

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)**

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

**FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023**

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
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**BASIC FINANCIAL STATEMENTS**

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
Hudson County Community College  
Jersey City, New Jersey

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

#### ***Opinions***

We have audited the accompanying financial statements of Hudson County Community College (the "College"), a component unit of Hudson County, New Jersey, and the Hudson County Community College Foundation, Inc. (the "Foundation"), as a discretely presented component unit of the College as of and for the fiscal years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College, and the Foundation, the discretely presented component unit of the College as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards (GAAS) applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and required pension and post-retirement medical benefits information on pages 44 - 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Donohue, Gironde, Doria & Tomkins LLC".

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

Secaucus, New Jersey  
November 12, 2024

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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***Introduction***

The following discussion and analysis provides an overview of the financial position and activities of the Hudson County Community College (the "College") for the fiscal years ending June 30, 2024 with comparative information from previous fiscal years. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

***Using the Financial Statements***

The College's financial report includes three basic financial statements: The Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and Government Accounting Standards Board (GASB) pronouncements. The College presents financial statements in accordance with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and GASB Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities". The statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus better on the College as a whole. Resources are classified into three net asset categories – unrestricted, restricted and invested in capital assets, net of accumulated depreciation and related debt. The College's financial statements also include the Hudson County Community College Foundation as a discretely presented component unit in accordance with the requirements of Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB Statement No. 39.

***Statements of Net Position***

The statements of net position present the financial position of the College at the end of the fiscal year and include all assets and liabilities of the College. The difference between total assets and total liabilities (net position) is one indicator of the financial condition of the College, while the change in net position is an indicator of whether the financial condition has improved or declined during the year. The statement states two asset and liability classifications; a) current assets and liabilities that are less than one year and b) non-current assets and liabilities that are more than one year. There are three net position classifications a) investment in capital assets, net of related debt b) restricted assets (expendable and non-expendable) and c) unrestricted assets.

Total net position increased to \$183,048,260, which is 4.29% over 2023. Without the pension liability required by GASB Statement No. 68, the total net position increased \$6,477,796 to \$201,571,091, which is 3.32% under 2023.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

A summary of the College's assets, liabilities, and net position on June 30, 2024, 2023, and 2022, respectively:

	2024	2023	2022
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 55,665,786	\$ 64,664,642	\$ 60,976,674
Accounts Receivable	7,466,664	4,575,564	2,376,099
Grants Receivable	4,594,241	5,608,160	8,351,135
Due from County of Hudson	16,788,663	1,265,629	779,167
Other Receivables	434,491	823,172	257,468
Prepaid Expenses and Other Assets	209,268	132,714	71,119
Total Current Assets	85,159,113	77,069,881	72,811,662
Noncurrent Assets:			
Security Deposits	66,924	66,924	66,924
Capital Assets, Net	139,948,554	127,657,679	131,351,750
Right-of-Use Leased Assets, Net	416,009	615,693	-
Total Noncurrent Assets	140,431,487	128,340,296	131,418,674
Total Assets	225,590,600	205,410,177	204,230,336
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	2,772,890	5,396,451	5,001,451
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	17,145,351	3,512,218	3,281,907
Accrued Salaries and Benefits	367,800	569,548	796,568
Unearned Revenue	-	-	439,350
Unearned Grant Revenue	3,237,424	2,345,983	568,991
Other Accrued Liabilities	492,779	791,851	674,092
Current Portion of Long-Term Obligations:			
Compensated Absences	1,877,426	1,547,822	1,448,163
Financed Purchase Liability	88,616	85,274	90,810
Lease Liability	207,539	189,040	-
Total Current Liabilities:	23,416,935	9,041,736	7,299,881
Noncurrent Liabilities:			
Deposits Held in Custody for Others	212,885	562,639	721,209
Compensated Absences	1,300,698	1,307,255	1,355,565
Financed Purchase Liability	549,700	647,161	735,744
Lease Liability	247,006	454,544	-
Net Pension Liability	18,507,055	20,302,011	15,428,792
Total Noncurrent Liabilities	20,817,344	23,273,610	18,241,310
Total Liabilities	44,234,279	32,315,346	25,541,191
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,080,951	2,977,113	9,476,746
<b>NET POSITION</b>			
Net Investment in Capital Assets	139,271,702	126,897,353	131,351,750
Restricted Expendable for Scholarships	153,131	68,670	67,596
Unrestricted	43,623,427	48,548,146	42,794,504
Total Net Position	\$ 183,048,260	\$ 175,514,169	\$ 174,213,850



**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

***Statement of Revenues, Expenses, and Changes in Net position***

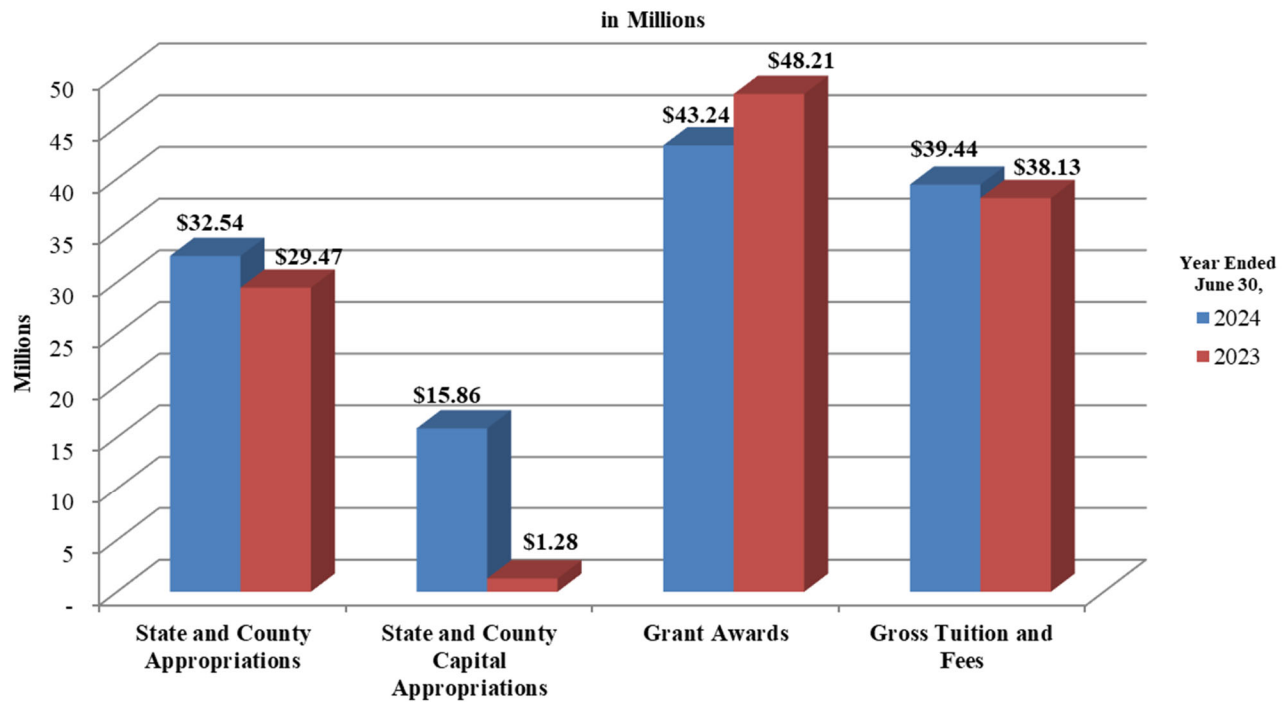
A summary of the College's revenues, expenses and changes in net position for the years ended June 30, 2024, 2023, and 2022, respectively:

	2024	2023	2022
<b>OPERATING REVENUES</b>			
Student Tuition and Fees	\$ 39,442,972	\$ 38,133,904	\$ 35,204,996
Less: Student Financial Aid	(34,786,700)	(31,131,444)	(30,361,658)
	<u>4,656,272</u>	<u>7,002,460</u>	<u>4,843,338</u>
Federal Awards	4,754,322	4,934,550	3,741,755
State Financial Assistance	13,817,256	11,906,465	15,258,518
Local and Private Sponsored Programs	2,321,025	1,501,010	1,007,547
Other Operating Revenues	1,589,693	1,461,910	545,658
Total Operating Revenues	<u>27,138,568</u>	<u>26,806,395</u>	<u>25,396,816</u>
<b>OPERATING EXPENSES</b>			
Instructions	35,810,738	30,240,578	29,397,372
Academic Support	4,547,299	3,728,415	4,140,959
Student Services	7,190,651	5,620,707	5,186,288
Institutional Support	29,165,102	29,663,633	27,264,199
Operation and Maintenance of Plant	6,477,362	6,184,361	5,845,020
Conference Center	809,170	533,915	394,761
Student Aid	3,180,600	6,152,788	18,164,085
Depreciation	6,141,576	5,903,572	5,899,596
Amortization	199,684	199,684	-
Total Operating Expenses	<u>93,522,182</u>	<u>88,227,653</u>	<u>96,292,280</u>
Loss from Operations	(66,383,614)	(61,421,258)	(70,895,464)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal Awards:			
Pell Grants	22,100,510	19,597,727	18,608,507
Educational Stabilization Fund	242,196	10,270,976	27,505,765
State of New Jersey Appropriations	11,234,416	9,325,477	8,824,897
Hudson County Appropriations	21,302,890	20,145,250	19,176,161
Interest Income	3,210,061	2,145,428	119,143
Interest Expense	(33,488)	(44,264)	-
Gain on Sale of Property	-	-	7,979,080
Total Nonoperating Revenues (Expenses)	<u>58,056,585</u>	<u>61,440,594</u>	<u>82,213,553</u>
Net Changes in Net Position			
Before Capital Appropriations	(8,327,029)	19,336	11,318,089
Capital Appropriations	<u>15,861,120</u>	<u>1,280,983</u>	<u>759,470</u>
Change in Net Position	7,534,091	1,300,319	12,077,559
Net Position, July 1	175,514,169	174,213,850	162,136,291
Net Position, June 30	<u>\$ 183,048,260</u>	<u>\$ 175,514,169</u>	<u>\$ 174,213,850</u>

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

The statement of revenues, expenses and changes in net position presents the results of operations for the College as a whole. Revenues, expenses and other changes in net position are reported as either operating or non-operating. Significant recurring sources of college revenue, state and county appropriations and investment earnings, are defined by GASB Statement No. 35 as non-operating.

Comparison of major revenues by source for 2024 and 2023 is as follows:



**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

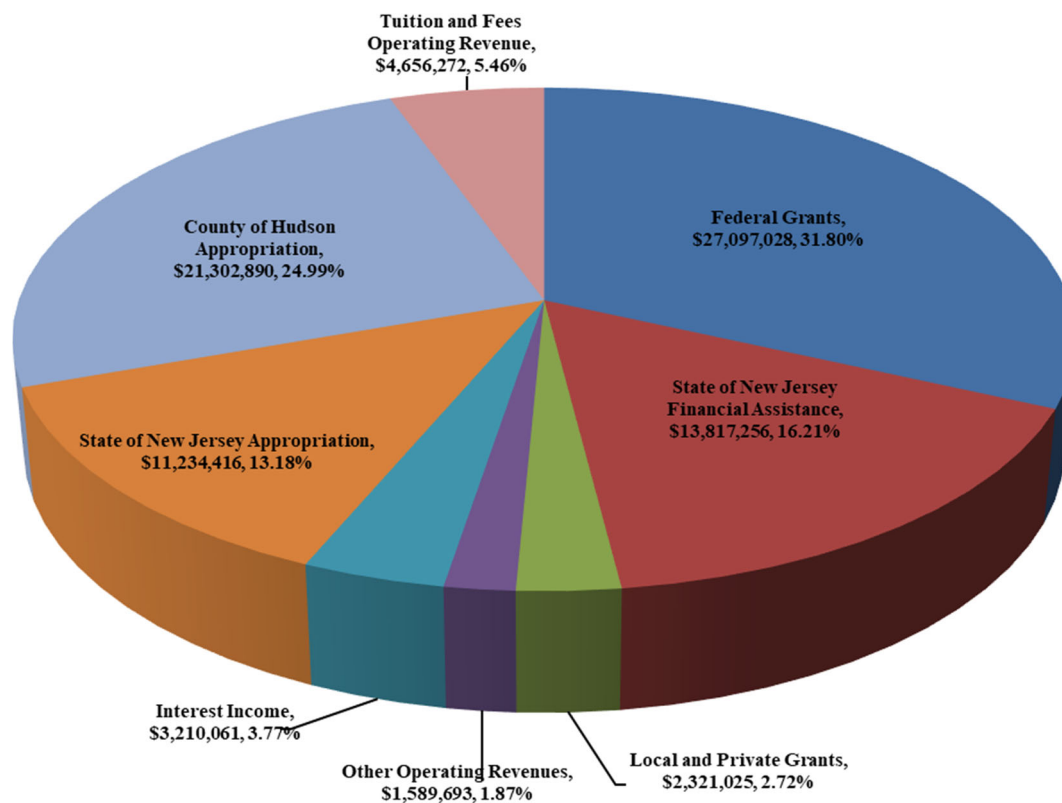
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***Revenue***

The College received operating and nonoperating revenue from the following main sources:

- Tuition and Fee Revenue
- Federal Grants
- State of New Jersey Grants
- Local Grants
- State of New Jersey Appropriation, and
- County of Hudson Appropriation

The following is a graphic illustration of revenue by source for the year ended June 30, 2024:



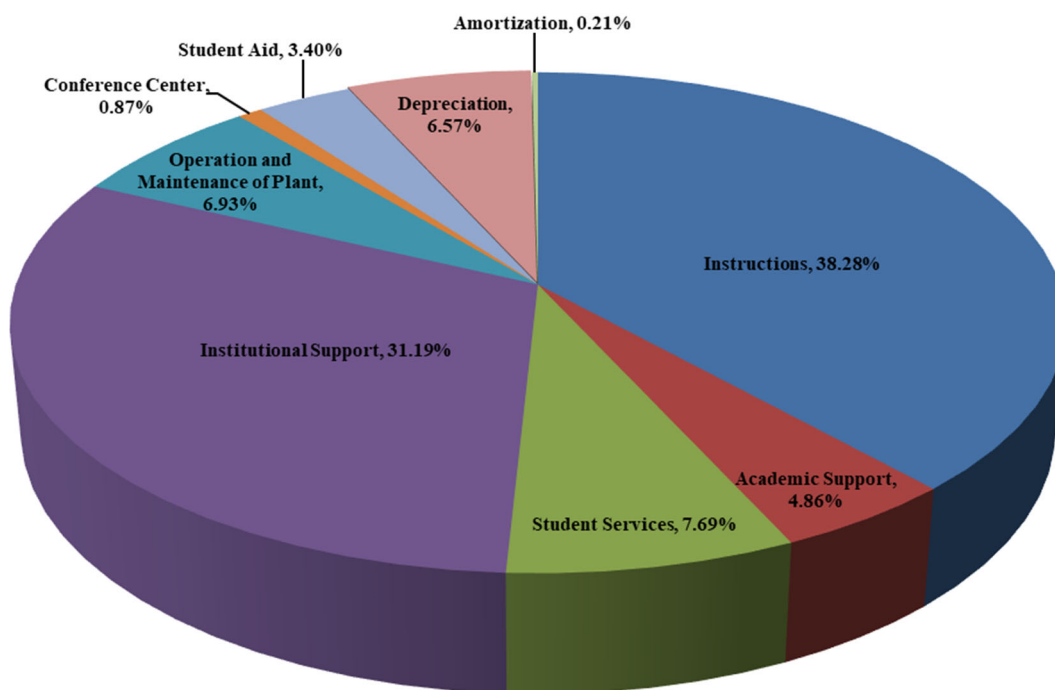
**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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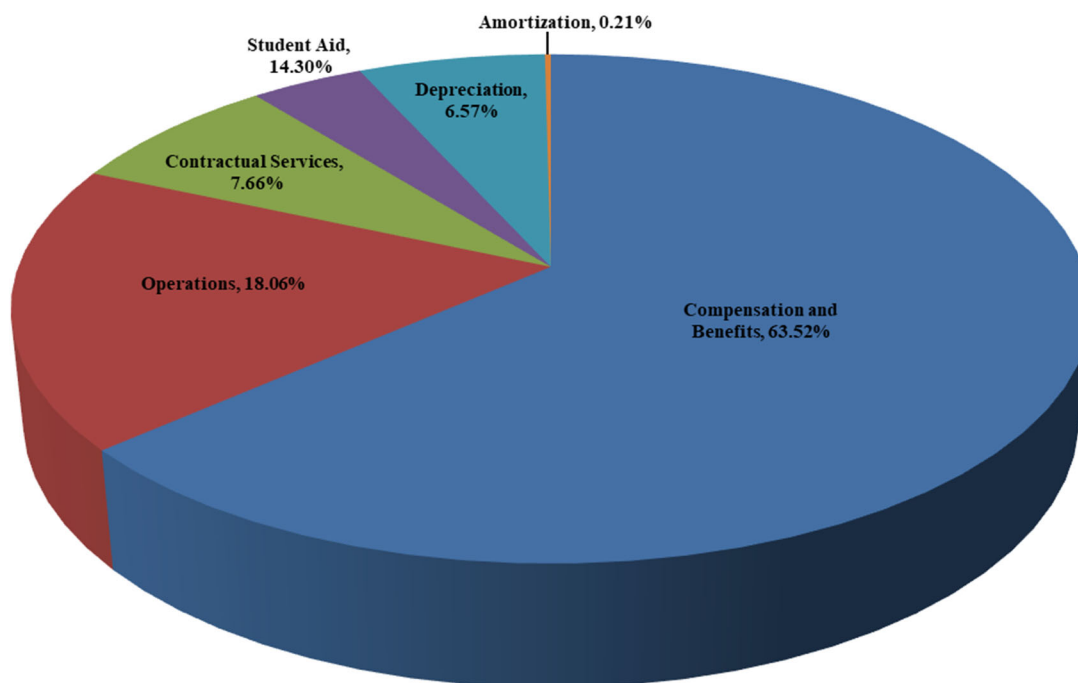
***Expenses***

A comparison of operating expenses by function and natural classifications for the year ended June 30, 2024 is as follows:

**EXPENSES BY FUNCTION**



**EXPENSES BY NATURAL CLASSIFICATION**



**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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***Capital***

In 2024, Hudson County Community College continued to implement the College's Facilities Master Plan and technology upgrades.

The goal of the facilities master plan is to meet projected student enrollment growth, implement new academic programs, expand current programs, develop the remaining portion of the college campus and continue to move from lease facilities to college-owned facilities.

The College had \$18,432,451 in capital additions and no disposals during 2024. The capital additions are comprised of building improvements and an investment in equipment. Consistent with the facilities Master Plan, the College initiated construction of the Center for Student Success in 2024. The Center for Student Success will transform the campus. It will provide state of the art classrooms, office space, and much more.

The College continues to invest in high-quality learning and administrative technologies. Software for instruction, proctoring, plagiarism detection, and software for improved accessibility for students' benefit has been added and increased. The College continues to provide Adobe Creative Cloud named licenses and virtual desktop software for students' use on and off campus. The College continues adding full video interactive (ITV) classrooms and administrative spaces. Both Culinary and Science Technology Engineering and Math (STEM) labs are now outfitted for hybrid instruction. The College has implemented a Student Success platform, EAB Navigate, being used to monitor student performance and communicate with students in an impactful way.

***Other Economic and Financial Considerations***

The following is a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net position) or results of operation (revenues, expenses, and other changes in net position) of the College.

Total student credit hours in the fiscal year 2024 totaling 160,431 is an increase of 5% when compared to the fiscal year 2023 total student credit hours in the amount of 152,813. Student credit hours had also increased 3.6% in fiscal year 2023 over 2022.

Revenues for State Appropriations in 2024 increased \$1,908,939 to \$11,234,416, versus an increase of \$500,580 in 2023 due to new funding formula in 2022.

Revenues for County Appropriations in 2024 increased \$1,157,640 to \$21,302,890, similar to an increase of \$969,089 to \$20,145,250 in 2023. College tuition increased 4% per credit in 2024 to cover the College's contractual obligations.

The College received several sources of funding to cover COVID-19 related expenses and lost revenues. The primary source of these funds being Educational Stabilization Fund (ESF). In 2023 the College recognized \$242,196 in ESF, which was a decrease of \$10,028,780 when compared to the \$10,270,976 recognized in 2023.

The cost of employee pensions (PERS) paid in the past by the State continues to be charged to the College. The pension payable liability in 2024 is \$1,707,715.

The College has a managed services agreement with Ellucian for ERP support which extends through December 2024.

During 2022, a memorandum of agreement was approved for each of the following four unions: Professional Association, Support Staff Federation, Adjunct Faculty Federation, and Academic Administrative Association. Also, each contract expires in June of 2025.

The College was accredited by the Middle States Accreditations for eight years, through June of 2028.

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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***Contacting the Hudson County Community College's Financial Management***

The Management Discussion and Analysis of this financial report is designed to provide the reader with a snapshot of the Hudson County Community College's finances. Questions about this report or additional financial information can be requested from the Finance Department located at 26 Journal Square, Jersey City, NJ 07306.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 55,665,786	\$ 64,664,642
Accounts Receivable	7,466,664	4,575,564
Grants Receivable	4,594,241	5,608,160
Due from County of Hudson	16,788,663	1,265,629
Other Receivables	434,491	823,172
Prepaid Expenses and Other Assets	209,268	132,714
Total Current Assets	85,159,113	77,069,881
Noncurrent Assets:		
Security Deposits	66,924	66,924
Capital Assets, Net	139,948,554	127,657,679
Right-of-Use Leased Assets, Net	416,009	615,693
Total Noncurrent Assets	140,431,487	128,340,296
Total Assets	225,590,600	205,410,177
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Liability	2,772,890	5,396,451
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 17,145,351	\$ 3,512,218
Accrued Salaries and Benefits	367,800	569,548
Unearned Grant Revenue	3,237,424	2,345,983
Other Accrued Liabilities	492,779	791,851
Current Portion of Long-Term Obligations:		
Compensated Absences	1,877,426	1,547,822
Financed Purchase Liability	88,616	85,274
Lease Liability	207,539	189,040
Total Current Liabilities	23,416,935	9,041,736
Non-Current Liabilities:		
Deposits Held in Custody for Others	212,885	562,639
Compensated Absences	1,300,698	1,307,255
Financed Purchase Liability	549,700	647,161
Lease Liability	247,006	454,544
Net Pension Liability	18,507,055	20,302,011
Total Non-Current Liabilities	20,817,344	23,273,610
Total Liabilities	44,234,279	32,315,346
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Liability	1,080,951	2,977,113
<b>NET POSITION</b>		
Net Investment in Capital Assets	139,271,702	126,897,353
Restricted Expendable for Scholarships	153,131	68,670
Unrestricted	43,623,427	48,548,146
Total Net Position	\$ 183,048,260	\$ 175,514,169

See Accompanying Notes to Financial Statements

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 39,442,972	\$ 38,133,904
Less: Student Financial Aid	<u>(34,786,700)</u>	<u>(31,131,444)</u>
	4,656,272	7,002,460
Federal Awards	4,754,322	4,934,550
State Financial Assistance	13,817,256	11,906,465
Local and Private Sponsored Programs	2,321,025	1,501,010
Other Operating Revenues	<u>1,589,693</u>	<u>1,461,910</u>
Total Operating Revenues	<u>27,138,568</u>	<u>26,806,395</u>
<b>OPERATING EXPENSES</b>		
Instructions	35,810,738	30,240,578
Academic Support	4,547,299	3,728,415
Student Services	7,190,651	5,620,707
Institutional Support	29,165,102	29,663,633
Operation and Maintenance of Plant	6,477,362	6,184,361
Conference Center	809,170	533,915
Student Aid	3,180,600	6,152,788
Depreciation	6,141,576	5,903,572
Amortization	<u>199,684</u>	<u>199,684</u>
Total Operating Expenses	<u>93,522,182</u>	<u>88,227,653</u>
Loss from Operations	(66,383,614)	(61,421,258)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Federal Awards:		
Pell Grants	22,100,510	19,597,727
Educational Stabilization Fund	242,196	10,270,976
State of New Jersey:		
Appropriations	11,234,416	9,325,477
Hudson County Appropriations	21,302,890	20,145,250
Interest Income	3,210,061	2,145,428
Interest Expense	<u>(33,488)</u>	<u>(44,264)</u>
Total Nonoperating Revenues (Expenses)	<u>58,056,585</u>	<u>61,440,594</u>
Net (Expense) Revenue and Changes in Net Position		
Before Capital Appropriations	(8,327,029)	19,336
Capital Appropriations	<u>15,861,120</u>	<u>1,280,983</u>
Change in Net Position	7,534,091	1,300,319
Net Position, July 1	<u>175,514,169</u>	<u>174,213,850</u>
Net Position, June 30	<u>\$ 183,048,260</u>	<u>\$ 175,514,169</u>

See Accompanying Notes to Financial Statements



**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees	\$ 1,765,172	\$ 4,398,544
Federal Awards	4,912,249	3,841,213
State Financial Assistance	14,278,507	13,905,614
Nongovernmental Grants and Contracts	2,321,025	1,657,912
Other Operating Receipts	1,978,374	896,206
Payments for Employee Salaries and Benefits	(58,032,018)	(50,112,777)
Payments to Suppliers	2,204,065	(26,488,459)
Payments to Students for Financial Aid	(3,180,600)	(6,152,788)
Net Cash Used by Operating Activities	<u>(33,753,226)</u>	<u>(58,054,535)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State of New Jersey Appropriations	11,234,416	9,325,477
Hudson County Appropriations	5,779,856	19,658,788
Federal Awards:		
Pell Grants	22,007,755	19,604,387
Educational Stabilization Fund	1,621,133	13,686,670
Student Organization Agency Transactions	(349,754)	(158,570)
Net Cash Provided by Noncapital Financing Activities	<u>40,293,406</u>	<u>62,116,752</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(18,432,451)	(2,209,501)
Payment of Financed Purchase Liability	(94,119)	(94,119)
Payment of Lease Payable	(189,039)	(171,793)
Interest Paid on Lease Payable	(33,488)	(44,264)
Net Cash Used by Capital and Related Financing Activities	<u>(18,749,097)</u>	<u>(2,519,677)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	<u>3,210,061</u>	<u>2,145,428</u>
Net Increase in Cash	(8,998,856)	3,687,968
Cash, July 1	64,664,642	60,976,674
Cash, June 30	<u>\$ 55,665,786</u>	<u>\$ 64,664,642</u>

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO		
NET CASH USED IN OPERATING ACTIVITIES		
Loss from Operations	\$ (66,383,614)	\$ (61,421,258)
Adjustments to Reconcile Loss from Operations to		
Net Cash Used by Operating Activities:		
Depreciation Expense	6,141,576	5,903,572
Amortization Expense	199,684	199,684
Changes in Assets:		
Accounts Receivable	(2,891,100)	(2,199,465)
Grants Receivable	(272,263)	(679,379)
Other Receivables	388,681	(565,704)
Prepaid Expenses	(76,554)	(61,595)
Change in Deferred Outflows of Resources:		
Deferred Pension Liability	2,623,561	(395,000)
Changes in Liabilities:		
Accounts Payable and Accrued Expenses	29,494,253	1,511,294
Accrued Salaries and Benefits	(201,748)	(227,020)
Unearned Revenue	891,441	1,337,642
Other Accrued Expenses	(299,072)	117,759
Compensated Absences	323,047	51,349
Net Pension Liability	(1,794,956)	4,873,219
Change in Deferred Inflows of Resources:		
Deferred Pension Liability	(1,896,162)	(6,499,633)
Total Adjustments	<u>32,630,388</u>	<u>3,366,723</u>
Net Cash Used by Operating Activities	<u><u>\$ (33,753,226)</u></u>	<u><u>\$ (58,054,535)</u></u>
Non-cash investing, capital and financing activities:		
Increase in allowance for uncollectible accounts	\$ 3,361,015	\$ 2,960,538
Capital Assets acquired through Hudson County Appropriations	15,861,120	1,280,983

**HUDSON COUNTY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(A Component Unit of Hudson County Community College)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 and 2023**

	2024	2023
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 474,090	\$ 321,783
Restricted Cash - Scholarship Program	190,029	205,421
Restricted Cash - Art Program	13,452	12,019
Investments	1,747,792	1,445,066
Due from College	14,519	9,927
Accounts Receivable	24,450	10,600
Promise to Give	22,700	29,900
Property and Equipment, Net	-	1,821
Library and Art Collection	206,525	206,525
Total Assets	<u>\$ 2,693,557</u>	<u>\$ 2,243,062</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable	\$ 22,624	\$ 36,644
Net Assets:		
Without Donor Restrictions	1,466,450	976,478
With Donor Restrictions	1,204,483	1,229,940
Total Net Assets	<u>2,670,933</u>	<u>2,206,418</u>
Total Liabilities and Net Assets	<u>\$ 2,693,557</u>	<u>\$ 2,243,062</u>

See Accompanying Notes to Financial Statements.

**HUDSON COUNTY COMMUNITY COLLEGE FOUNDATION, INC.**  
**(A Component Unit of Hudson County Community College)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CONTRIBUTIONS AND OTHER SUPPORT						
Contributions	\$ 61,831	\$ 231,114	\$ 292,945	\$ 41,327	\$ 229,374	\$ 270,701
In-Kind Salaries	448,395	-	448,395	236,528	-	236,528
Dining Programs	24,013	-	24,013	22,070	-	22,070
Special Events	371,851	-	371,851	474,266	-	474,266
Less: Cost of Direct Benefits to Donors	(116,212)	-	(116,212)	(140,382)	-	(140,382)
Net Special Event Revenue	255,639	-	255,639	333,884	-	333,884
Unrealized Gains on Investments	211,522	-	211,522	60,667	-	60,667
Investment Income, Net of Advisory Fees	23,669	-	23,669	10,893	-	10,893
Interest	15,265	-	15,265	7,686	-	7,686
Satisfaction of Program Restrictions	256,571	(256,571)	-	218,252	(218,252)	-
Total Revenues	1,296,905	(25,457)	1,271,448	931,307	11,122	942,429
EXPENSES						
Program Expenses	315,166	-	315,166	269,435	-	269,435
Management and General	491,767	-	491,767	262,074	-	262,074
Total Expenses	806,933	-	806,933	531,509	-	531,509
Change in Net Assets	489,972	(25,457)	464,515	399,798	11,122	410,920
Net Assets, July 1	976,478	1,229,940	2,206,418	1,020,490	775,008	1,795,498
Application of Prior Period Program Restrictions	-	-	-	(443,810)	443,810	-
Net Assets, June 30	\$ 1,466,450	\$ 1,204,483	\$ 2,670,933	\$ 976,478	\$ 1,229,940	\$ 2,206,418

See Accompanying Notes to Financial Statements.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

**Reporting Entity**

The financial statements present the College, (a Component Unit of Hudson County, New Jersey), and it’s discretely presented component unit, Hudson County Community College Foundation, Inc.

**Component Unit**

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

The Hudson County Community College Foundation, Inc. (the “Foundation”) was organized under a separate Board of Trustees from the College in 2001 for the benefit of the College, faculty and students of the College, and the community. The primary function of the Foundation is to obtain contributions and award scholarships. The Foundation received a Determination Letter from the Internal Revenue Service concluding that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The resources held by the Foundation can only be used by, or for the benefit of, the College. Therefore, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements. Complete financial statements of the Foundation can obtained from the Hudson County Community College Foundation at 70 Sip Avenue, Jersey City, New Jersey 07306.

**Basis of Presentation**

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

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

**Measurement Focus and Basis of Accounting**

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

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

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

**Use of Estimates**

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

**Accounts Receivable and Allowance of Doubtful Accounts**

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

**Restricted Assets**

Restricted assets include assets related to grants such as grants receivable and prepaid expenses paid for by restricted funds. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as they are needed.

**Grants Receivable**

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

**Capital Assets**

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

**Accounts Payable and Accrued Liabilities**

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

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

**Unearned Revenue**

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

**Non-Current Liabilities**

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

**Compensated Absences**

The College accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense of the Public Employees Retirement System (PERS) information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Equity Classifications**

Equity is classified as net position and displayed in three components:

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

*Restricted:*

*Nonexpendable* – Net position subject to externally imposed stipulations that they be maintained permanently by the College. There were no nonexpendable restricted net positions as of June 30, 2024 and 2023.

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

*Unrestricted net position* - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Revenue Recognition**

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

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

**Classification of Revenue**

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

**Scholarship Discounts and Allowances**

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



**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**County of Hudson Capital Support**

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

**Income Taxes**

The College is exempt from federal income taxes under Internal Revenue Code Section 115(1).

**Date of Management's Review**

Management has evaluated all events through November 12, 2024, the date these financial statements were available to be issued.

**Reclassifications**

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

**Recently Issued Accounting Pronouncements to be implemented in future years**

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

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

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

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for periods beginning after June 15, 2024.

**NOTE 2. CASH AND CASH EQUIVALENTS**

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

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 2. CASH AND CASH EQUIVALENTS (Continued)**

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

All investments in the NJSCMF are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants by the New Jersey Cash Management Fund. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

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

As of June 30, 2024 and 2023 the College's deposits are summarized as follows:

	2024	2023
New Jersey State Cash Management Fund	\$ 52,054,999	\$ 60,974,284
Federal Deposit Insurance Corporation - Insured	250,000	250,000
Governmental Unit Deposit Protection Act - Insured	4,256,990	4,527,755
	<u>\$ 56,561,989</u>	<u>\$ 65,752,039</u>

Bank deposits as of the balance sheet are required to be classified as to credit risk. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the College. Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it.

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

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

*Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the College's deposits as of June 30, 2024 and 2023 are held in foreign currency.

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 3. ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2024 and 2023, the College's accounts and grants receivable were as follows:

	2024	2023
Tuition and Fees	\$ 41,586,276	\$ 35,334,161
Less: Allowance for Doubtful Accounts	(34,119,612)	(30,758,597)
Total Accounts Receivable	<u>\$ 7,466,664</u>	<u>\$ 4,575,564</u>
Due from County of Hudson:		
Capital Appropriations	<u>\$ 6,011,225</u>	<u>\$ 1,265,629</u>
Grants Receivable:		
Federal	\$ 2,012,979	\$ 3,457,088
State	<u>2,581,262</u>	<u>2,151,072</u>
Total Grants Receivable	<u>\$ 4,594,241</u>	<u>\$ 5,608,160</u>

**NOTE 4. CAPITAL ASSETS**

Depreciation expense was and for the years ended June 30, 2024 and 2023, respectively.

The County of Hudson made available to the College the Chapter 12 Bond Program funding for the acquisition, construction, renovation and furnishing of capital projects in the Union City area and the Journal Square area of Jersey City for permanent use by the College. The detail of capital asset activity for the year ended June 30, 2024 is as follows:

	Balance at June 30, 2023	Additions	Retirements	Balance at June 30, 2024
Capital Assets:				
Non-Depreciable:				
Land	\$ 12,107,648	\$ -	\$ -	\$ 12,107,648
Construction in Progress	1,051,522	14,343,503	-	15,395,025
Total Non-Depreciable	<u>13,159,170</u>	<u>14,343,503</u>	<u>-</u>	<u>27,502,673</u>
Depreciable:				
Buildings and Improvements	158,941,022	3,351,679	-	162,292,701
Equipment	9,809,191	384,789	-	10,193,980
Library Books	1,073,929	352,480	-	1,426,409
Total Depreciable at Historical Cost	<u>169,824,142</u>	<u>4,088,948</u>	<u>-</u>	<u>173,913,090</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(48,768,925)	(4,661,221)	-	(53,430,146)
Equipment	(5,988,152)	(1,297,381)	-	(7,285,533)
Library Books	(568,556)	(182,974)	-	(751,530)
Total Accumulated Depreciation	<u>(55,325,633)</u>	<u>(6,141,576)</u>	<u>-</u>	<u>(61,467,209)</u>
Depreciable Capital Assets, Net	<u>114,498,509</u>	<u>(2,052,628)</u>	<u>-</u>	<u>112,445,881</u>
Capital Assets, Net	<u>\$ 127,657,679</u>	<u>\$ 12,290,875</u>	<u>\$ -</u>	<u>\$ 139,948,554</u>

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**NOTE 4. CAPITAL ASSETS (Continued)**

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

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023
Capital Assets:				
Non-Depreciable:				
Land	\$ 12,107,648	\$ -	\$ -	\$ 12,107,648
Construction in Progress	2,903,702	(1,852,180)	-	1,051,522
Total Non-Depreciable	<u>15,011,350</u>	<u>(1,852,180)</u>	<u>-</u>	<u>13,159,170</u>
Depreciable:				
Buildings and Improvements	155,784,040	3,156,982	-	158,941,022
Equipment	9,195,393	613,798	-	9,809,191
Library Books	783,028	290,901	-	1,073,929
Total Depreciable at Historical Cost	<u>165,762,461</u>	<u>4,061,681</u>	<u>-</u>	<u>169,824,142</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(44,243,362)	(4,525,563)	-	(48,768,925)
Equipment	(4,742,259)	(1,245,893)	-	(5,988,152)
Library Books	(436,440)	(132,116)	-	(568,556)
Total Accumulated Depreciation	<u>(49,422,061)</u>	<u>(5,903,572)</u>	<u>-</u>	<u>(55,325,633)</u>
Depreciable Capital Assets, Net	<u>116,340,400</u>	<u>(1,841,891)</u>	<u>-</u>	<u>114,498,509</u>
Capital Assets, Net	<u>\$ 131,351,750</u>	<u>\$ (3,694,071)</u>	<u>\$ -</u>	<u>\$ 127,657,679</u>

**NOTE 5. RIGHT-OF-USE LEASED ASSETS**

The College has recorded a lease liability and an intangible right-to-use asset for the year ending June 30, 2023. Amortization expense was \$199,684 for the years ended June 30, 2024 and 2023. The detail of right-of-use leased assets activity for the years ended June 30, 2024 and 2023 is as follows:

	Balance at June 30, 2023	Additions	Retirements	Balance at June 30, 2024
Right-of-Use Leased Assets:				
Office Space	\$ 815,377	\$ -	\$ -	\$ 815,377
Total Right-of-Use Leased Assets	<u>815,377</u>	<u>-</u>	<u>-</u>	<u>815,377</u>
Less: Accumulated Amortization				
Office Space	(199,684)	(199,684)	-	(399,368)
Total Accumulated Amortization	<u>(199,684)</u>	<u>(199,684)</u>	<u>-</u>	<u>(399,368)</u>
Right-of-Use Leased Assets, Net	<u>\$ 615,693</u>	<u>\$ (199,684)</u>	<u>\$ -</u>	<u>\$ 416,009</u>

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**NOTE 5. RIGHT-OF-USE LEASED ASSETS (Continued)**

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023
Right-of-Use Leased Assets:				
Office Space	\$ -	\$ 815,377	\$ -	\$ 815,377
Total Right-of-Use Leased Assets	-	815,377	-	815,377
Less: Accumulated Amortization				
Office Space	-	(199,684)	-	(199,684)
Total Accumulated Amortization	-	(199,684)	-	(199,684)
Right-of-Use Leased Assets, Net	\$ -	\$ 615,693	\$ -	\$ 615,693

**NOTE 6. UNEARNED REVENUES**

At June 30, 2024 and 2023, the College's unearned revenues were as follows:

	2024	2023
Unearned Grant Revenue:		
Federal	\$ 576,815	\$ 171,320
State	2,352,133	1,836,969
Local	308,476	337,694
Total Unearned Grant Revenue	\$ 3,237,424	\$ 2,345,983

**NOTE 7. NON-CURRENT LIABILITIES**

During the years ended June 30, 2024 and 2023, the following changes occurred in College's non-current liabilities:

	Balance at June 30, 2023	Additions	Deductions	Balance at June 30, 2024	Current Portion	Noncurrent Portion
Non-Current Liabilities:						
Deposits Held in Custody for Others	\$ 562,639	\$ 1,119,250	\$ 1,469,004	\$ 212,885	\$ -	\$ 212,885
Compensated Absences	2,855,077	329,604	6,557	3,178,124	1,877,426	1,300,698
Financed Purchase Liability	732,435	-	94,119	638,316	88,616	549,700
Lease Liability	643,584	-	189,039	454,545	207,539	247,006
Net Pension Liability	20,302,011	-	1,794,956	18,507,055	-	18,507,055
Total Non-Current Liabilities	\$ 25,095,746	\$ 1,448,854	\$ 3,553,675	\$ 22,990,925	\$ 2,173,581	\$ 20,817,344
	Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023	Current Portion	Noncurrent Portion
Non-Current Liabilities:						
Deposits Held in Custody for Others	\$ 721,209	\$ 989,160	\$ 1,147,730	\$ 562,639	\$ -	\$ 562,639
Compensated Absences	2,803,728	99,659	48,310	2,855,077	1,547,822	1,307,255
Financed Purchase Liability	826,554	-	94,119	732,435	85,274	647,161
Lease Liability	-	815,377	171,793	643,584	189,040	454,544
Net Pension Liability	15,428,792	4,873,219	-	20,302,011	-	20,302,011
Total Non-Current Liabilities	\$ 19,780,283	\$ 6,777,415	\$ 1,461,952	\$ 25,095,746	\$ 1,822,136	\$ 23,273,610

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**NOTE 7. NON-CURRENT LIABILITIES (Continued)**

**Compensated Absences**

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

**Financed Purchase Liability**

On January 1, 2020, the College entered into a financed purchase agreement with the County of Hudson for space owned by the County at the College's North Hudson Campus over a twelve-year period ending December 31, 2031, at which time the County of Hudson will transfer ownership of space to the College. The financed purchase payments will range from \$84,186 to \$95,985 from 2020 to 2031. The following is schedule of the future minimum payments under the financed purchase as of June 30, 2024:

Year Ending June 30,	Amount
2025	\$ 88,616
2026	87,176
2027	86,489
2028	86,212
2029	85,611
2030 - 2032	204,212
	<u>\$ 638,316</u>

**Lease Liability**

The College adopted GASB Statement No. 87 effective July 1, 2021, however, management had determined that there were no material leases that required recording a lease liability and an intangible right-to-use asset for the year ending June 30, 2022. However, during 2023 the College extended an existing lease agreement that management has determined to be material. The College has recorded a lease liability and an intangible right-to-use asset for the year ending June 30, 2023. A restatement of the financial statements for all prior periods presented was not practical and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

During the year ending June 30, 2023, the College extended an existing lease agreement. In accordance with GASB Statement No. 87, the College recorded a lease liability and an intangible right-to-use asset as of July 1, 2022, based on the present value of expected payments over the term of the lease. The expected payments are discounted using the interest rate charged on the lease, if applicable, and are otherwise discounted using the College's incremental borrowing rate. Variable payments are excluded from the valuation unless they are fixed in substance. The College does not have any leases subject to residual value guarantee. The intangible right of use assets are amortized over the shorter of the lease term of the underlying assets useful life. The intangible right of use assets total \$975,953 and accumulated amortization totaled \$383,982, respectively. See note 5 on right-of-use leased assets for more information on leased assets by major classes of underlying assets on June 30, 2023.

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**NOTE 7. NON-CURRENT LIABILITIES (Continued)**

**Lease Liability (Continued)**

The general terms lease arrangements are as follows:

Lease Type	Number of Contracts	Lessors	Average Rate	Lease Terms	Average Annual Lease Payment
Office Building	1	26 Journal Square Owner, LLC	6.00%	08/01/2020 - 07/31/2026	\$ 222,941

The following is a schedule of the future minimum payments under the noncancellable lease at June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 207,539	\$ 21,642	\$ 229,181
2026	227,386	8,650	236,036
2027	19,620	98	19,718
	<u>\$ 454,545</u>	<u>\$ 30,390</u>	<u>\$ 484,935</u>

**NOTE 8. CONTRIBUTED FACILITIES**

On June 1, 2022, the College entered into lease agreement with the Jersey City Redevelopment Agency for use of properties located at 68-74 Sip Avenue, Jersey City and 164-168 Sip Avenue, Jersey City for three years beginning June 1, 2022 and ending June 1, 2025. The College will pay a fixed rental amount of \$1 per year which is less than the amount that would be charged for similar properties that are rented under similar terms. Using publicly available commercial real estate rental listings, the College estimated the rental payments to be \$1,276,496 per year at market price. Donated facilities revenue and expense for the year ended June 30, 2024 and 2023 were \$1,276,496 and \$1,276,496, respectively.

The College determined that this contract does not meet the definition of lease per GASB No. 87 since the lease only applies to exchange or exchange-like transaction. This right to use of property does not meet the description of exchange or exchange-like transaction since each party does not receive or give up essentially equal value.

**NOTE 9. RETIREMENT SYSTEMS**

All required employees of the College are covered by either the State of New Jersey Public Employees' Retirement System (PERS) or the Alternate Benefit Program (ABP), which presently makes contributions to Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA/CREF), Aetna Life Insurance Company, Lincoln Life Insurance Company, Metropolitan Life Insurance Company, Travelers Life Insurance Company and VALIC. PERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of New Jersey. The ABP alternatives are administered by a separate Board of Trustees. Generally, all employees, except certain part-time employees, participate in one of these plans.

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

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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Employees eligible for enrollment after June 30, 2007 but before November 2, 2008
3	Employees eligible for enrollment after November 1, 2008 but before May 22, 2010
4	Employees eligible for enrollment after May 21, 2010 but before June 28, 2011
5	Employees eligible for enrollment after June 27, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62, tiers 5 members upon reaching 65. Early retirement benefits are available to tier 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 retirement age of their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tiers.

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

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

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

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

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

Year Ended June 30,	Employer Contribution		Employee Contributions	Pensionable Wages
	Gross College Contribution	Percentage of Covered Payroll		
2024	\$ 1,707,715	14.18%	\$ 921,555	\$ 12,046,466
2023	1,696,453	14.41%	900,395	11,769,874
2022	1,525,253	13.26%	879,722	11,499,633

Chapter 78, P.L. 2011, effective June 28, 2011, established employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage.



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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

Under chapter 78, certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

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

At June 30, 2024 and 2023, the College's proportionate share of net pension liability for PERS was \$18,507,055 and \$20,302,011, respectively.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the College's proportion was 0.1278%, which was a decrease of 0.0067% from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024 and 2023, the College recognized PERS pension (benefit) expense of \$651,420 and (\$324,961) respectively.

At June 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,300	\$ -	\$ 17,312	\$ -
Changes in assumptions	-	1,080,951	-	2,977,113
Net differences between projected and actual investment earnings on pension plan investments	85,227	-	840,282	-
Changes in proportion	878,648	-	2,842,404	-
Total Deferred Outflows and Inflows or resources before College contributions before measurement date	1,065,175	1,080,951	3,699,998	2,977,113
College contributions subsequent to measurement date	1,707,715	-	1,696,453	-
Total	<u>\$ 2,772,890</u>	<u>\$ 1,080,951</u>	<u>\$ 5,396,451</u>	<u>\$ 2,977,113</u>

College contributions subsequent to the measurement date for the fiscal years ended June 30, 2024 and 2023 in the amounts of \$1,707,715 and \$1,696,453 are recognized as a reduction of the net pension liability subsequent to their corresponding fiscal years ended.

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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

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

Year Ended June 30,	Amount
2025	\$ (333,111)
2026	(82,648)
2027	766,928
2028	(351,533)
2029	(15,412)
	<u>\$ (15,776)</u>

*Actuarial Assumptions*

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

These actuarial valuations used the following actuarial assumptions applied to all periods in the measurement.

	2024	2023
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases	2.75 - 6.55% based on years of service	2.75 - 6.55% 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 of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

*Actuarial Assumptions (Continued)*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 and 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 and 2023 are summarized in the following table:

Asset Class	2024		2023	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%	27.00%	8.12%
Non U.S. Developed Market Equity	12.75%	9.22%	13.50%	8.38%
International Small Cap Equity	1.25%	9.22%	0.00%	0.00%
Emerging Market Equity	5.50%	11.13%	5.50%	10.33%
Private Equity	13.00%	12.50%	13.00%	11.80%
Real Estate	8.00%	8.58%	3.00%	7.60%
Real Assets	3.00%	8.40%	8.00%	11.19%
High Yield	4.50%	6.97%	4.00%	4.95%
Private Credit	8.00%	9.20%	8.00%	8.10%
Investment Grade Credit	7.00%	5.19%	7.00%	3.38%
Cash Equivalents	2.00%	3.31%	4.00%	1.75%
U.S. Treasuries	4.00%	3.31%	4.00%	1.75%
Risk Mitigation Strategies	3.00%	6.21%	3.00%	4.91%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

*Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the College's proportionate share of the net pension liability of the as of June 30, 2024 and 2023 (June 30, 2023 and 2022, respectively Measurement Date), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2024		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PERS net pension liability	\$ 24,092,248	\$ 18,507,055	\$ 13,753,317
	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PERS net pension liability	\$ 26,082,137	\$ 20,302,011	\$ 15,382,891

*Pension Plan fiduciary net position*

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

*Payable to the pension plan*

At June 30, 2024 and 2023, respectively, the College reported accounts payable to the PERS of \$1,707,715 and \$1,696,453 for the required actuarially determined contribution to PERS for the years ended.

**Alternate Benefit Program Information (ABP)**

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

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

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**NOTE 9. RETIREMENT SYSTEMS (Continued)**

**Alternate Benefit Program Information (ABP) (Continued)**

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

Year Ended June 30,	Employer Contributions		Employee Contributions	Pensionable Salaries
	Gross College Paid	State Reimbursed		
2024	\$ 1,202,860	\$ 1,202,860	\$ 751,787	\$ 15,035,744
2023	1,173,521	1,173,521	733,451	14,669,018
2022	1,144,899	1,144,899	715,562	14,311,242

**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for county colleges.

**State Health Benefit Local Education Retired Employees Plan**

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired Plan) is a multiple-employer defined benefit other post-employment benefit (OPEB) plan that is administered by the State on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The Local Education Retired Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

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

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

**Measurement Focus and Basis of Accounting**

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

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**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2023 and 2022 was \$52.3 and \$50.6 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2022 and 2021 which were rolled forward to June 30, 2023 and 2022, respectively.

**Actuarial Methods and Assumptions**

In the June 30, 2023 and 2022 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 and \$1.23 billion to the OPEB plan in fiscal years 2023 and 2022, respectively.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for PERS and ABP retirees' post-retirement benefits on behalf of the College for the years ended June 30, 2023 and 2022 were \$1,378,942 and \$1,195,435, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the College was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85.

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**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2022 and 2021. Non-employer allocation percentages have been rounded for presentation purposes.

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

For the fiscal years ended June 30, 2024 and 2023, the College recognized OPEB expense of \$2,281,129 and \$2,255,109, respectively. These amounts have been included as revenue and expense in the financial statements in accordance with GASB No. 75.

At June 30, 2024 and 2023 the State's proportionate share of the OPEB liability attributable to the College is \$50,228,092 and \$45,540,165, respectively. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the College at June 30, 2023 and 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022 and 2021, respectively. At June 2023, the State's share of the OPEB liability attributable to the College was 0.0959% which was an increase of 0.0060% from its proportion measured as of June 30, 2022 of 0.0899%. At June 2022, the State's share of the OPEB liability attributable to the College was 0.0899% which was an increase of 0.0006% from its proportion measured as of June 30, 2021 of 0.0893%.

*Actuarial Assumptions and Other Inputs*

The OPEB liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The OPEB liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	2024	2023
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases	2.75 - 6.55% based on years of service	2.75 - 6.55% based on years of service
Investment rate of return	7.00%	7.00%

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**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

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

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

*Health Care Trend Assumptions*

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

*Discount Rate*

The discount rate for June 30, 2023 was 3.65% and for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The change in the State’s proportionate share of the OPEB liability attributable to the College for the fiscal years ended June 30, 2024 and 2023 (measurement dates June 30, 2023 and 2022, respectively) are as follows:

	2024	2023
Balance, July 1 measurement date	\$ 45,540,165	\$ 53,588,515
Changes recognized for the fiscal year:		
Service cost	2,939,841	3,657,831
Interest on the total OPEB liability	1,768,972	1,206,865
Changes of benefit terms	-	-
Changes in assumptions	101,239	(12,216,558)
Difference between expected actual experience	1,211,485	460,597
Gross benefit payments	(1,378,942)	(1,195,435)
Contributions from the member	45,332	38,350
Net changes	<u>4,687,927</u>	<u>(8,048,350)</u>
Balance, June 30, measurement date	<u>\$ 50,228,092</u>	<u>\$ 45,540,165</u>



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**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the College at June 30, 2023 and 2022. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the College for the fiscal years ended June 30, 2023 and 2022 were not provided by the pension system.

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

The following presents the State's proportionate share of the OPEB liability attributable to the College as of June 30, 2024 and 2023, calculated using the discount rate disclosed above, as well as what the State's proportionate share of the OPEB liability attributable to the College would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2024		
	At 1% Decrease (2.65%)	At Current Discount Rate (3.65%)	At 1% Increase (4.65%)
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 58,883,815	\$ 50,228,092	\$ 43,278,551
	2023		
	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 53,527,674	\$ 45,540,165	\$ 39,138,576

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

The following presents the State's proportionate share of the OPEB liability attributable to the College as of June 30, 2024 and 2023, calculated using the healthcare trend rate as disclosed above as well as what the State's proportionate share of the OPEB liability attributable to the College would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	2024		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 41,697,060	\$ 50,228,092	\$ 61,390,969
	2023		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the College	\$ 37,641,730	\$ 45,540,165	\$ 55,915,239

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**NOTE 10. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the College at June 30, 2023 and 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the College at June 30, 2023 and 2022 were not provided by the pension system.

**NOTE 11. DISCRETELY PRESENTED COMPONENT UNIT**

**Organization of the Foundation**

The Hudson County Community College Foundation (the "Foundation") is a discretely presented component unit of the College. The Foundation is a private not-for-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features which taken as a whole are not material to the College's financial statements of the College. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

During the years ended June 30, 2024 and 2023, the Foundation distributed \$256,571 and \$218,282 respectively, to the College for scholarships. Complete financial statements for the Foundation can be obtained from the Finance Department of the College, Jersey City, New Jersey.

**Summary of the Foundation's Significant Accounting Policies**

*Basis of Accounting*

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

*Net Asset Classifications*

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

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

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

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
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**NOTE 11. DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

**Summary of the Foundation's Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents*

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

*Accounts Receivable*

Accounts receivables consist of contribution receivables. All accounts receivable are expected to be collected within one year.

*Promises to Give*

The organization initially record unconditional promises to give and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The organization's promises to give consisted of unconditional promises to give. Conditional promises to give, that is, with a measurable performance or other barrier are not recognized until the conditions on which they depend have been substantially met. The organization has no conditional promises to give for the years ended June 30, 2024 and 2023, respectively.

*Library and Art Collection*

Accessions are capitalized at cost if purchased and at appraised or fair value at the date of accession if received by donation.

*Property and Equipment and Depreciation*

Property and equipment are recorded at cost when purchased and fair value when donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed currently. When items of property or equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the statements of activities and changes in net assets.

Culinary Equipment	5 years
Office Equipment	3 years
Furniture	5 years

The organization reviews the carry values of properties for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the assets. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

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**NOTE 11. DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

**Summary of the Foundation's Significant Accounting Policies (Continued)**

*Revenue Recognition*

Revenue is recognized when earned and consists primarily of contributions and proceeds from special events. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Special events revenue is comprised of an exchange element based upon the direct benefits donor receive and a contribution element of the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately.

*In-Kind Contributions*

Contributed donated professional services are recorded at the respective fair values of the services received. The organization recognized these services as contributions since the services require specialized skills and are performed by people with those skills and would otherwise be purchased by the organization. The organization benefited from in-kind salary donation, which were estimated to be \$448,395 and \$236,528 for the years ended June 30, 2024 and 2023, respectively. These amounts have been reported as both in-kind contribution revenue and expenses on the statement of activities. In addition to contributed professional services, volunteers contribute significant amounts of time to program services, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

*Income Taxes*

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

*Use of Estimates*

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

*Functional Expenses*

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
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**NOTE 11. DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

**Summary of the Foundation's Significant Accounting Policies (Continued)**

*Endowment*

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

The Board of Trustees of the organization has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act (UPMIFA), as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there are no such donor stipulations. As a result of this interpretation, the organization retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with standard of prudence prescribed by UPMIFA.

**NOTE 12. RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College maintains commercial insurance coverage for property and liability.

For worker's compensation insurance the College belongs to the New Jersey Community College Insurance Pool Worker's Compensation Fund (the "Insurance Pool"). The Insurance Pool was created by agreement among the founding community colleges, on June 24, 1987, a non-profit self-insurance pool, pursuant to the provisions of the New Jersey State Government Regulations Act, Chapter 204, P.L. 1985. Effective July 1, 1987, the Insurance Pool established a Workers' Compensation Fund providing workers' compensation insurance to its members. Premium payments are made to the insurance pool by participating community colleges as determined by the Insurance Pool's independent insurance consultant.

**NOTE 13. FINANCIAL DEPENDENCY**

One of the College's largest sources of revenue is appropriations from Hudson County and the State of New Jersey. The College is economically dependent on these appropriations to carry on its operations.

**NOTE 14. CONTINGENCIES**

**Litigation**

The College maybe party to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the College's financial position.

**Grants**

The College received financial assistance from the State of New Jersey and the U.S. Government in the form of grants and financial assistance. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including expenditure of the funds for eligible purposes. The College is subject to the requirements of the Single Audit Act of 1984, as amended in 1996, which mandates that all revenues and expenditures from the grants and financial assistance are audited in conjunction with the College's financial statements for compliance with grant requirements. As of June 30, 2024, the College estimates that no material liabilities will result from such audits.

**HUDSON COUNTY COMMUNITY COLLEGE  
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**NOTE 15. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 12, 2024, the date which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HUDSON COUNTY COMMUNITY COLLEGE**  
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**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST TEN FISCAL YEARS**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
College's proportion of the net pension liability	0.127772553%	0.134527230%	0.130239250%	0.118554277%	0.114867150%	0.109815256%	0.109004902%	0.105143518%	0.103111575%	0.107551610%
College's proportionate share of the net pension liability	\$ 18,507,055	\$ 20,302,011	\$ 15,428,792	\$ 19,333,102	\$ 20,697,318	\$ 21,622,076	\$ 25,374,599	\$ 31,140,494	\$ 23,146,482	\$ 20,136,604
College's covered-employee payroll	12,046,466	11,769,874	11,499,633	11,235,596	10,977,622	10,781,964	10,589,813	10,085,536	9,100,123	7,411,708
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	153.63%	172.49%	134.17%	172.07%	188.54%	200.54%	239.61%	308.76%	254.35%	271.69%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

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



**HUDSON COUNTY COMMUNITY COLLEGE**  
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**SCHEDULE OF COLLEGE CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST TEN FISCAL YEARS**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,707,715	\$ 1,696,453	\$ 1,525,253	\$ 1,296,924	\$ 1,117,319	\$ 1,092,307	\$ 985,569	\$ 903,552	\$ 934,080	\$ 886,483
Contributions in relation to the contractually required contribution	<u>1,707,715</u>	<u>1,696,453</u>	<u>1,525,253</u>	<u>1,296,924</u>	<u>1,117,319</u>	<u>1,092,307</u>	<u>985,569</u>	<u>903,552</u>	<u>934,080</u>	<u>886,483</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 12,046,466	\$ 11,769,874	\$ 11,769,874	\$ 11,499,633	\$ 10,977,622	\$ 10,785,964	\$ 10,589,813	\$ 10,085,536	\$ 9,100,123	\$ 7,411,708
Contributions as a percentage of covered-employee payroll	14.18%	14.41%	12.96%	11.28%	10.18%	10.13%	9.31%	8.96%	10.26%	11.96%

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

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

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Balance, July 1	\$ 45,540,165	\$ 53,588,515	\$ 65,104,534	\$ 36,508,693	\$ 36,459,830	\$ 53,569,430	\$ 54,844,428
Changes recognized for the fiscal year:							
Service cost	2,939,841	3,657,831	4,692,125	2,294,176	2,362,765	5,256,563	6,301,791
Interest on the total OPEB liability	1,768,972	1,206,865	1,390,143	1,339,032	1,481,591	2,089,271	1,725,757
Change in benefit terms	-	-	(57,038)				
Changes in assumptions	101,239	(12,216,558)	52,869	11,892,361	544,348	(4,183,948)	(8,107,453)
Difference between expected and actual experience	1,211,485	460,597	(16,534,614)	14,169,334	(3,252,354)	(19,330,258)	-
Gross benefit payments	(1,378,942)	(1,195,435)	(1,095,043)	(1,133,416)	(1,120,708)	(974,923)	(1,240,782)
Contributions from the member	45,332	38,350	35,539	34,354	33,221	33,695	45,689
Net changes	<u>4,687,927</u>	<u>(8,048,350)</u>	<u>(11,516,019)</u>	<u>28,595,841</u>	<u>48,863</u>	<u>(17,109,600)</u>	<u>(1,274,998)</u>
Balance, June 30	<u>\$ 50,228,092</u>	<u>\$ 45,540,165</u>	<u>\$ 53,588,515</u>	<u>\$ 65,104,534</u>	<u>\$ 36,508,693</u>	<u>\$ 36,459,830</u>	<u>\$ 53,569,430</u>
College's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	<u>50,228,092</u>	<u>45,540,165</u>	<u>53,588,515</u>	<u>65,104,534</u>	<u>36,508,693</u>	<u>36,459,830</u>	<u>53,569,430</u>
Total OPEB liability	<u>\$ 50,228,092</u>	<u>\$ 45,540,165</u>	<u>\$ 53,588,515</u>	<u>\$ 65,104,534</u>	<u>\$ 36,508,693</u>	<u>\$ 36,459,830</u>	<u>\$ 53,569,430</u>
College's covered employee payroll	\$ 30,240,579	\$ 30,240,579	\$ 29,517,382	\$ 28,818,289	\$ 28,561,695	\$ 24,071,377	\$ 21,179,626
Total OPEB Liability as a percentage of covered employee payroll	166.10%	150.59%	181.55%	225.91%	127.82%	151.47%	252.93%

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the College will only present information for those years for which information is available.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Public Employees' Retirement System (PERS)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None
Changes in assumptions:		
Discount rate:		
As of June 30, 2024	7.00%	3.65%
As of June 30, 2023	7.00%	3.65%
Municipal bond rate:		
As of June 30, 2024	Not Applicable	3.65%
As of June 30, 2023	Not Applicable	3.65%
Inflation rate:		
As of June 30, 2024		
Price	2.75%	Not Applicable
Wage	3.25%	Not Applicable
As of June 30, 2023		
Price	2.75%	Not Applicable
Wage	3.25%	Not Applicable
Long-term expected rate of return on pension plan investments:		
As of June 30, 2024	7.00%	3.65%
As of June 30, 2023	7.00%	3.65%

**SINGLE AUDIT SECTION**

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)**

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

The Board of Trustees  
Hudson County Community College  
Jersey City, 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 Hudson County Community College (the "College"), a component unit of Hudson County, New Jersey, and the Hudson County Community College Foundation, Inc., the discretely presented component unit of the College as of and for the year ended June 30, 2024, which collectively comprise the College's basic financial statements and the related notes to the financial statements, and have issued our report thereon dated November 12, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

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

Secaucus, New Jersey  
November 12, 2024

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

The Board of Trustees  
Hudson County Community College  
Jersey City, New Jersey

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

We have audited the Hudson County Community College's, (the "College") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2024. The College's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the College complied, in all material respects, with the 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, 2024.

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

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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



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

Secaucus, New Jersey  
November 12, 2024



**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/ Passed through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through To Subrecipients
U.S. Department of Labor				
Passed through Bergen Community College				
H-1B Job Training Grant (New Jersey Healthworks)	17.268	*	\$ 341,298	\$ -
Passed through County College of Morris				
H-1B Job Training Grant (New Jersey Healthworks)	17.268	*	107,919	-
Total U.S. Department of Labor			449,217	-
U.S. Department of Treasury				
Passed through New Jersey Office of Secretary of Higher Education:				
Mental Health in Higher Education: Community Provider Partnership and Professional Development Grant	21.027	*	44,015	-
National Endowment for the Humanities				
Passed through New Jersey Council for the Humanities				
Jersey City Oral History	45.129	*	8,997	-
U.S National Science Foundation				
Research and Development Cluster:				
Northern New Jersey Bridges to the Baccalaureate Degree	47.076	*	49,785	-
Strengthening Community College and Workforce Partnership	47.076	*	59,042	-
Total U.S. National Science Foundation			108,827	-
U.S. Department of Education				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	*	456,037	-
Federal Work Study Programs	84.033	*	396,210	-
Federal Pell Grant Program	84.063	*	22,100,510	-
Federal Direct Student Loans	84.268	*	1,471,544	-
Total Student Financial Assistance Cluster			24,424,301	-
Higher Education Institutional Aid: Golden Door/La Puerta Doadada	84.031S	*	450,143	-
Congressionally Directed Funded Community Project	84.116Z	*	172,610	-
COVID-19 - Education Stabilization Fund (ESF):				
Passed through New Jersey office of the Secretary of Higher Education:				
Governor's Emergency Education Relief Fund	84.425C	*	42,583	-
Higher Education Emergency Relief Fund (HEERF):				
HEERF - Institutional Aid Portion	84.425F	*	199,613	-
Total COVID-19 - Education Stabilization Funds			242,196	-
Passed through State of New Jersey				
Career and Technical Education - Perkins	84.048A	V048A190030	1,162,522	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	*	34,200	-
Total U.S. Department of Education			26,485,972	-
Total Federal Awards			\$ 27,097,028	\$ -
* - Information Not Available				

The accompanying Notes to Schedules of Expenditure of Federal Awards and State Financial Assistance are an integral part of this schedule

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County)**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2024**

State of New Jersey Grantor/ Pass Through Grantor/ Program or Cluster Title	Grant Account Number	Grant Period		Expenditures	Cumulative Expenditures
		From	To		
New Jersey Department Labor and Workforce Development NJ Pathways Learning Apprentices to a College Education Program	*	12/01/22	06/30/24	\$ 115,861	\$ 115,861
Workforce Development Partnership Program-Apprenticeship		02/15/24	08/15/25	13,740	
Total New Jersey Department Labor and Workforce Development				129,601	
Higher Education Assistance Authority Tuition Aid Grants	24-100-074-2405-007	07/01/23	06/30/24	4,879,337	4,879,337
New Jersey Student Tuition Assistance Reward Scholarship (NJ Stars) Program	24-100-074-2405-313	7/1/202	06/30/24	71,448	71,448
Total Higher Education Assistance Authority				4,950,785	
Office of the Secretary of Higher Education (OSHE) Educational Opportunity Fund (EOF): Article IV - Educational Opportunity Fund Program Support	24-100-074-2401-001	07/01/23	06/30/24	482,382	482,382
Supplementary Education Program Grant: Article IV - Summer Program Support	24-100-074-2401-002	07/01/23	06/30/24	27,351	27,351
Total Educational Opportunity Fund				509,733	
New Jersey Community College Opportunity Grant: Community College Opportunity Grant	24-100-074-2405-332	09/15/23	08/01/24	3,057,432	5,831,314
Community College Opportunity Grants - Special Funding	24-100-074-2400-061	09/15/23	08/01/24	333,816	333,816
				3,391,248	
Passed through NJ Council of Community Colleges: New Jersey Pathways to Career Opportunities (work phase)	*	07/01/23	06/30/24	166,102	323,004
Summer Institute	*	07/01/23	06/30/24	383,707	383,707
Hunger-Free Campus Grant	24-100-074-2400-064	07/01/23	06/30/24	145,645	145,645
County College-Based Center for Adult Transition	24-100-074-2400-078	06/15/23	06/30/24	526,357	526,357
Some Education, No Degree (SCND)	24-100-074-2400-082	01/01/23	06/30/24	68,241	68,241
Total Department of Higher Education				10,271,419	
Department of Treasury Higher Education Administration: Operational Costs - County Colleges	24-100-082-2155-015	7/1/20223	06/30/24	11,234,416	11,234,416
Alternate Benefit Program	24-100-082-2155-017	07/01/23	06/30/24	1,264,708	1,264,708
Division of Pensions and Benefits: On-Behalf Post Retirement Medical Benefits Contribution	*	07/01/23	06/30/24	2,281,129	2,281,129
Total Department of Treasury				14,780,253	
Total State Financial Assistance				25,051,672	
Less: On-Behalf Post Retirement Medical Benefits Contribution				(2,281,129)	
Total Subject to Single Audit				\$ 22,770,543	

\* - Information Not Available

The accompanying Notes to Schedule of Federal Awards and State Financial Assistance are an integral part of this schedule.

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Hudson County Community College (the "College"). The College is defined in Note 1 to the College's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other governmental agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. INDIRECT COST METHOD**

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

**NOTE 4. LOAN PROGRAMS**

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

**NOTE 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

As explained in note 4, the College is responsible only for the performance and certain administrative duties with respect to the Federal Direct Student Loan Program. Such funding is presented in the schedule of expenditures of federal awards, however, is not presented in the basic financial statements.

**NOTE 6. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

The amount of \$2,281,129 reported as post-retirement medical benefits represent the OPEB expense amounts incurred by the State on behalf of the College for the year ended June 30, 2024. On-behalf expenditures for the College by the State are not subject to a State single audit and, therefore Notes are, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the College's basic financial statements and the amount subject to the State single audit and major program determination.

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**SCHEDULE OF FINDINGS AND QUESTIONS COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

*Section I - Summary of Auditor's Results*

**FINANCIAL STATEMENT SECTION**

A) Type of auditor's report issued: Unmodified

B) Internal control over financial reporting:

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

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

C) Noncompliance material to basic financial statements noted?        Yes   ✓   No

**FEDERAL AWARD SECTION**

D) Internal Control over major programs:

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

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

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

F) Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?        Yes   ✓   No

G) Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Student Financial Assistance Cluster:
		Federal Supplemental Educational Opportunity Grants
<u>84.007</u>	<u>*</u>	<u>Federal Work Study Programs</u>
<u>84.033</u>	<u>*</u>	<u>Federal Pell Grant Program</u>
<u>84.063</u>	<u>*</u>	<u>Federal Direct Student Loans</u>
<u>84.268</u>	<u>*</u>	<u>Career and Technical Education - Perkins</u>
<u>84.048A</u>	<u>*</u>	

H) Dollar threshold used to distinguish between type A and type B Programs: \$750,000

I) Auditee qualified as low-risk auditee?   ✓   yes        no

\* - Information Not Available

HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
SCHEDULE OF FINDINGS AND QUESTIONS COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

STATE FINANCIAL ASSISTANCE SECTION

J) Dollar threshold used to distinguish between type A and type B programs:	<div>\$750,000</div>
K) Auditee qualified as low-risk auditee?	<div><div><input checked="" type="checkbox"/> yes</div><div><input type="checkbox"/> no</div></div>
L) Internal control over financial reporting:	
1) Material weakness(es) identified?	<div><div><input type="checkbox"/> yes</div><div><input checked="" type="checkbox"/> no</div></div>
2) Significant deficiency(ies) identified?	<div><div><input type="checkbox"/> yes</div><div><input checked="" type="checkbox"/> none reported</div></div>
M) Type of auditor's report issued on compliance for major programs:	<div>Unmodified</div>
N) Any audit findings disclosed that are required to be reported in accordance with Applicable N.J. OMB Circular 15-08?	<div><div><input type="checkbox"/> yes</div><div><input checked="" type="checkbox"/> no</div></div>
O) Identification of major programs:	
<div>State Grant/Project Number(s)</div>	<div>Name of State Program</div>
<div>23-100-082-2155-002</div>	Higher Education Administration:
<div>23-100-082-2155-017</div>	Operational Costs - County Colleges
	Alternative Benefit Programs

\* - Information Not Available

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

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

**No matters were reported.**

**HUDSON COUNTY COMMUNITY COLLEGE  
(A Component Unit of Hudson County, New Jersey)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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***Section II - Financial Statement Findings***

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

**No matters were reported.**

**HUDSON COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of Hudson County, New Jersey)**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**AS PREPARED BY MANAGEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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

**STATUS OF PRIOR YEAR FINDINGS**

No matters were reported.