,525,613	3,493,647
	<u>\$ 66,607,165</u>	<u>\$ -</u>	<u>\$ 15,928,470</u>	<u>\$ 50,678,695</u>	<u>\$ 4,422,151</u>

**Bergen Community College  
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Notes to the Financial Statements  
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**6. Software Subscription Liability**

Software subscription liability at June 30, 2023 are comprised of the following individual agreements:

Purpose	Fiscal Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at June 30, 2023
Course scheduling	2023	\$ 233,725	March-2024	3.50%	\$ 95,870
CRM software	2022	256,024	June-2025	3.63%	156,566
Canvas	2023	1,560,355	March-2027	3.38%	1,080,003
Adobe	2022	294,838	February-2025	3.63%	94,841
Catalog	2022	144,140	December-2025	3.63%	75,430
		<u>\$ 2,489,082</u>			<u>\$ 1,502,710</u>

The following are the principal and interest requirements to maturity for the software subscription liability for the subsequent fiscal years:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 540,522	\$ 51,653
2025	379,199	32,775
2026	280,103	19,676
2027	302,886	10,222
	<u>\$ 1,502,710</u>	<u>\$ 114,326</u>

**7. Long-Term Debt**

On March 16, 2010, the Bergen County Improvement Authority (the "Authority") issued \$20,555,000 of Bergen County Secured Lease Revenue Bonds, Series 2010 (Bergen Community College Building Project), consisting of \$5,335,000 County Secured Lease Revenue Bonds, Series 2010A and \$15,220,000 County Secured Lease Revenue Bonds, Series 2010B. Both series are guaranteed by the County of Bergen. Series 2010B are federally taxable and are Build America Bonds. Build America Bonds entitle the Authority to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable. The bonds were issued to provide funds to the Authority for various improvements to the facilities at The Bergen Community College (the College), including the acquisition, reconstruction, alteration and renovation of a 118,000 square foot building in the Township of Lyndhurst, New Jersey to be used as satellite campus for the College and for financing other capital projects of the College and for the payment of certain costs of issuance of the Bonds.

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Notes to the Financial Statements  
June 30, 2023 and 2022

**7. Long-Term Debt (continued)**

Concurrent with the bond issuance the Authority entered into a Lease Agreement with the College for the lease and purchase of the facilities described above. The lease terminates when all of the 2010A and 2010B bonds are no longer outstanding. Under the terms of the lease, the College is required to make annual rental payments to the Authority sufficient to pay debt service on the 2010 bonds and other expenses of the Authority.

The Bonds are special obligations of the Authority payable solely by certain revenues of the Authority, including the rental payments to be made by the College to the Authority pursuant to a Lease Agreement by and between the Authority and the College, dated March 1, 2010. The obligation of the College to pay Rentals under the Lease is the direct obligation of the College.

The principal on the bonds is payable on June 1 of each year and interest is payable semiannually on June 1 and December 1 in each year commencing November 1, 2016.

On January 1, 2016, the Board of Trustees of the College and the New Jersey Educational Facilities Authority (the "Authority") have entered into an agreement whereby the College is given funds to pay the costs of acquiring and installing higher education equipment and the College agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority. The College has pledged all net revenues generated.

The principal on the bonds is payable on May 1 of each year and interest is payable semiannually on May 1 and November 1 in each year commencing November 1, 2016.

The following principal payments due the Authority were outstanding at June 30, 2023 and 2022:

	<u>Interest Rate</u>	<u>2023</u>	<u>2022</u>
Bergen County Improvement Authority			
Revenue Bonds:			
Series 2010 B, due serially to 2040	5.66% to 5.76%	\$ 13,585,000	\$ 14,150,000
Plus: Bond premiums		<u>163,779</u>	<u>173,557</u>
		13,748,779	14,323,557
Less: current portion		<u>585,000</u>	<u>565,000</u>
Total long-term debt, non-current portion		<u>\$ 13,163,779</u>	<u>\$ 13,758,557</u>

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**7. Long-Term Debt (continued)**

Payments due on long-term debt for the next five years and thereafter are as follows as of June 30, 2023:

Year ending June 30:	Principal	Interest
2024	\$ 585,000	\$ 735,280
2025	610,000	700,778
2026	630,000	665,146
2027	655,000	628,099
2028	680,000	589,638
2029-2032	3,790,000	2,432,977
2034-2038	4,560,000	1,141,415
2039-2040	2,075,000	121,452
	\$ 13,585,000	\$ 7,014,785

**8. Retirement Plans**

The College participates in two major retirement plans for its employees – the State of New Jersey Public Employees’ Retirement System (“PERS”) and the Alternate Benefit Program (“ABP”). PERS is a cost-sharing, multiple-employer defined benefit plan administered by the State of New Jersey (“State”), Division of Pensions and Benefits (the “Division”). For additional information about PERS, please refer to Division’s Annual Comprehensive Financial Report (“ACFR”), which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>. ABP is a defined contribution program and administered by a separate board of trustees. Generally, all employees, except certain part-time employees, participate in one of these plans.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare, to substantially all full-time employees of the State of New Jersey or public agencies, provided the employee is not a member of another retirement system administered by the State of New Jersey.

In addition to the two plans referred to above, certain faculty members of the College participate in Teachers’ Pension Annuity Fund (“TPAF”), which is a State of New Jersey cost-sharing, multiple employer defined benefit pension plan with special-funding situation by which the State is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (“ERI”) contributions. TPAF is administered by the State Division and established under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement healthcare, to substantially all full-time public school employees in the State. The plan’s eligibility requirements are similar to PERS’ requirement. PERS replaced this plan for all new employees and members of TPAF were able to transfer to PERS. For additional information about TPAF, please refer to Division’s Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.



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Notes to the Financial Statements  
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**8. Retirement Plans (continued)**

***Public Employees' Retirement System***

***Plan Description***

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

***Contributions***

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 measurement date, the State's pension contribution was more than the actuarial determined amount.

PERS members are required to contribute 7.50% for the years ended June 30, 2023 and 2022, respectively, of their annual covered salary and the College is required to contribute at an actuarially determined rate. The contribution requirements of the plan members and the College are established and may be amended by the State of New Jersey.

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

**Public Employees' Retirement System (continued)**

**Contributions (continued)**

Employer contributions to the PERS include the College's normal contribution plus any accrued liability, which ensures adequate funding for future pension system liability. The College's contribution, equal to the required contribution for each fiscal year, was as follows:

Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by College
2023	\$ 555,233	\$ 2,283,224	\$ 2,838,457	\$ -	\$ 2,838,457
2022	482,826	2,405,260	2,888,086	-	2,888,086

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

Net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded to reflect the provisions of GASB 68 are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2022 ("Measurement Date").

The College's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and net pension expense related to PERS at and for the fiscal year ended June 30, 2023 and 2022, are as follows:

	2023	2022
Proportionate share of the net pension liability (\$)		
2022	\$ 33,968,749	\$ -
2021	29,214,614	29,214,614
2020	-	42,399,396
Proportionate share of the net pension liability (%)		
2022	0.223%	-
2021	0.244%	0.244%
2020	-	0.258%
Deferred outflows of resources	4,897,401	3,451,358
Deferred inflows of resources	12,012,668	23,614,738
Pension expense (benefit)	(7,754,369)	(8,713,074)

The College's proportionate share of each respective plan's net pension liability was based on the State contribution to the respective plans from July 1, 2021 to June 30, 2022 relative to the total contributions from all participating employers.

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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Public Employees' Retirement System (continued)***

***Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)***

The components of pension related deferred outflows of resources and deferred inflows of resources as of the Measurement Date for the fiscal year ended June 30, 2023 and 2022, are as follows:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 245,171	\$ 216,206	\$ 460,752	\$ 209,142
Changes in assumptions	105,246	5,086,467	152,149	10,400,592
Net differences between projected and actual earnings on pension plan investments	1,405,936	-	-	7,695,897
Changes in proportion	-	6,709,995	-	5,309,107
College contributions subsequent to the measurement date	3,141,048	-	2,838,457	-
	<u>\$ 4,897,401</u>	<u>\$ 12,012,668</u>	<u>\$ 3,451,358</u>	<u>\$ 23,614,738</u>

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

Year Ended June 30,	
2024	\$ (8,427,019)
2025	(4,293,283)
2026	(2,093,755)
2027	4,567,773
2028	(10,031)
	<u>\$ (10,256,315)</u>

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Public Employees' Retirement System (continued)***

***Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)***

Collective balances for the local education group at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Deferred outflows of resources	\$ 780,298,901	\$ 248,531,007
Deferred inflows of resources	\$ 2,355,830,828	\$ 7,422,916,600
Net Pension Liability	\$15,219,184,920	\$11,972,782,878
Collective pension expense (benefit)	\$ (1,032,778,934)	\$ (1,599,674,464)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) was determined using the following recognition periods:

<u>Measurement Date</u> <u>Ending June 30,</u>	<u>Expected Remaining</u> <u>Service Lives (Yrs.)</u>
2022	5.04
2021	5.13
2020	5.16
2019	5.21
2018	5.63
2017	5.48

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Public Employees' Retirement System (continued)***

***Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)***

***Actuarial Assumptions***

The College's net 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. The College's net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used the following actuarial assumptions for the June 30, 2022 and 2021 measurement date:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Disability retirements 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 a 117.2% adjustment for females, and with future improvement from the base year 2010 on a generational basis. Mortality improvement is based upon Scale MP-2021.

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

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Public Employees' Retirement System (continued)***

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the plan's actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 and 2021 are summarized in the following table:

Asset Class	2022		2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Real Assets	3.00%	7.60%	3.00%	7.40%
Real Estate	8.00%	11.19%	8.00%	9.15%
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Market Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Public Employees' Retirement System (continued)***

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the of actuarially determined contributions for the State employer and 100% of the of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the College's proportionate share of the collective net pension liability of the plans as of June 30, 2022 and 2021 calculated using the discount rate as disclosed above, as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2022		
	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	<u>\$ 43,639,892</u>	<u>\$ 33,968,749</u>	<u>\$ 25,738,217</u>
	2021		
	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	<u>\$ 39,784,380</u>	<u>\$ 29,214,614</u>	<u>\$ 20,244,670</u>

**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Teachers' Pension and Annuity Fund***

***Plan Description***

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

***Contributions***

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization on the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Allocated employer contributions provided by the State and recognized by the plan from the College totaled \$58,717 and \$42,145 for the years ending June 30, 2023 and 2022.



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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Teachers' Pension and Annuity Fund (continued)***

***Net Pension Liability***

At June 30, 2023 and 2022, the State's proportionate share of the TPAF net pension liability associated with the College was \$723,848 and \$691,393, respectively. The College's proportionate share was \$0.

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

	2022	2021
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:		
Through 2026	2.75 - 5.65%	1.55 - 4.45%
	Based on years of service	Based on years of service
Thereafter	-	2.75% - 5.65%
	Based on years of service	Based on years of service
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% 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.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

**Teachers' Pension and Annuity Fund (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021 measurement date, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the College as of June 30, 2022 and 2021, calculating using the discount rate as disclosed above as well as what the College's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329
Allocation Percentage	0.0014029587%	0.0014029587%	0.0014029587%
State's Proportionate Share of the TPAF Net Pension Liability Associated with the College	<u>\$ 850,079</u>	<u>\$ 723,848</u>	<u>\$ 619,639</u>
	2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Net Pension Liability	\$ 56,988,413,045	\$ 48,165,991,182	\$ 40,755,711,186
Allocation Percentage	0.0014381500%	0.0014381500%	0.0014381500%
State's Proportionate Share of the TPAF Net Pension Liability Associated with the College	<u>\$ 819,579</u>	<u>\$ 691,393</u>	<u>\$ 586,128</u>

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Teachers' Pension and Annuity Fund (continued)***

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 and 2021 measurement date are summarized in the following table:

Asset Class	2022		2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Real Assets	3.00%	7.60%	3.00%	7.40%
Real Estate	8.00%	11.19%	8.00%	9.15%
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%

**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Teachers' Pension and Annuity Fund (continued)***

***Components of Net Pension Liability***

The components of the net pension liability of the participating employers for TPAF as of June 30, 2022 and 2021 measurement date are as follows:

	2022	2021
	State	State
Total pension liability	\$ 76,317,117,835	\$ 74,699,133,697
Plan fiduciary net position	24,640,530,532	26,533,142,515
Net Pension Liability	\$ 51,676,587,303	\$ 48,165,991,182
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%
	College	College
Net pension liability	\$ 51,676,587,303	\$ 48,165,991,182
Allocation percentage	0.0014029587%	0.0014381500%
State's Proportionate Share of the TPAF Net Pension Liability Associated with the College	\$ 723,848	\$ 691,393

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the College. The College's portion of the non-employer contributing entities' total proportionate share of the net pension liability was \$723,848 as of June 30, 2023 and \$691,393 as of June 30, 2022. The College records their proportionate share of the pension expense as a revenue and expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The amount was \$19,481 in 2023 and \$16,269 in 2022.

**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**8. Retirement Plans (continued)**

***Alternative Benefit Program (APB) Information***

ABP provides the choice of seven investment carriers, all of which are privately operated, defined contribution retirement plans. These carriers are Teachers' Insurance and Annuity Association (TIAA), VOYA, Metropolitan Life Insurance (MetLife), AIG VALIC, Mass Mutual, AXA Equitable and Prudential. The College assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for, or on behalf of, those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. Employee contributions immediately vest and employer contributions vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating College employees are required to contribute 5% of salary, up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions are 8% of participating employee base salary. During the years ended June 30, 2023 and 2022, ABP investment carriers received employer and employee contributions that were approximately as follows:

	2023	2022
Employer contributions	\$ 2,488,469	\$ 3,254,944
Employee contributions	1,554,691	2,032,404
Basis for contributions - Participating employee salaries	30,927,330	40,648,083

Employer contributions to ABP are paid by the State of New Jersey and are reflected in the accompanying financial statements as nonoperating revenue as State Appropriations and as expenses in various functional expense categories. The maximum compensation to be considered for employer contributions is \$175,000 per New Jersey state law Chapter 31, P.L. 2018. This law was effective as of July 1, 2018.

**9. Post-Retirement Benefits**

***Plan Description***

The College participates in the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

***Funding Policy***

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Active Plan Members	213,148	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-	-
Total Plan Members	<u>364,817</u>	<u>364,328</u>

**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

***Total Nonemployer OPEB Liability***

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 GASBS No. 75 is zero percent. Accordingly, the College did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the College as of June 30, 2023 and 2022 was \$117,654,759 and \$145,016,437, or 0.23% and 0.24%, respectively. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

The total nonemployer OPEB liability associated with the College at June 30, 2023 and 2022 were determined by an actuarial valuation as of June 30, 2021 which was rolled forward to the measurement date of June 30, 2022 and June 30, 2020, which was rolled forward to the measurement date of June 30, 2021, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

***Actuarial Assumptions and Other Inputs***

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	2022		2021	
Inflation rate	2.50%		2.50%	
	<b>TPAF/ABP</b>	<b>PERS</b>	<b>TPAF/ABP</b>	<b>PERS</b>
Salary increases:				
Through 2026	2.75 - 4.25%	2.75 - 6.55%	1.55 - 4.45%	2.00 - 6.00%
	based on service years	based on service years	based on service years	based on service years

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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

***Actuarial Assumptions and Other Inputs (continued)***

The June 30, 2022 valuation used preretirement mortality rates that were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The June 30, 2021 valuation used preretirement mortality rates that were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation was based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1 2014 – June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

***Healthcare Trend Assumptions***

For pre-Medicare medical benefits for the June 30, 2022 valuation, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.



**Bergen Community College  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

**Healthcare Trend Assumptions (continued)**

For pre-Medicare medical benefits for the June 30, 2021 valuation, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing 12.93% on fiscal year 2025 and decreases to 4.50% after eleven years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 5.23% in fiscal year 2025 and decreases to 4.50% after eleven years. For prescription drug benefits, the initial trend rate is 6.75% 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%.

**Discount Rate**

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

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trends**

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the College to changes in the discount rate as disclosed above as well as what the liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2022		
	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (Allocable to the College and the responsibility of the State)	\$ 136,918,056	\$ 117,654,759	\$ 100,112,286
	2021		
	At 1% Decrease (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
Net OPEB Liability (Allocable to the College and the responsibility of the State)	\$ 172,511,389	\$ 145,016,437	\$ 121,581,814

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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trends (continued)***

The following presents the State's proportionate share of the net OPEB liability associated with the College calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Allocable to the College and the responsibility of the State)	\$ 96,283,514	\$ 117,654,759	\$ 143,025,193
	2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Allocable to the College and the responsibility of the State)	\$ 116,583,332	\$ 145,016,437	\$ 180,861,580

***Changes in the Total Nonemployer OPEB Liability***

The following represents the change in the State's proportionate share of the OPEB liability associated with the College:

	2022	2021
Balance at beginning of year	\$ 145,016,437	\$ 171,589,283
Increased by:		
Service cost	\$ 6,930,822	\$ 8,419,908
Interest cost	3,117,981	3,761,879
Member contributions	99,079	96,173
	10,147,882	12,277,960
	155,164,319	183,867,243
Decreased by:		
Differences between expected and actual experiences	2,859,163	35,876,217
Changes of assumptions	31,561,945	11,282
Gross benefit payments	3,088,452	2,963,307
	37,509,560	38,850,806
Balance at end of year	\$ 117,654,759	\$ 145,016,437

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Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

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

For the year ended June 30, 2023 and 2022, the College recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,583,400 and \$9,887,696 for OPEB expenses incurred by the State.

Collective balances of the Local Education Group at measurement year ending June 30, 2022 and 2021 are as follows:

	2023	2022
Deferred outflows of resources	\$ 17,808,023,196	\$ 19,225,423,829
Deferred inflows of resources	\$ 32,700,239,909	\$ 24,447,624,783
Collective OPEB expense	\$ 1,595,635,562	\$ 3,527,672,060
Collective net OPEB liability	\$ 50,646,462,966	\$ 60,007,650,970

For the years ended June 30, 2022 and 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired college employee's non-employer OPEB liability associated with the College from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$21,006,041	\$35,921,358	\$21,860,594	\$43,522,011
Changes in assumptions	20,363,060	40,043,253	24,600,199	15,558,912
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	<u>10,032,282</u>	<u>11,653,964</u>	<u>11,992,902</u>	<u>7,128,760</u>
	<u>\$51,401,383</u>	<u>\$87,618,575</u>	<u>\$58,453,695</u>	<u>\$66,209,683</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**9. Post-Retirement Benefits (continued)**

***OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB (continued)***

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired college employee's non-employer OPEB liability associated with the College will be recognized in OPEB expense as follows:

Year Ended June 30,	
2024	\$ (6,121,598)
2025	(6,121,598)
2026	(6,121,598)
2027	(5,290,595)
2028	(3,025,232)
Thereafter	<u>(9,536,571)</u>
	<u>\$ (36,217,192)</u>

**10. Compensated Absences**

The College has recorded a liability for compensated absences of \$6,080,433 and \$6,525,613 as of June 30, 2023 and 2022, respectively, which is included in accounts payable and accrued expenses and non-current liabilities in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation, sick leave and compensatory time as of the statement of net position date. Vacation, sick leave and compensatory time provisions are documented in the employees' collective bargaining agreements.

**11. Contingencies and Commitments**

The College receives support from Federal and State of New Jersey grant programs, primarily for 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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**12. Components of Net Position**

At June 30, 2023 and 2022, the College's components of net position consisted of the following:

	Net Investment in Capital Assets	Restricted	Unrestricted	Total FY 2023	Total FY 2022 (As Restated)
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	\$ 116,082,493	\$ -	\$ -	\$ 116,082,493	\$ 113,213,778
<b>RESTRICTED FOR:</b>					
Unemployment reserve	-	4,407,172	-	4,407,172	2,352,875
Other reserves	-	-	-	-	-
Capital projects	-	35,708,719	-	35,708,719	36,130,434
<b>BOARD-DESIGNATED FOR:</b>					
Renewals and replacements of capital assets	-	-	41,450,535	41,450,535	38,054,672
Reserve for Workmen's Comp	-	-	284,190	284,190	284,190
<b>UNDESIGNATED</b>					
Current funds	-	-	1,948,600	1,948,600	(12,103,659)
Total per Statements of Net Position	<u>\$ 116,082,493</u>	<u>\$ 40,115,891</u>	<u>\$ 43,683,325</u>	<u>\$ 199,881,709</u>	<u>\$ 177,932,290</u>

**13. Component Unit – Bergen Community College Foundation**

Bergen Community College Foundation (the Foundation) is a legally separate, tax exempt component unit of Bergen Community 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 discretely presented in the College's financial statements.

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.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**13. Component Unit – Bergen Community College Foundation (*continued*)**

***Basis of Presentation***

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

***Net Assets with Donor Restrictions*** - Net assets subject to stipulations imposed by donors, and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the Statements of Financial Position. Unrealized gains and losses are included in the changes in net assets without donor restriction for the gains and losses that are unrestricted, and in the changes in net assets with donor restriction for the gains and losses that are restricted for the support of certain programs. Investment fees are netted against the investment income.

***Fair Value Measurement***

U.S. GAAP establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

***Level 1*** - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;

***Level 2*** - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

***Level 3*** - Inputs that are unobservable.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**13. Component Unit – Bergen Community College Foundation (continued)**

***Fair Value Measurement (continued)***

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Foundation. The Foundation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Investment securities are carried at fair value based on quoted prices in active markets (all level 1 measurements) and consist of the following at June 30:

	2023		2022	
	Cost	Carrying Value	Cost	Carrying Value
Bonds	\$ 3,165,405	\$ 2,577,786	\$ 3,048,269	\$ 2,576,719
Stocks	5,845,888	8,973,692	5,705,667	8,133,495
	<u>\$ 9,011,293</u>	<u>\$ 11,551,478</u>	<u>\$ 8,753,936</u>	<u>\$ 10,710,214</u>

***Endowment***

The Foundation's endowments consist of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Directors of the Foundation is responsible for the long-term investment policies for donor restricted endowment funds. No such distribution shall be made that would reduce the value of the endowed historic corpus.

**Bergen Community College**  
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Notes to the Financial Statements  
June 30, 2023 and 2022

**13. Component Unit – Bergen Community College Foundation (*continued*)**

***Endowment (continued)***

The Foundation interprets Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of New Jersey as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Earnings attributable to the donor-restricted endowment funds are classified as net assets with donor restrictions or without donor restrictions in accordance with donor stipulations until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

***Pledges Receivable***

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

As of June 30, 2023 and 2022, the Foundation's pledges receivable consisted of unconditional promises to give in the amounts of \$64,666 and \$79,123, respectively, all of which are expected to be collected within one year.



**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**13. Component Unit – Bergen Community College Foundation (*continued*)**

***Revenue Recognition***

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

***In-kind Contributions and Contributed Services***

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. Donated space and specialized services have been recognized as support and revenue; and, related expense on the financial statements. Donated space is valued based on similar rates comparable to similar spaces in Northern New Jersey. The donated services require professional skills, and would typically be purchased if not provided by donation and are valued based on current rates for similar services. Donated goods are recorded at fair value at the date of donation. The Foundation benefited from donated salaries and related benefits, legal services, printing services, facility costs, and materials, which were valued at \$434,088 and \$407,080 during the years ended June 30, 2023 and 2022, respectively. The Foundation also benefited from donated textbooks for students valued at \$32,258 and \$32,013 during the years ended June 30, 2023 and 2022, respectively.

Complete financial statements for the Foundation can be obtained from the administrative office at 400 Paramus Road, Paramus, New Jersey 07652.

**14. CARES Act Financial Assistance**

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was passed by the United States Congress and signed by the President of the United States on March 27, 2020. Part of the funding package, known as the Higher Education Emergency Relief Fund (“HEERF”), was designated for direct aid to colleges and universities to provide direct financial assistance to students who were impacted by the Coronavirus pandemic and the disruption of campus operations, as well as to support additional costs incurred by the institution resulting from COVID-19. The College was awarded \$9,007,574. Secondly, The Higher Education Emergency Relief Fund II (“HEERF II”) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSAA”), Public Law 116-260, signed into law on Dec. 27, 2020. In total, the CRRSAA authorizes \$81.88 billion in support for education, in addition to the \$30.75 billion expeditiously provided last spring through the Coronavirus Aid, Recovery, and Economic Security (“CARES Act”). The college was awarded \$17,577,677.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to the Financial Statements  
June 30, 2023 and 2022

**14. CARES Act Financial Assistance (continued)**

The College was awarded in aggregate \$26,585,251 from the HEERF / HEERF II which was split for the benefit of student aid and institutional aid as of June 30, 2021. The student aid funding provided to institutions allowed for emergency financial assistance to students whose lives had been impacted financially by COVID-19. The institutional aid portion provided funding to institutions to cover costs associated with the impacts of COVID-19, including lost revenue.

The Higher Education Emergency Relief Fund III (“HEERF III”) was authorized by the American Rescue Plan (“ARP”), Public Law 117-2, signed into law on March 11, 2021, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. The College was awarded \$29,362,297 and forecasted to be evenly spent between student aid and institutional aid.

Subsequent to June 30, 2020, additional monies for Federal Coronavirus Relief under the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) were awarded to states, which were made available to higher educational institutions subject to state program requirements. For the College, these have included the Governor’s Emergency Education Relief Fund (“GEERF”) and the Coronavirus Relief Fund (“CRF I” & “CRF II”) that are funded through the State. As a result, the College obtained additional State relief funds for the GEERF, CRF I, and CRF II grant categories for \$1,124,546, \$1,925,709, and \$2,604,760, respectively. The funds for the CRF II grant are reserved for direct relief grants to students. The College will reflect the impact of these and any future federal and state coronavirus financial assistance in the period in which they are earned.

The College spent the federal relief assistance awards by the appropriate deadlines in fiscal year 2023.

\* \* \* \* \*

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the College's Proportionate Share of the Net Pension Liability**  
**Last Ten Fiscal Years \***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b><u>Public Employees' Retirement System</u></b>									
College's proportion of the net pension liability	0.2250871458%	0.2466096821%	0.2600012008%	0.2700912221%	0.2795840485%	0.2873561677%	0.2950525824%	0.2849969012%	0.3039268359%
College's proportionate share of the net pension liability	\$ 33,968,749	\$ 29,214,614	\$ 42,399,396	\$ 48,666,341	\$ 55,048,706	\$ 66,891,923	\$ 87,386,112	\$ 63,976,093	\$ 56,903,416
College's covered-employee payroll (as of the measurement date)	\$ 17,617,974	\$ 17,537,728	\$ 17,395,725	\$ 18,645,838	\$ 19,504,831	\$ 19,916,489	\$ 20,221,358	\$ 20,235,765	\$ 20,417,421
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	192.81%	166.58%	243.73%	261.00%	282.23%	335.86%	432.15%	316.15%	278.70%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	59.49%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%
<b><u>Teachers' Pension and Annuity Fund</u></b>									
State's proportion of the net pension liability associated with the College	0.0014029587%	0.0014381500%	0.0014410707%	0.0014479168%	0.0013971179%	0.0014150702%	0.0014223399%	0.0027595246%	0.0027769103%
State's proportionate share of the net pension liability associated with the College	\$ 723,848	\$ 691,393	\$ 948,928	\$ 888,600	\$ 888,816	\$ 954,091	\$ 1,118,903	\$ 1,744,137	\$ 1,484,168
College's covered-employee payroll (as of the measurement date)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

\* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Bergen Community College  
(A Component Unit of the County of Bergen)**

**Required Supplementary Information (Unaudited)  
Schedule of the College's Contributions  
Public Employees' Retirement System  
Last 10 Years \***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,838,457	\$ 2,888,086	\$ 2,844,285	\$ 2,364,140	\$ 2,789,084	\$ 2,687,467	\$ 2,621,205	\$ 2,450,209	\$ 2,505,529
Contributions in relation to the contractually required contribution	\$ 2,838,457	\$ 2,888,086	\$ 2,844,285	\$ 2,364,140	\$ 2,784,084	\$ 2,687,467	\$ 2,621,205	\$ 2,450,209	\$ 2,505,529
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll (as of fiscal year end)	\$ 17,617,974	\$ 17,537,728	\$ 17,394,725	\$ 18,645,838	\$ 19,504,831	\$ 19,916,489	\$ 20,221,358	\$ 20,235,765	\$ 20,417,421
Contributions as a percentage of covered-employee payroll	16.11%	16.47%	16.35%	12.68%	14.27%	13.49%	12.96%	12.11%	12.27%

\* Ten year data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

**Required Supplementary Information (Unaudited)**  
**Schedule of the State's Proportionate Share of the OPEB Liability Associated With the College**  
**State Health Benefit Local Education Retired Employees Plan**

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
State's proportion of the OPEB Liability associated with the College	0.23%	0.24%	0.25%	0.25%	0.23%
College's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the College	<u>\$ 117,654,759</u>	<u>\$ 145,016,437</u>	<u>\$ 171,589,283</u>	<u>\$ 103,911,513</u>	<u>\$ 105,309,653</u>
Total proportionate share of the OPEB liability associated with the College	<u>\$ 117,654,759</u>	<u>\$ 145,016,437</u>	<u>\$ 171,589,283</u>	<u>\$ 103,911,513</u>	<u>\$ 105,309,653</u>
Balance at beginning of year	\$ 145,016,437	\$ 171,589,283	\$ 103,911,513	\$ 105,309,653	\$ 123,656,003
Increased by:					
Service cost	\$ 6,930,822	\$ 8,419,908	\$ 4,853,258	\$ 4,596,255	\$ 7,367,455
Interest cost	3,117,981	3,761,879	3,756,511	4,194,034	4,642,404
Member contributions	<u>99,079</u>	<u>96,173</u>	<u>90,543</u>	<u>94,554</u>	<u>97,323</u>
	<u>10,147,882</u>	<u>12,277,960</u>	<u>8,700,312</u>	<u>8,884,843</u>	<u>12,107,182</u>
	155,164,319	183,867,243	112,611,825	114,194,496	135,763,185
Decreased by:					
Differences between expected and actual experiences	\$ 2,859,163	\$ 35,876,217	\$ (30,621,220)	\$ 8,642,538	\$ 15,552,780
Changes of assumptions	31,561,945	11,282	(31,343,466)	(1,549,329)	12,084,810
Gross benefit payments	<u>3,088,452</u>	<u>2,963,307</u>	<u>2,987,228</u>	<u>3,189,774</u>	<u>2,815,942</u>
	<u>37,509,560</u>	<u>38,850,806</u>	<u>(58,977,458)</u>	<u>10,282,983</u>	<u>30,453,532</u>
Balance at end of year	<u>\$ 117,654,759</u>	<u>\$ 145,016,437</u>	<u>\$ 171,589,283</u>	<u>\$ 103,911,513</u>	<u>\$ 105,309,653</u>
Covered employee payroll	\$ 17,617,974	\$ 17,537,728	\$ 17,394,725	\$ 18,645,838	\$ 19,504,831
Total OPEB liability as a percentage of covered employee payroll	667.81%	826.88%	986.44%	557.29%	539.92%

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.

## **Bergen Community College**

Notes to Required Supplementary Information  
Year Ended June 30, 2023

### **1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

#### *Benefit Changes*

There were none.

#### *Changes of Assumptions*

Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and the regular part of PERS into the WCJ Part of PERS. The corresponding increase in the unfunded actuarial liability is amortized over a closed 20-year period. The additional unfunded actuarial liability contribution and the increased normal cost will be paid by transfers from the Second Injury Fund (SIF).

### **2. TEACHERS' PENSION AND ANNUITY FUND**

#### *Benefit Changes*

There were none.

#### *Changes of Assumptions*

The discount rate remained unchanged from 7.00% as of June 30, 2021 to June 30, 2022.

### **3. NONEMPLOYER OPEB LIABILITY FOR THE STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN**

#### *Benefit Changes*

Effective April 16, 2019, the State Health Benefits Program Plan Design Committee approved and adopted a new PPO plan design (referred to as the "NJDIRECT Plan" but also includes the "CWA Unity Plan" for retirees affiliated with the CWA) which replaces all current PPO plan offerings for State pre-Medicare future retirees. Any State pre-Medicare retiree who enrolls in the NJDIRECT Plan will be required to contribute a percentage of their retirement allowance instead of a percentage of the cost of health coverage as required under Chapter 78.

#### *Changes of Assumptions*

Mortality rate improvement assumptions, trend rate assumptions, repealment of the excise tax and discount rate assumptions have been updated from the June 30, 2021 valuation to be consistent with industry standards. The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

## **OTHER SUPPLEMENTARY INFORMATION**



**Bergen Community College  
(A Component Unit of the County of Bergen)**

Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Additional Award Identification	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Total Federal Expenditures
<b>Student Financial Assistance Cluster</b>					
U.S. Department of Education					
Direct Awards:					
Federal Pell Grant Program		84.063		\$ -	\$ 18,719,947
Federal Supplemental Educational Opportunity Grants		84.007		-	341,475
Federal Direct Student Loans		84.268		-	11,467,514
Federal Work-Study Program		84.033		-	437,511
Total Student Financial Assistance Cluster				-	<u>30,966,447</u>
Passed through the State of New Jersey					
Career and Technical Education - Basic Grants to States		84.048	unavailable	-	738,124
Higher Education Institutional Aid					
Title V: 1.2.3 CONNECT Pathway Scholars Program		84.031S		-	4,134
Child Care Access Means Parents in School		84.335A		-	264,399
Total Higher Education Institutional Aid				-	<u>268,533</u>
Transition Programs for Students with Intellectual Disabilities into Higher Education					
Phase 3		84.407A		-	85,875
Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act					
Direct Programs:					
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	COVID-19	84.425E		-	5,999,377
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	COVID-19	84.425F		-	21,444,392
COVID-19 - Higher Education Emergency Relief Fund (HEERF) Minority Serving Institution	COVID-19	84.425L		-	461,523
				-	27,905,292
Pass-through from the State of New Jersey, Department of Education					
COVID-19 - Governor's Emergency Education Relief Fund (GEERF)					
Opportunity Meets Innovation Challenge Grant	COVID-19	84.425C	unavailable	-	432,159
Total Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act				-	<u>28,337,451</u>
Total U.S. Department of Education				-	<u>60,396,430</u>
<b>Other Federal Programs</b>					
U.S. Department of the Treasury					
Passed through the State of New Jersey					
COVID-19, Coronavirus Relief Fund for Higher Education (CRF)	COVID-19	21.019	unavailable	-	2,400
National Endowment for the Humanities					
Direct Programs:					
Promotion of the Arts Grants to Organizations and Individuals		45.024		-	8,500
National Science Foundation					
Passed through the Montclair State University					
STEM Education (formerly Education and Human Resources)		47.076	2150649-BCC	-	14,678
U.S. Department of Labor, Employment and Training Administration					
Direct Program:					
H-1B Job Training Grants		17.268	unavailable	2,048,789	3,386,442
Passed through New Jersey Department of Labor and Workforce Development					
Registered Apprenticeships		17.201	unavailable	-	348,023
Total U.S. Department of Labor, Employment and Training Administration				<u>2,048,789</u>	<u>3,734,465</u>
Total Other Federal Programs				<u>2,048,789</u>	<u>3,760,043</u>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 2,048,789</b>	<b>\$ 64,156,473</b>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2023

State of New Jersey Grantor/Program or Cluster Title	Grant/Account or Other I.D. Number	Grant Period	Fiscal Year Grant Expenditures	Total Grant Expenditures To Date
Student Financial Assistance Cluster:				
New Jersey Commission of Higher Education:				
Tuition Aid Grant	100-074-2405-007	7/1/22-6/30/23	\$ 4,854,171	\$ 4,854,171
EOF Article III	100-074-2401-001	7/1/22-6/30/23	272,682	272,682
EOF Article III Summer	100-074-2601-001	7/1/22-6/30/23	72,119	72,119
New Jersey STARS	100-074-2405-313	7/1/22-6/30/23	308,109	308,109
Community College Opportunity Grant	CCOGS	7/1/22-6/30/23	4,200,440	4,200,440
Survivors Tuition Benefits (STB)	100-074-2405-009	7/1/22-6/30/23	1,025	1,025
Total Student Financial Assistance Cluster			<u>9,708,546</u>	<u>9,708,546</u>
Other State of New Jersey Programs:				
New Jersey Commission on Higher Education				
Operational Costs - County Colleges	01-100-082-2155-015	7/1/22-6/30/23	13,087,248	13,087,248
Alternate Benefit Program	01-100-082-2155-017	7/1/22-6/30/23	1,326,194	1,326,194
EOF Title IV	100-074-2401-002	7/1/22-6/30/23	130,460	130,460
New Jersey Department of Education				
Integrated English Literature & Civics Education	ABS-FY16002	7/1/22-6/30/23	415,328	415,328
Integrated English Literature & Civics Education - prior year	ABS-FY16002	7/1/21-6/30/22	23,296	367,072
			<u>438,624</u>	<u>782,400</u>
New Jersey Department of Community Affairs				
Uniform Construction Code - prior year	8015-100-022-8015 036-F311-6130	7/1/21-6/30/22	37,271	121,389
New Jersey Council of County Colleges				
College Readiness Now	100-074-2400-055	7/1/22-6/30/23	81,457	81,457
New Jersey Department of Treasury				
Community College Opportunity Grant	<i>unavailable</i>	7/1/22-6/30/23	347,188	347,188
NJ Hiring and Retention Grant	<i>unavailable</i>	7/1/22-6/30/23	8,507	8,507
New Jersey Department of Environmental Protection				
Recycling Enhancement	SHW22-006	7/1/22-8/31/23	26,087	26,087
Office of the Secretary of Higher Education				
Career Accelerator Grant	<i>unavailable</i>	7/1/22-6/30/23	13,613	13,613
Center for Adult Transition	<i>unavailable</i>	7/1/22-6/30/23	121,029	121,029
			<u>134,642</u>	<u>134,642</u>
New Jersey Economic Development Authority				
NJ Manufacturing Voucher Program	<i>unavailable</i>	7/1/22-6/30/23	54,648	54,648
New Jersey Community College Consortium for Workforce and Economic Development:				
NJ Pathways to Career Opportunities:				
Patient Care	<i>unavailable</i>	7/1/22-6/30/23	2,286	2,286
Research and Development	<i>unavailable</i>	7/1/22-6/30/23	18,817	18,817
Renewable Energy	<i>unavailable</i>	7/1/22-6/30/23	30,653	30,653
			<u>51,756</u>	<u>51,756</u>
Total Other State of New Jersey Programs			<u>15,724,082</u>	<u>16,151,976</u>
Total Expenditures of State Financial Assistance			<u>\$ 25,432,628</u>	<u>\$ 25,860,522</u>

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2023

**1. Basis of Presentation**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance include the federal and state grant activity of Bergen Community College (the College) and are presented on the accrual basis of accounting. 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 Office of Management and Budget 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 Awards 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.

The accounting practices followed by the College in preparing the accompanying schedules are as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

**2. Federal Direct Student Loan Program**

Bergen Community College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program. It is not practical to determine the balance of loans outstanding to students of Bergen Community College under this program as of June 30, 2023. During the fiscal year ended June 30, 2023, the College processed \$11,467,514 under the Federal Direct Student Loan Program.

**3. Indirect Cost Rate**

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

**4. Alternate Benefit Program**

During the year ended June 30, 2023, the State of New Jersey, Department of Treasury made payments on behalf of Bergen Community College to the Alternate Benefit Program of \$1,326,194. These benefits are reimbursed by the State of New Jersey for faculty only, all other disbursement for administration, professional and support staff are reflected in the accompanying basic financial statements for the year ended June 30, 2023. The June 30, 2023 benefit reimbursement for faculty is included in the accompanying Schedule of Expenditures of State Financial Assistance.

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2023  
(Continued)

**5. Subrecipients**

Of the federal expenditures presented in the Schedule of Federal Awards, the College passed through federal awards to subrecipients for the H-1B Job Training Grants (NJ Healthworks Apprenticeship Grant, Assistance Listing Number 17.268) of \$2,048,789 for the year ended June 30, 2023.

**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  
Bergen Community College  
Paramus, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Bergen Community College (the College), a component unit of the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 29, 2024. Our report includes a reference to other auditors who audited the financial statements of the Bergen County College Foundation (the Foundation), a discretely presented component unit as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control over Financial Reporting**

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

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

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*PKF O'Connor Davies, LLP*

Woodcliff Lake, New Jersey  
March 29, 2024

**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 Letter 15-08**

**Independent Auditors' Report**

**The Board of Trustees  
Bergen Community College  
Paramus, New Jersey**

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

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

We have audited Bergen Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Aid Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2023. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB Circular Letter 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 Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular Letter 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 Letter 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 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 Auditors' Responsibilities for the Audit of Compliance section above 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, 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 Letter 15-08. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Woodcliff Lake, New Jersey  
March 29, 2024

**Bergen Community College  
(A Component Unit of the County of Bergen)**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

Section 1 - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards and State Financial Assistance**

Internal control over major federal and state programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major federal and state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or NJ OMB Circular Letter 15-08?

Yes  No

**Identification of major federal programs:**

<u>Assistance Listing Number/ State Account Number</u>	<u>Name of Federal Program or Cluster</u>
84.425E	COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion (CARES ACT)
84.425F	COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion (CARES ACT)
84.425L	COVID-19 - Higher Education Emergency Relief Fund (HEERF) Minority Serving Institutions (CARES ACT)
84.425C	COVID-19 - Governor's Emergency Education Relief Fund (GEERF) Opportunity Meets Innovation Challenge Grant

**Bergen Community College**  
**(A Component Unit of the County of Bergen)**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023  
(Continued)

Section 1 – Summary of Auditors’ Results (continued)

**Identification of major state programs:**

<u>Assistance Listing Number/ State Account Number</u>	<u>Name of State Program or Cluster</u>
	<i>Student Financial Assistance Cluster:</i>
100-074-2405-007	Tuition Aid Grant
100-074-2401-001	EOF Article III
100-074-2601-001	EOF Article III Summer
100-074-2405-313	New Jersey STARS
CCOGS	Community College Opportunity Grant
100-074-2405-009	Survivors Tuition Benefits (STB)

Dollar threshold used to distinguish  
between Type A and Type B programs:     \$1,924,694 (Federal Awards)  
   \$762,979 (State Financial Assistance)

Auditee qualified as low-risk auditee?      Yes      No

Section 2 – Financial Statement Findings

During our audit, we noted no findings for the year ended June 30, 2023.

Section 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs

During our audit, we noted no instances of non-compliance for the year ended June 30, 2023.