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Financial Statements and Report of  
Independent Certified Public  
Accountants

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

June 30, 2024 and 2023

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Stockton University

**Opinions**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Stockton University (the "University"), a component unit of the State of New Jersey, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinions**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). 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 University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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 University'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 US GAAS 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 US GAAS, 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 University'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 University'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 audits.

**Required supplementary information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 19 and the schedules of proportionate share of net pension liability, schedules of employer contributions, and schedules of proportionate share of other postemployment benefits liability on pages 60 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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 US GAAS. These limited procedures 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 audits 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.

GRANT THORNTON LLP (signed manually)

Philadelphia, Pennsylvania  
December \_\_, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**Years ended June 30, 2024 and 2023**

**INTRODUCTION**

Stockton University (the "University" or "Stockton") is proud to present its comparative financial statements for fiscal years 2024 and 2023, and its changes in financial position for the fiscal years then ended with fiscal year 2022 data presented for comparative purposes. This section of the University's financial statements presents the discussion and analysis of the University's financial performance. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follow this section.

Stockton seeks to help its students develop the capacity for continuous learning and the ability to adapt to changing circumstances in a multicultural and interdependent world by insisting on breadth, as well as depth, in its curriculum. Stockton believes that the breadth inherent in an interdisciplinary approach to liberal education both prepares students for inevitable career changes and enriches their lives. Stockton is committed to the positive development of southern New Jersey. Through research and community service, the University actively seeks to take advantage of and to improve the unique physical and human environment in which it is located.

**UNIVERSITY OVERVIEW**

Founded in 1969, Stockton University ranks among the nation's finest educational institutions and among the top 100 public institutions in the U.S. Stockton proudly offers the academic, technological, and cultural advantages of a large institution combined with the community spirit of a small liberal arts college. As a public university, Stockton provides an environment for excellence to a diverse student body, including those from underrepresented populations, through an interdisciplinary approach to liberal arts, sciences, and professional education. The University's commitment to cultural diversity and its welcoming and vibrant community makes Stockton a great place to learn and work.

With nearly 9,000 undergraduate and graduate students and nearly 700 full-time and part-time faculty members, Stockton offers more than 160 undergraduate and graduate programs in its seven academic schools, as well as continuing education opportunities, in a primarily in-person learning environment. Stockton thrives as a distinctive institution, providing a diverse, values-based, student-centered environment of exceptional teaching and learning.

As an Anchor Institution in southern New Jersey, Stockton is committed to being in and of the community. To be a strong partner, Stockton collaborates with its neighbors to make a positive impact on the region. The Stockton approach to higher education includes a focus on civic engagement, developing its students to be leaders in their community through service-learning, social justice, and other experiential learning opportunities.

Stockton's mission is to develop engaged and effective citizens with a commitment to lifelong learning and the capacity to adapt to change in a multicultural, interdependent world. Its vision is to thrive as a distinctive regional institution, providing a diverse, values-based, student-centered environment of exceptional teaching and learning. As a community builder and partner in public service, Stockton University will remain committed to the positive development of New Jersey through scholarship and creative activity, civic engagement, and active stewardship.

Located one hour from Philadelphia and two hours from New York City, the University offers unique living and learning environments throughout southern New Jersey, including the 1,600-acre Galloway campus in the Pinelands National Reserve and Stockton University Atlantic City, located in the University District, just steps from the beach and the iconic Atlantic City Boardwalk.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

**FINANCIAL STATEMENTS**

The University's comparative financial statements include three basic financial statements: statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows, which have been prepared following Governmental Accounting Standards Board ("GASB") principles. These statements present the University's operations as a whole, focusing on its assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis.

**SUMMARY OF NET POSITION**

The statements of net position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statements of net position are point-in-time financial statements. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal snapshot of the University. The statements of net position present end-of-the-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources).

Net position is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors and lending institutions. Finally, the statements of net position provide a picture of the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) and their availability for expenditure by the University.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the equity in property, plant, and equipment owned by the University, net of accumulated depreciation, reduced by the outstanding balances of debt and deferred inflows and outflows of resources related to the acquisition, construction, or improvement of those assets. The next net position category is restricted. Expendable restricted is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of those assets. Nonexpendable restricted net position is required to be maintained in perpetuity by donors and/or external entities. The final category is unrestricted. Unrestricted assets are available to the University for any lawful purpose of the University.

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* ("GASB 68"), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement 68* ("GASB 71"). These standards require all state and local governmental employers providing defined benefit pensions to recognize their proportionate share of the actuarially determined amount of the unfunded pension benefit obligation as a liability. As required from the data provided by the State of New Jersey, the University recorded its portion of the pension liabilities and expenses from the New Jersey State-administered retirement system. The unfunded pension liability will change each year, resulting from the changes in plan assumptions about economic and demographic factors, differences between actual and expected experience, and differences between actual and expected investment earnings. The net pension liability was measured each fiscal year end with the latest measurement as of June 30, 2023, a one-year lag from the University's year-end reporting date (note: GASB 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year).

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

Effective July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The primary objective of this statement is to improve accounting and financial reporting for other postemployment benefits ("OPEB"). This statement replaced the requirements of Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. It established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This statement also identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The State is legally required to pay for the OPEB benefit coverage for eligible retirees of the University. Since the University does not contribute directly to the plan, there is no total OPEB liability, deferred outflows of resources, or deferred inflows of resources to record. Under the GASB 75 special funding situation, the University is required to record in its financial statements, as an expense and corresponding revenue, its proportionate share of the OPEB expense allocated to the State of New Jersey and include its proportionate share of the collective total OPEB liability in its respective notes to the financial statements. The total OPEB liability is measured each fiscal year end with the latest measurement as of June 30, 2023, a one-year lag from the University's year-end reporting date.

As a result of the requirements in reporting for GASB 68 and GASB 75, the University has recorded its proportionate share of the net pension liability, pension expense, deferred outflows, and deferred inflows of resources in the June 30, 2024 and 2023 financial statements for GASB 68 and its proportionate share of expense and corresponding revenue for GASB 75 in the June 30, 2024 and 2023 financial statements. The note disclosures regarding the pension and OPEB benefits include a discussion of applicable net pension liability and pension and OPEB expense. Finally, as part of required supplemental information, the University has included certain schedules of data. These accounting changes did not impact the University's funding requirements for the pension and OPEB plans.

The effect of GASB 68 was the recognition of net pension expense, changes in deferred outflows and inflows of resources, and net pension liability. The effect of GASB 75 was the recognition of an expense and corresponding revenue of the University's proportionate share of the OPEB expense allocated to the State of New Jersey.



**Stockton University**  
**(A Component Unit of the State of New Jersey)**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

The following reflects the impact of GASB 68 and 75 on the University's financials at June 30, 2024:

	<u>Excluding GASB 68 and 75</u>	<u>Recognition of GASB 68</u>	<u>Recognition of GASB 75</u>	<u>Including GASB 68 and 75</u>
Statement of net position at June 30, 2024:				
Deferred outflows of resources - pension related	\$ -	\$ 33,652,980	\$ -	\$ 33,652,980
Net pension liability	-	193,778,061	-	193,778,061
Deferred inflows of resources - pension related	-	7,298,926	-	7,298,926
Net position - unrestricted	116,130,791	(167,424,007)	-	(51,293,216)
Total net position	237,813,828	(167,424,007)	-	70,389,821
Statement of revenues, expenses, and changes in net position for the year ended June 30, 2024:				
Operating expenses				
Instruction	69,201,474	932,568	-	70,134,042
Research	2,274,513	-	-	2,274,513
Public service	9,538,712	227,477	-	9,766,189
Academic support	21,838,878	2,047,292	-	23,886,170
Student services	26,369,391	1,137,385	-	27,506,776
Institutional support	41,302,622	5,005,000	-	46,307,622
Operation and maintenance of plant	22,414,982	2,820,799	-	25,235,781
Student aid	14,677,935	-	-	14,677,935
Auxiliary enterprises	26,182,737	909,907	-	27,092,644
Depreciation and amortization	24,574,085	-	-	24,574,085
OPEB benefit	-	-	(8,368,332)	(8,368,332)
Total operating expenses	<u>\$ 258,375,329</u>	<u>\$ 13,080,428</u>	<u>\$ (8,368,332)</u>	<u>\$ 263,087,425</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

The following reflects the impact of GASB 68 and 75 on the University's financials at June 30, 2023:

	<u>Excluding GASB 68 and 75</u>	<u>Recognition of GASB 68</u>	<u>Recognition of GASB 75</u>	<u>Including GASB 68 and 75</u>
Statement of net position at June 30, 2023:				
Deferred outflows of resources - pension related	\$ -	\$ 39,915,823	\$ -	\$ 39,915,823
Net pension liability	-	193,274,354	-	193,274,354
Deferred inflows of resources - pension related	-	16,708,512	-	16,708,512
Net position - unrestricted	120,092,657	(170,067,043)	-	(49,974,386)
Total net position	239,470,006	(170,067,043)	-	69,402,963
Statement of revenues, expenses, and changes in net position for the year ended June 30, 2023:				
Operating expenses				
Instruction	64,569,207	300,664	-	64,869,871
Research	2,184,081	-	-	2,184,081
Public service	8,612,329	(26,579)	-	8,585,750
Academic support	19,666,573	1,388,705	-	21,055,278
Student services	22,724,861	952,382	-	23,677,243
Institutional support	32,491,075	3,348,955	-	35,840,030
Operation and maintenance of plant	25,429,061	1,227,850	-	26,656,911
Student aid	13,717,784	-	-	13,717,784
Auxiliary enterprises	23,578,715	300,664	-	23,879,379
Depreciation and amortization	23,058,698	-	-	23,058,698
OPEB benefit	-	-	(5,901,822)	(5,901,822)
Total operating expenses	<u>\$ 236,032,384</u>	<u>\$ 7,492,641</u>	<u>\$ (5,901,822)</u>	<u>\$ 237,623,203</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
<b>Assets</b>			
Current assets	\$ 55,574,994	\$ 38,164,042	\$ 32,386,960
Capital assets	468,149,744	480,701,485	483,590,347
Other non-current assets	132,495,958	125,269,682	132,333,834
<b>Total assets</b>	<b>656,220,696</b>	<b>644,135,209</b>	<b>648,311,141</b>
<b>Deferred outflows of resources</b>			
Pension related	33,652,980	39,915,823	40,906,775
Loss on refunding debt	7,939,816	8,469,137	8,998,458
<b>Total deferred outflows of resources</b>	<b>41,592,796</b>	<b>48,384,960</b>	<b>49,905,233</b>
<b>Liabilities</b>			
Current liabilities	60,379,758	43,033,312	42,494,743
Noncurrent liabilities	556,757,840	560,299,554	563,651,585
<b>Total liabilities</b>	<b>617,137,598</b>	<b>603,332,866</b>	<b>606,146,328</b>
<b>Deferred inflows of resources</b>			
Pension related	7,298,926	16,708,512	35,166,444
Other long-term debt related	1,744,128	1,816,800	1,889,472
Lease related	1,198,780	1,203,729	1,067,996
Gain on refunding debt	44,239	55,299	66,359
<b>Total deferred inflows of resources</b>	<b>10,286,073</b>	<b>19,784,340</b>	<b>38,190,271</b>
<b>Net position</b>			
Net investment in capital assets	109,224,480	108,092,130	94,281,263
Restricted for:			
Debt service and debt service reserves	12,458,557	11,285,219	10,845,319
Unrestricted	(51,293,216)	(49,974,386)	(51,246,807)
<b>Total net position</b>	<b>\$ 70,389,821</b>	<b>\$ 69,402,963</b>	<b>\$ 53,879,775</b>

Excluding GASB 68 and GASB 75, which require employers to report and disclose State of New Jersey obligations for pension and OPEB, the University's statements of net position reflect a prudent utilization of financial resources, management of investments, and utilization of debt to support the University's capital plan.

Current assets consist primarily of cash and cash equivalents, investments, receivables, and the current portion of deposits held by bond trustees. Noncurrent assets consist primarily of investments, deposits held by bond trustees, and capital assets. Current liabilities consist primarily of accounts payable and accrued expenses, unearned revenue, compensated absences, and the current portion of long-term debt, leases, and subscriptions ("SBITAs") payable. Noncurrent liabilities consist primarily of long-term debt and net pension liability in accordance with GASB 68.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

Total assets for the University increased by \$12,085,487 in fiscal year 2024. This increase is related to increases in deposits held by bond trustees of \$20,861,287 and investments of \$6,038,535 offset by decreases in capital assets of \$12,551,741, receivables of \$1,908,740, other assets of \$264,397, and cash and cash equivalents of \$89,457. The increase in deposits held by bond trustees can be attributed to an allocation of the proceeds of the Authority's revenue bond issues for the Higher Education Capital Improvement Fund and the Higher Education Equipment Leasing Fund to be used for the Library Learning Commons Project, the Library Learning Commons Equipment, and the Academic Classroom Technology Innovation Project. The increase in investments can be attributed to positive market performance, while the decrease in capital assets can be attributed to the current year depreciation net of asset additions and retirements. Total assets for the University decreased by \$4,175,932 in fiscal year 2023. This decrease is related to decreases in capital assets of \$2,888,862 and investments of \$9,254,041 offset by increases in cash and cash equivalents of \$4,136,165, receivables of \$3,215,570, deposits held by bond trustees of \$322,499, and other current assets of \$292,737. The decrease in capital assets can be attributed to current year depreciation net of asset additions and retirements, while the decrease in investments can be attributed to the use of short-term investments for operational and capital needs during the fiscal year.

The decrease in deferred outflows of \$6,792,164 is primarily attributable to changes related to GASB 68 pensions and includes the fiscal year 2024 contribution made on behalf of the University after the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other components of the pension related deferred outflows include changes in assumptions and the University's proportionate share of the liability from the previous year that will be recognized as a component of pension expense in future years.

Total liabilities increased by \$13,804,732 in fiscal year 2024. This increase is due to increases in unearned revenue of \$13,714,151, leases payable of \$3,349,034, other long-term debt of \$3,287,169, subscriptions payable of \$723,213, compensated absences of \$659,188, and net pension liability of \$503,707 offset by decreases in bonds payable of \$8,139,157, U.S. government grants refundable of \$194,927, and accounts payable and accrued expenses of \$97,646. The increase in unearned revenue is due to the new Higher Education Capital Improvement Fund and the Higher Education Leasing Fund issuance. The decline in bonds payable reflects the annual repayment of current debt obligations. Total liabilities decreased by \$2,813,462 in fiscal year 2023. This decrease is due to decreases in bonds payable of \$7,659,157, other long-term debt of \$4,094,157, leases payable of \$1,614,815, U.S. government grants refundable of \$289,220, and unearned revenue of \$450,264 offset by increases in accounts payable and accrued expenses of \$1,026,152, compensated absences of \$11,386, net pension liability of \$9,736,776 and subscriptions payable of \$519,837. The decline in bonds payable and other long-term debt reflects the annual repayment of current debt obligations.

The decrease in deferred inflows of \$9,498,267 is mainly attributable to changes related to GASB 68 pensions. These deferred inflows are related to the net difference between projected and actual investment earnings on pension plan investments and changes in the share of the University's net pension liability. These deferred inflows will be recognized as a component of pension expense in future years.

**SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Changes in total net position as presented in the statements of net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the University.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

Operating revenues are received for providing goods and services to the various customers and constituents of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided in exchange. For example, State of New Jersey appropriations are nonoperating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services in exchange for those revenues. In accordance with GASB 75, OPEB expenses are recorded as operating expenses, while the corresponding revenue is recorded as nonoperating revenue.

The statements of revenues, expenses, and changes in net position present the University's results of operations. A summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023 and 2022 is as follows:

	2024	2023	2022
<b>Operating revenues</b>			
Net student revenues	\$ 115,775,710	\$ 117,364,691	\$ 124,821,159
Governmental grants	41,685,836	31,762,114	29,657,796
Other	10,511,526	9,558,145	9,885,638
Total operating revenues	167,973,072	158,684,950	164,364,593
<b>Operating expenses</b>	263,087,425	237,623,203	242,744,441
Operating loss	(95,114,353)	(78,938,253)	(78,379,848)
<b>Non-operating and other revenues (expenses):</b>			
State of New Jersey appropriations	83,952,027	77,292,078	64,073,082
State of New Jersey - OPEB	(8,368,332)	(5,901,822)	2,833,482
Pell grants	20,096,300	18,766,713	17,817,334
Federal grants	-	7,306,763	21,217,938
Investment return, net	13,356,897	9,064,175	(14,198,110)
Capital grant revenue	1,168,867	-	2,940
Disposal of capital assets, net	(20,896)	42,853	(2,005,224)
Interest on capital related debt	(13,824,516)	(11,810,288)	(12,482,858)
Other nonoperating expense	(259,136)	(299,031)	(311,441)
Net non-operating and other revenues	96,101,211	94,461,441	76,947,143
Increase (decrease) in net position	986,858	15,523,188	(1,432,705)
Net position - beginning of year	69,402,963	53,879,775	55,312,480
Net position - end of year	<u>\$ 70,389,821</u>	<u>\$ 69,402,963</u>	<u>\$ 53,879,775</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

**REVENUES**

To fund its operations, the University receives revenues from a variety of sources including tuition and fees, grants and contracts, auxiliary services, State of New Jersey appropriations, and investment income. The University continues to seek additional funds from all possible sources to adequately fund operating activities.

**OPERATING REVENUES**

Operating revenues for the years ended June 30, 2024, 2023 and 2022 totaled \$167,973,072, \$158,684,950, and \$164,364,593, respectively. For the year ended June 30, 2024, student revenues net of scholarships were \$115,775,710, governmental grants were \$41,685,836, and other revenue totaled \$10,511,526. For the year ended June 30, 2023, student revenues net of scholarships were \$117,364,691, governmental grants were \$31,762,114, and other revenue totaled \$9,558,145. For the year ended June 30, 2022, student revenues net of scholarships were \$124,821,159, governmental grants were \$29,657,796, and other revenue totaled \$9,885,638.

Student revenues, which includes tuition and fees and auxiliary enterprises, are the primary source of operating revenue for the University. Tuition and fee revenues decreased from fiscal year 2022 to fiscal year 2023 by less than 1%. Tuition and fees increased from fiscal year 2023 to fiscal year 2024 by less than 1%. Auxiliary activities increased from fiscal year 2022 to fiscal year 2023 by approximately 10%. The 2023 increase was driven by increased housing occupancy coupled with housing rent increases. Auxiliary activities increased from fiscal year 2023 to fiscal year 2024 by approximately 5%. The 2024 increase was driven by increased housing rent and meal plan rates.

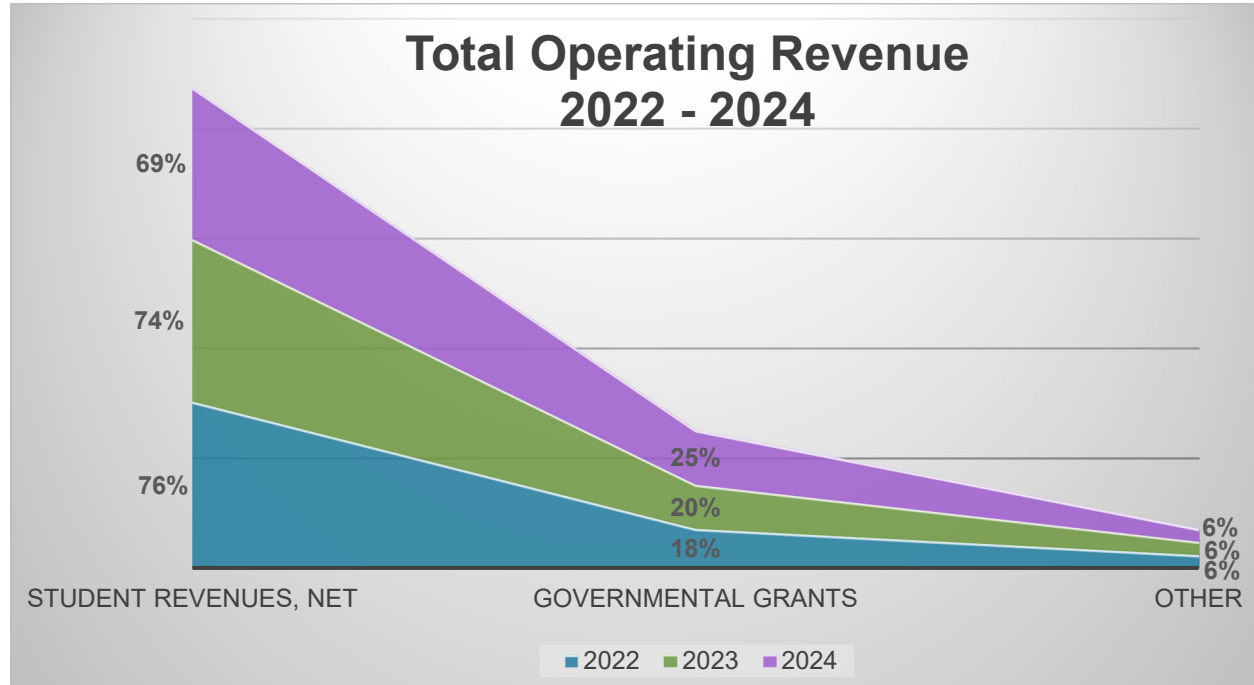
Operating revenues for 2024, 2023 and 2022 were as follows (in thousands):

	<u>2024</u>	<u>% Total</u>	<u>2023</u>	<u>% Total</u>	<u>2022</u>	<u>% Total</u>
Student revenues, net	\$ 115,776	69%	\$ 117,365	74%	\$ 124,821	76%
Governmental grants	41,686	25	31,762	20	29,658	18
Other	<u>10,511</u>	<u>6</u>	<u>9,558</u>	<u>6</u>	<u>9,886</u>	<u>6</u>
Total operating revenues	<u>\$ 167,973</u>	<u>100%</u>	<u>\$ 158,685</u>	<u>100%</u>	<u>\$ 164,365</u>	<u>100%</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

Total operating revenue represented graphically for the three years is as follows:



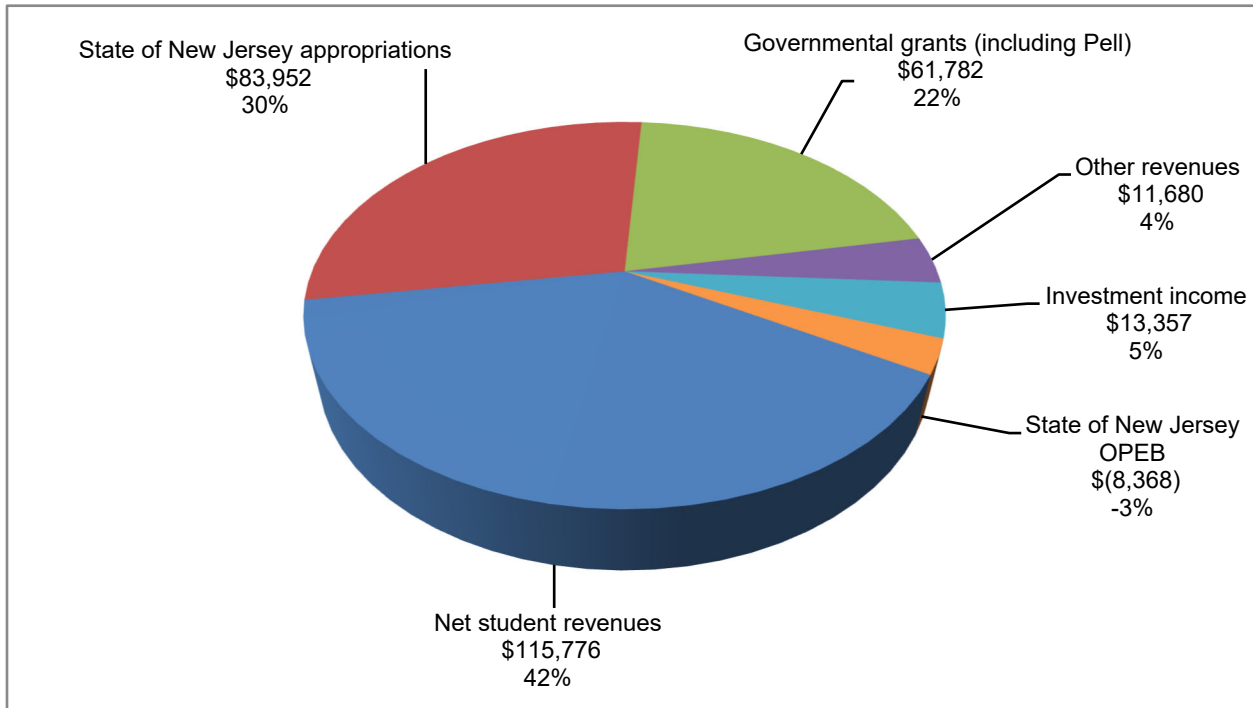
**NONOPERATING AND OTHER REVENUES (EXPENSES)**

Net nonoperating and other revenues for the years ended June 30, 2024, 2023 and 2022 totaled \$96,101,211, \$94,461,441, and \$76,947,143, respectively. The primary source of nonoperating revenue was the State of New Jersey appropriation, including fringe benefits, of \$83,952,027, \$77,292,078, and \$64,073,082, respectively, for the years ended June 30, 2024, 2023 and 2022. The other components of net nonoperating revenues were Pell grant revenues of \$20,096,300, \$18,766,713 and \$17,817,334, investment return (loss), net of \$13,356,897, \$9,064,175, and (\$14,198,110), and interest expense on capital related debt of (\$13,824,516), (\$11,810,288), and (\$12,482,858) for the years ended June 30, 2024, 2023 and 2022, respectively. Included in other revenues for the years ended June 30, 2024, 2023 and 2022 was capital grant revenue of \$1,168,867, \$0, and \$2,940, respectively. In compliance with GASB 75, the University recorded nonoperating OPEB (expense) revenue from the State of New Jersey of (\$8,368,332), (\$5,901,822), and \$2,833,482 for the years ended June 30, 2024, 2023 and 2022, respectively. Also, for the years ended June 30, 2024, 2023, and 2022, the University recorded Federal Higher Education Emergency Relief funding of \$0, \$7,306,763, and \$21,217,938, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2024 and 2023

Categories of both operating, nonoperating, and other revenues that support the University's core activities in 2024 are as follows (in thousands of dollars):



OPERATING EXPENSES

Operating expenses are defined as expenses paid by the University to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2024, 2023, and 2022, the University incurred operating expenses totaling \$263,087,425 (\$258,375,329 excluding the effects of GASB 68 and GASB 75), \$237,623,203 (\$236,032,384 excluding the effects of GASB 68 and GASB 75), and \$242,744,441 (\$232,669,428 excluding the effects of GASB 68 and GASB 75), respectively. Operating revenues for these periods totaled \$167,973,072, \$158,684,950, and \$164,364,593, respectively, causing a loss from operations of (\$95,114,353) (loss of \$90,402,257 excluding the effects of GASB 68 and GASB 75), (\$78,938,253) (loss of \$77,347,434 excluding the effects of GASB 68 and GASB 75 and GASB 75), and (\$78,379,848) (loss of \$68,304,835 excluding the effects of GASB 68 and GASB 75), respectively, prior to State appropriations, State OPEB revenue, and other nonoperating revenue.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

A summary of operating expenses for the years ended June 30, 2024, 2023, and 2022 is as follows (in thousands):

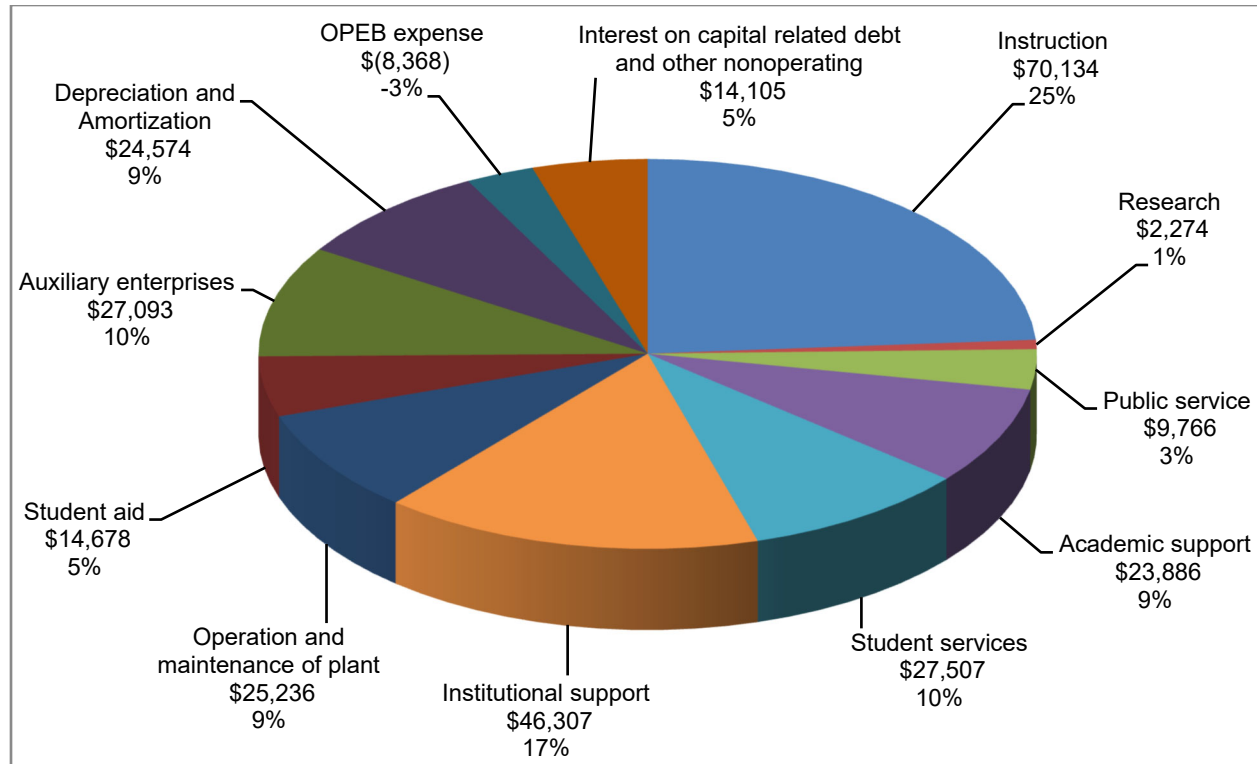
	2024	% of Total	2023	% of Total	2022	% of Total
Instruction	\$ 70,134	27%	\$ 64,870	27%	\$ 62,792	26%
Research	2,274	1	2,184	1	1,581	1
Public service	9,766	4	8,586	4	7,692	3
Academic support	23,886	9	21,055	9	19,216	8
Student services	27,507	10	23,677	10	21,008	9
Institutional support	46,307	18	35,840	15	35,835	15
Operation and maintenance of plant	25,236	10	26,657	11	24,454	10
Student aid	14,678	5	13,718	6	26,411	11
Auxiliary enterprises	27,093	10	23,879	10	20,381	8
Depreciation and amortization	24,574	9	23,059	10	20,541	8
OPEB (benefit) expense	(8,368)	-3	(5,902)	-3	2,833	1
Total operating expenses	<u>\$263,087</u>	<u>100%</u>	<u>\$237,623</u>	<u>100%</u>	<u>\$242,744</u>	<u>100%</u>

Based on the amounts reported above, expenses have remained fairly consistent for each of the categories over the past years. In complying with GASB 75, the University recorded OPEB benefit of (\$8,368,332) and (\$5,901,822) for the years ended June 30, 2024 and June 30, 2023, respectively; and OPEB expense of \$2,833,482 for the year ended June 30, 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

Categories of both operating and nonoperating expenses related to Stockton's core activities in 2024 are as follows (in thousands of dollars):



**CHANGE IN NET POSITION**

The University had an increase in net position of \$986,858 in fiscal year 2024, an increase in net position of \$15,523,188 in fiscal year 2023, and a decrease in net position of \$1,432,705 in fiscal year 2022. The changes in net position are the result of the operating revenue, operating expense, nonoperating revenue and expense, and other revenue activity that took place during the respective fiscal year.

**CAPITAL ASSETS AND DEBT ACTIVITIES**

The University continues to manage its financial resources to ensure adequate financial flexibility to access the capital markets as needed. The University has a debt rating from Moody's Investor Services and Fitch Rating Ltd. of A3 and A, respectively.

The University has been advancing a master plan consistent with its strategic and Middle States reaccreditation plans, where the University intends to keep the existing campus in good repair and to ensure that it is prepared to meet the needs of future students. Included in those plans are numerous renovation and site improvement projects.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED**

**Years ended June 30, 2024 and 2023**

**ECONOMIC OUTLOOK**

The populations of Atlantic and Ocean counties provide the majority of the University's student body, but the University's reputation for providing quality, value, and distinction attracts applicants from throughout New Jersey and beyond.

Stockton is among the Top 100 Public National Universities, according to the 2025 U.S. News & World Report College Rankings. Stockton ranked No. 81 out of 225 public colleges and universities in the nation and No. 152 out of 436 on the Best National Universities list. This is Stockton's third year in a row in the national rankings. Previously, Stockton was included on the top 10 Best Regional Universities-North.

Stockton was recognized as one of the top 60 national universities for Social Mobility. This category highlights schools that actively and effectively enroll and graduate large proportions of economically disadvantaged students awarded with Pell grants. Similarly, The New York Times released its College-Access Index in 2023 which ranks Stockton No. 11 out of the nation's 286 most-selective colleges for its share of first-year, first-time students receiving Pell grants.

Stockton was also named as a 2025 "Best Regional College" by The Princeton Review. Stockton is included in the Wall Street Journal Best College Rankings for 2025, Washington Monthly's 2024 National University Rankings, the Military Times' "Best for Vets: Colleges", Money Magazine's "Best Colleges for Your Money" 2024 edition, and Forbes' 2023 list of "Best Value Colleges".

Stockton's tuition and fees are competitive with New Jersey's seven other public master's and doctoral colleges and universities - and a great value compared to private institutions. Stockton's flat-rate tuition program enables full-time students to take between 12 and 20 credits and pay the same rate. Students who take 20 credits can graduate sooner and potentially save thousands of dollars on the cost of classes and housing or commuting.

On average, Stockton receives more than 15,000 applications. 1,453 new freshmen were enrolled for fall 2023. In addition, Stockton typically enrolls about 1,000 transfer students annually, most entering as juniors from area community colleges. Stockton also enrolls about 500 graduate students annually.

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Division of Administration & Finance, Stockton University, 101 Vera King Farris Drive, Galloway, New Jersey 08205.

Stockton University  
(A Component Unit of the State of New Jersey)

STATEMENTS OF NET POSITION

June 30,

	2024		2023	
	Stockton University	Discretely Presented Component Units	Stockton University	Discretely Presented Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 11,917,701	\$ 978,781	\$ 12,007,158	\$ 1,019,802
Receivables				
Students, less allowance of \$2,565,675 in 2024 and \$1,922,596 in 2023	1,277,743	-	1,219,696	-
Perkins Loans, less allowance of \$46,185 in 2024 and \$75,626 in 2023	204,948	-	223,709	-
Federal government	2,846,536	-	1,666,978	-
State of New Jersey	2,901,066	-	2,611,247	-
Due from component units	44,864	-	369,157	-
Lease receivables	216,620	-	167,519	-
Other receivables	5,941,450	989,018	7,446,226	848,080
Total receivables	13,433,227	989,018	13,704,532	848,080
Investments	8,959,848	2,717,096	10,596,201	2,490,099
Deposits held by bond trustees	19,672,464	-	-	-
Other current assets	1,591,754	71,250	1,856,151	70,285
Total current assets	55,574,994	4,756,145	38,164,042	4,428,266
<b>Noncurrent assets</b>				
Investments	118,817,568	57,247,071	111,142,680	50,684,936
Deposits held by bond trustees	12,349,723	-	11,160,900	-
Perkins Loans, less allowance of \$56,148 in 2024 and \$137,242 in 2023	249,158	-	405,972	-
Note receivable from component unit	-	-	1,441,700	-
Lease receivables	1,079,509	-	1,118,430	-
Other receivables	-	5,618,708	-	6,268,188
Capital assets, net	468,149,744	-	480,701,485	101,235
Total noncurrent assets	600,645,702	62,865,779	605,971,167	57,054,359
Total assets	<u>\$ 656,220,696</u>	<u>\$ 67,621,924</u>	<u>\$ 644,135,209</u>	<u>\$ 61,482,625</u>
<b>Deferred outflows of resources</b>				
Pension related	\$ 33,652,980	\$ -	\$ 39,915,823	\$ -
Loss on refunding debt	7,939,816	-	8,469,137	-
Total deferred outflows of resources	<u>\$ 41,592,796</u>	<u>\$ -</u>	<u>\$ 48,384,960</u>	<u>\$ -</u>

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

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

**STATEMENTS OF NET POSITION - CONTINUED**

June 30,

	2024		2023	
	Stockton University	Discretely Presented Component Units	Stockton University	Discretely Presented Component Units
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 20,026,297	\$ 66,086	\$ 20,123,943	\$ 42,762
Due to University	-	44,864	-	369,157
Unearned revenue	18,992,913	-	5,278,762	735,819
Compensated absences	4,754,744	-	4,079,060	-
Leases payable	1,203,008	-	305,350	-
SBITAs payable	2,023,357	-	2,168,239	-
Bonds payable	9,424,157	-	8,139,157	-
Other long-term debt	3,955,282	-	2,938,801	-
Total current liabilities	60,379,758	110,950	43,033,312	1,147,738
<b>Noncurrent liabilities</b>				
Compensated absences	636,036	-	652,532	-
U.S. government grants refundable	924,405	-	1,119,332	-
Net pension liability	193,778,061	-	193,274,354	-
Leases payable	2,775,814	-	324,438	-
SBITAs payable	2,216,753	-	1,348,658	-
Bonds payable	191,541,511	-	200,965,668	-
Other long-term debt	164,885,260	-	162,614,572	3,325,467
Total noncurrent liabilities	556,757,840	-	560,299,554	3,325,467
Total liabilities	\$ 617,137,598	\$ 110,950	\$ 603,332,866	\$ 4,473,205
<b>Deferred inflows of resources</b>				
Pension related	\$ 7,298,926	\$ -	\$ 16,708,512	\$ -
Other long-term debt related	1,744,128	-	1,816,800	-
Lease related	1,198,780	-	1,203,729	-
Gain on refunding debt	44,239	-	55,299	-
Total deferred inflows of resources	\$ 10,286,073	\$ -	\$ 19,784,340	\$ -
<b>Net position</b>				
Net investment in capital assets	\$ 109,224,480	\$ -	\$ 108,092,130	\$ -
Restricted				
Nonexpendable	-	35,408,371	-	34,346,194
Expendable				
Scholarships	-	28,350,973	-	22,795,734
Debt service and debt service reserves	12,458,557	-	11,285,219	-
Unrestricted	(51,293,216)	3,751,630	(49,974,386)	(132,508)
Total net position	\$ 70,389,821	\$ 67,510,974	\$ 69,402,963	\$ 57,009,420

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

Stockton University  
(A Component Unit of the State of New Jersey)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30,

	2024		2023	
	Stockton University	Discretely Presented Component Units	Stockton University	Discretely Presented Component Units
<b>Operating revenues</b>				
Student revenues				
Tuition and fees	\$ 142,621,837	\$ -	\$ 141,850,920	\$ -
Auxiliary enterprises	38,682,646	-	36,695,415	-
Less: scholarship allowances	(65,528,773)	-	(61,181,644)	-
Net student revenues	115,775,710	-	117,364,691	-
Federal grants and contracts	7,740,752	-	6,643,951	-
State and local grants and contracts	33,945,084	-	25,118,163	694,464
Nongovernmental grants and contracts	2,176,987	-	1,357,517	-
Lease revenues	22,289	-	241,746	-
Other auxiliary enterprises revenues	4,127,897	-	3,859,574	-
Other operating revenues	4,184,353	334,611	4,099,308	240,713
In-kind contributions	-	1,323,749	-	1,134,611
Total operating revenues	167,973,072	1,658,360	158,684,950	2,069,788
<b>Operating expenses</b>				
Instruction	70,134,042	-	64,869,871	-
Research	2,274,513	-	2,184,081	-
Public service	9,766,189	-	8,585,750	-
Academic support	23,886,170	-	21,055,278	-
Student services	27,506,776	-	23,677,243	-
Institutional support	46,307,622	1,499,425	35,840,030	2,485,528
Operation and maintenance of plant	25,235,781	-	26,656,911	-
Student aid	14,677,935	1,379,265	13,717,784	1,398,752
Auxiliary enterprises	27,092,644	-	23,879,379	-
Depreciation and amortization	24,574,085	-	23,058,698	-
OPEB benefit	(8,368,332)	-	(5,901,822)	-
In-kind expense	-	1,323,749	-	1,134,611
Total operating expenses	263,087,425	4,202,439	237,623,203	5,018,891
Operating loss	(95,114,353)	(2,544,079)	(78,938,253)	(2,949,103)
<b>Nonoperating revenues (expenses)</b>				
State of New Jersey appropriations	42,179,000	-	42,486,000	-
State of New Jersey appropriations - fringe benefits	41,773,027	-	34,806,078	-
State of New Jersey - OPEB	(8,368,332)	-	(5,901,822)	-
Pell grants	20,096,300	-	18,766,713	-
Federal grants	-	-	7,306,763	-
Gifts and contributions	-	1,738,593	-	1,363,121
Investment return, net	13,356,897	6,628,817	9,064,175	4,635,950
(Loss) gain on disposal of capital assets	(20,896)	-	42,853	-
Interest on capital related debt	(13,824,516)	-	(11,810,288)	-
Other nonoperating expense	(259,136)	-	(299,031)	-
Total nonoperating revenues, net	94,932,344	8,367,410	94,461,441	5,999,071
<b>Other revenues</b>				
Capital grant revenue	1,168,867	-	-	-
Additions to permanent endowments	-	1,062,177	-	2,730,894
Total other revenues	1,168,867	1,062,177	-	2,730,894
<b>INCREASE IN NET POSITION</b>	986,858	6,885,508	15,523,188	5,780,862
Net position - beginning of year	69,402,963	60,625,466	53,879,775	51,228,558
Net position - end of year	\$ 70,389,821	\$ 67,510,974	\$ 69,402,963	\$ 57,009,420

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

Stockton University  
(A Component Unit of the State of New Jersey)

**STATEMENTS OF CASH FLOWS**  
**(BUSINESS-TYPE ACTIVITIES - UNIVERSITY ONLY)**

Years ended June 30,

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Student revenue	\$ 120,184,751	\$ 120,265,249
Grants and contracts	43,562,313	32,566,096
Payments to suppliers	(77,935,876)	(72,664,788)
Payments for employee salaries and benefits	(168,119,138)	(156,096,113)
Other receipts	13,494,406	11,731,306
Net cash flows used in operating activities	<u>(68,813,544)</u>	<u>(64,198,250)</u>
<b>Cash flows from noncapital financing activities:</b>		
Receipts from State of New Jersey appropriations	76,095,783	69,744,766
Pell grants	20,096,300	18,766,713
Federal grants	-	7,306,763
Payments made for other nonoperating expenses	(259,136)	(299,031)
Net cash flows provided by noncapital financing activities	<u>95,932,947</u>	<u>95,519,211</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital grant proceeds	13,355,608	-
Principal paid on capital debt	(10,252,881)	(10,349,146)
Purchases of capital assets	(12,839,571)	(20,922,493)
(Loss) gain on sale of capital assets	(20,896)	42,853
Other long-term debt	(72,672)	(72,672)
Interest paid on capital debt	(7,804,365)	(12,829,196)
Leases	4,067,298	(959,245)
Change in deposits held by bond trustees	(20,861,287)	(322,499)
Net cash flows used in capital and related financing activities	<u>(34,428,766)</u>	<u>(45,412,398)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	30,131,583	53,385,286
Purchases of investments	(26,331,003)	(38,625,849)
Earnings from investments	3,419,326	3,468,165
Net cash flows provided by investing activities	<u>7,219,906</u>	<u>18,227,602</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(89,457)</u>	<u>4,136,165</u>
<b>Cash and cash equivalents as of beginning of year</b>	<u>12,007,158</u>	<u>7,870,993</u>
<b>Cash and cash equivalents as of end of year</b>	<u><u>\$ 11,917,701</u></u>	<u><u>\$ 12,007,158</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (95,114,353)	\$ (78,938,253)
Adjustments to reconcile operating loss to net cash used in operating activities:		
State-paid fringe benefit expense	7,856,244	7,547,312
OPEB benefit	(8,368,332)	(5,901,822)
Depreciation and amortization	24,574,085	23,058,698
Capital grant revenue	1,168,867	-
Change in assets and liabilities:		
Receivables	2,007,195	(3,124,955)
Other assets	264,397	(292,737)
Accounts payable and accrued expenses	618,585	1,911,809
Unearned revenue	358,543	(450,264)
Compensated absences	659,188	11,386
Deferred outflows/inflows of resources related to pensions	(3,146,743)	(17,466,980)
Net pension liability	503,707	9,736,776
U.S. government grants refundable	(194,927)	(289,220)
Net cash used in operating activities	<u><u>\$ (68,813,544)</u></u>	<u><u>\$ (64,198,250)</u></u>
<b>Supplemental disclosure of noncash capital financing activity:</b>		
Change in capital asset additions in accounts payable	<u><u>\$ (817,227)</u></u>	<u><u>\$ (752,657)</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

Stockton University (the "University") is primarily an undergraduate university of arts, sciences, and professional studies that provides undergraduate programs, including traditional and alternative approaches to education. The operations of management are vested in the University's Board of Trustees. In 1986, State College Autonomy legislation was enacted, which granted certain fiscal and financial responsibility to the University Board of Trustees. In 1994, the Higher Education Restructuring Act further expanded the role of the Board of Trustees. Under the law, the University is an instrumentality of the State of New Jersey with a high degree of autonomy. However, for financial reporting purposes, the University is considered a discretely presented component unit of the State of New Jersey. Accordingly, the University's financial statements are included in the State of New Jersey's Annual Comprehensive Financial Report. The University is exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described under Section 501(c)(3).

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an Amendment of GASB Statement No. 14*, GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*, and GASB Statement No. 14, *The Financial Reporting Entity*, the University has determined that the Stockton University Foundation (the "Foundation") and the National Aerospace Research and Technology Park, Inc. ("NARTP") should be included in the University's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or to which the primary institution is closely related.

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation has 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 Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University in support of its programs. The Board of Directors of the Foundation, which consists of at least five and no more than 40 persons, is self-perpetuating and consists of qualified persons elected by majority vote of the Board of Directors of the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds investments that are used exclusively for the benefit, support, and promotion of the University for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Separately issued financial statements are available for the Foundation by contacting the University Controller's Office.

NARTP was established in accordance with N.J.S.A. 18A:64-26, et seq. in September 2013. NARTP is a legally separate, tax-exempt 501(c)(3) organization. NARTP's purpose is to conduct research and development and to promote concept and product development using emerging technologies in a laboratory and operational environment. NARTP is a focal point for interaction and innovation among researchers, academia, government, and private industry in developing the next generation air traffic control system, which is critical to the nation's aviation system. Because of its relationship with the University, NARTP is considered a component unit of the University and is discretely presented in the University's financial statements. On July 27, 2023, NARTP and the University entered into a Reorganization Agreement whereby NARTP agreed to take such action as necessary or appropriate to reorganize NARTP as a separate not-for-profit organization and nullify NARTP's status as an auxiliary organization of the University and the University agreed, subject to the approval of its Board of Trustees, to forgive the outstanding



NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

principal balance and accrued and unpaid interest on its loan to NARTP. On September 20, 2023, the University's Board of Trustees approved and authorized the forgiveness of the outstanding principal balance and accrued and unpaid interest on its loan to NARTP effective September 30, 2023. In addition, the University's Board of Trustees approved the assignment to NARTP of all of the University's interests in and to the aviation and research technology park pursuant to a General Assignment, and the transfer to NARTP of all accounts and assets of NARTP that are held or maintained by the University. The forgiveness of outstanding principal balance and accrued and unpaid interest on the loan, totaling \$1,819,722, is reflected as an operating expense within the statement of revenues, expenses and changes in net position for the year ended June 30, 2023.

***Basis of Presentation***

The University's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB.

***Use of Estimates***

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the statements of net position dates, as well as the reported amounts of revenues and expenses for the fiscal years then ended. Significant estimates include but are not limited to depreciation, other post-retirement benefits, allowance for doubtful accounts, pension liabilities, and investments. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less from the date of purchase.

The University invests a certain portion of its cash in the State of New Jersey Cash Management Fund. This is an interest-bearing account from which funds are available upon demand.

***Investments and Deposits Held with Trustees***

The University follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments traded in active markets are recorded at fair value, based on quoted market prices. Hedge and other investment funds are carried at estimated fair value based on the net asset values reported by the fund managers, which are reviewed by management for reasonableness. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment securities could occur. In the near term, such changes could materially affect the amounts reported in the statements of net position.

***Capital Assets***

Capital assets are recorded at historical cost if purchased or constructed. Although legal title to certain academic buildings and equipment remains with the State of New Jersey, the University has been given exclusive use of the buildings and equipment through enabling legislation and has included their cost in the accompanying statements of net position. The University currently does not pay any rental fees to the State

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

of New Jersey in connection with the aforementioned buildings and equipment and has not included any amount as revenue or expense in the accompanying financial statements of the University.

Depreciation is calculated on the straight-line basis. The University's capital assets policy establishes the following capitalization thresholds and estimated useful lives:

<u>Asset Category</u>	<u>Useful Life</u>	<u>Capital Threshold</u>
Buildings	40 to 60 Years	\$ 100,000
Infrastructure	20 to 40 Years	10,000
Land improvements	10 to 25 Years	10,000
Equipment	3 to 15 Years	5,000

Library book purchases are expensed annually.

***Lease Receivables***

Lease receivables are recorded by the University as the present value of lease payments expected to be received under all leases other than those that are short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected.

***Right-to-Use Assets***

Right-to-use assets are recognized at the lease or subscription agreement commencement date and represent the University's right to use an underlying asset for the lease or subscription term. Right-to-use assets are measured at the initial value of the lease or subscription liability plus any payments made by the University before commencement and initial direct costs and are included within capital assets, net in the statement of net position.

***Leases Payable, Net***

Lease liabilities represent the University's obligation to make lease payments arising from leases other than short term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on a borrowing rate determined by the University. Short-term leases, those with a maximum period of 12 months, are expensed as incurred.

***SBITAs Payable, Net***

Subscription-based information technology ("SBITA") liabilities represent the University's obligation to make subscription payments arising from information technology subscriptions other than short-term subscriptions. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments over the remaining subscription term. Present value of subscription payments are discounted based on a borrowing rate determined by the University. Short-term subscriptions, those with a maximum period of 12 months, are expensed as incurred.

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

Deferred outflows of resources are defined as a consumption of net assets that are applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets that are applicable to a future reporting period. Deferred inflows and deferred outflows of resources include

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

differences between expected or projected results related to the University's proportionate share of net pension liability and contributions made to the pension systems subsequent to the measurement date. Deferred outflows and inflows of resources also include gains and losses resulting from refinancing of debt, which represents the difference between the reacquisition price and the net carrying amount of the old debt and are amortized over the life of the related debt. Deferred inflows also include an amount recorded as a result of the University utilizing a portion of the Atlantic County Improvement Authority's Series 2016A Bonds towards the Atlantic City Academic project and amounts related to leases.

***Net Pension and Other Postretirement Liabilities***

The University is required to report its proportionate share of the pension and other postretirement plans' activities for the plans in which it participates. For the purposes of measuring the net pension and other postretirement liabilities, deferred outflows of resources and deferred inflows of resources related to pension and other postretirement liabilities, and pension and other postretirement expense, information about the fiduciary net position of the pension and other postretirement plans, and additions and deductions from the pension and other postretirement plans' fiduciary net position have been determined on the same basis as they are reported to the University by those plans.

***Classification of Net Position***

The University classifies its resources into the following net position categories:

- Net investment in capital assets contains the land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress of the University, net of depreciation, and the indebtedness incurred to finance their acquisition and construction, as well as capital assets acquired through research grants and contracts whose title remains with the University at the conclusion of the grant or contract period with the permission of the grantor;
- Restricted nonexpendable net position is comprised of donor-restricted endowment funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity;
- Restricted expendable net position includes gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income and appreciation, and other restricted resources. Funds that are restricted are utilized only for the specified purposes; and
- Unrestricted net position is derived principally from student tuition and fees, gifts and bequests, and investment income, and is spent to meet the objectives of the University. The University's policy is to first utilize available restricted expendable, and then unrestricted resources in the conduct of its operations.

***Classification of Revenues and Expenses***

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as payments received for services and payments made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) federal, state, and local grants and contracts. Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as appropriations from the State of New Jersey, Pell grants, Federal grants related to novel coronavirus ("COVID-19") relief funding, investment income and other activity that does not meet the definition of an

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

operating activity. Other revenues arise from non-exchange transactions which provide funding for acquisitions of capital assets and additions to permanent endowments.

Interest expense is reported as a non-operating activity.

***Revenue Recognition***

Student revenues are presented in the statements of revenues, expenses, and changes in net position, net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period earned. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on students' behalf to the extent revenues from such programs are used to satisfy tuition and fees and other student services. Student revenues collected in advance of the fiscal year are recorded as deferred revenue in the statements of net position.

Federal, state, and local grant and contract revenue is comprised mainly of grant revenues received from the federal government and the State of New Jersey and is recognized as the related expenses are incurred. Amounts received from grants, which have not yet been earned under the terms of the agreement, are recorded as deferred revenue in the statements of net position.

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recognized on an accrual basis. Gains and losses on investments are determined using specific identification, except for mutual funds, which are based on average cost.

Gifts and bequests are recorded upon receipt by the University. Pledges, other than endowment, are recognized as gift income and recorded at their present value. Additions to permanent endowments are recognized upon their receipt.

***Risk Management***

The University carries commercial insurance covering its risks of loss related to real and personal property, personal injuries, torts, errors and omissions, environmental damage, and natural and other unforeseen disasters.

***Pending Accounting Standard***

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. University management is in the process of determining what, if any, impact implementation of this standard may have on the University's financial statements.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 2 - CASH AND CASH EQUIVALENTS, INVESTMENTS AND DEPOSITS HELD BY BOND TRUSTEES**

***Cash and Cash Equivalents***

Cash and cash equivalents consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents:		
Cash (bank accounts)	\$ 11,828,646	\$ 11,922,691
New Jersey Cash Management Fund	89,055	84,467
Total	\$ 11,917,701	\$ 12,007,158

Cash balances maintained by banks amounted to \$13,807,643 and \$14,780,113 as of June 30, 2024 and 2023, respectively, of which \$250,000 are Federal Deposit Insurance Corporation insured. Bank balances in excess of insured amounts of \$13,557,643 and \$14,530,113 as of June 30, 2024 and 2023, respectively, were collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

The University participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large-scale investment program. The cash management fund is unrated. Statutes of the State of New Jersey ("Statutes") and Regulations of the State Investment Council ("Regulations") authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies and municipal or political subdivisions of the State, commercial paper, bankers' acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes and mortgages, certificates of deposit, repurchase agreements, equity, convertible equity securities, and other common types of investment securities. Investee institutions and organizations are prescribed by the Statutes and Regulations based on such criteria as minimum capital, dividend paying history, credit history, and other evaluation factors.

***Investments***

Investments, at fair value, consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Money market accounts	\$ 10,899,942	\$ 10,393,994
U.S. Treasury and agency obligations	1,607,544	1,508,088
Corporate bonds	1,634,335	1,571,235
U.S. government bonds	328,667	318,581
Stocks	4,273,176	3,906,159
Mutual funds	90,849,334	86,585,530
Alternative investments	18,184,418	17,455,294
Total	\$ 127,777,416	\$ 121,738,881

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The University's investments are subject to custodial credit risk, credit risk, concentration of credit risk and interest rate risk. Each one of these risks is described in more detail below.

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the sale of the investment or collateral securities that are in the possession of the outside party. As of June 30, 2024 and 2023, the University's investments were either insured, registered, or held by the University's investment custodian in the University's name and, accordingly, not subject to custodial credit risk.

Credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's, Fitch or Standard and Poor's ("S&P").

Concentration of credit risk is the risk associated with the amount of investments the University has with any one issuer or agreement with a counterparty that exceeds 5% or more of its total investments. The University's investment policy provides guidance pertaining to the diversification of the investment portfolio. The University's investment policy requires each investment manager to develop and propose a diversification strategy to the University's Investment Committee. The Investment Committee's agreement to the proposed strategy will not alter the investment manager's responsibility for the results of pursuing that diversification strategy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy provides limitations in the maturities and composition of the various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

The following tables present the University's credit and interest rate risk on its fixed-income investments as of June 30, 2024 and 2023:

Investment Type	S&P Ratings	June 30, 2024 Investment Maturities (in Years)			
		Fair Value	Less than 1	1 to 2	Greater than 2
U.S. Treasury and agency obligations	AA to Aa	\$ 1,607,544	\$ 1,120,392	\$ 125,673	\$ 361,479
Corporate bonds	AA to Ba	1,634,335	153,384	228,409	1,252,542
U.S. government bonds	AA to Aa	328,667	52,385	-	276,282
Total		<u>\$ 3,570,546</u>	<u>\$ 1,326,161</u>	<u>\$ 354,082</u>	<u>\$ 1,890,303</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Investment Type	June 30, 2023 Investment Maturities (in Years)				
	S&P Ratings	Fair Value	Less than 1	1 to 2	Greater than 2
U.S. Treasury and agency obligations	AA to Aa	\$ 1,508,088	\$ 981,367	\$ 241,205	\$ 285,516
Corporate bonds	AA to Ba	1,571,235	73,854	265,432	1,231,949
U.S. government bonds	AA to Aa	318,581	124,593	98,536	95,452
Total		<u>\$ 3,397,904</u>	<u>\$ 1,179,814</u>	<u>\$ 605,173</u>	<u>\$ 1,612,917</u>

Fair value measurements and disclosures provide the framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques require maximization of observable inputs and minimization of unobservable inputs.

The levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a net asset value ("NAV") per share, or its equivalent, that cannot be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement and does not necessarily correspond to the University's perceived risk of such investment.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The following table sets forth, by level, the University's investments at fair value within the fair value hierarchy as of June 30, 2024:

	Fair Value	Level 1	NAV
Investments by fair value level			
U.S. Treasury and agency obligations	\$ 1,607,544	\$ 1,607,544	\$ -
U.S. government bonds	328,667	328,667	-
Debt mutual funds	45,717,509	45,717,509	-
Money market accounts	10,899,942	10,899,942	-
Domestic corporate bonds	1,550,776	1,550,776	-
Foreign corporate bonds	83,559	83,559	-
Total debt securities	60,187,997	60,187,997	-
Other securities			
Equity mutual funds	45,131,825	45,131,825	-
Domestic stocks	1,529,486	1,529,486	-
Foreign stocks	2,743,690	2,743,690	-
Total investments, by fair value level	109,592,998	109,592,998	-
Investments measured at NAV			
Hedge funds - diversifying	930,024	-	930,024
Limited partnerships	17,254,394	-	17,254,394
Total investments, measured at NAV	18,184,418	-	18,184,418
Total investments, measured at fair value	\$ 127,777,416	\$ 109,592,998	\$ 18,184,418

The following table lists investments measured at NAV by major investment category as of June 30, 2024 as follows:

	2024 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds - diversifying	\$ 930,024	\$ -	Quarterly	60 to 65 days
Limited partnerships	17,254,394	-	N/A	N/A
Total investments, measured at NAV	\$ 18,184,418	\$ -		



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The following table sets forth, by level, the University's investments at fair value within the fair value hierarchy as of June 30, 2023:

	Fair Value	Level 1	NAV
Investments by fair value level			
U.S. Treasury and agency obligations	\$ 1,508,088	\$ 1,508,088	\$ -
U.S. government bonds	318,581	318,581	-
Debt mutual funds	49,724,844	49,724,844	-
Money market accounts	10,393,994	10,393,994	-
Domestic corporate bonds	1,533,990	1,533,990	-
Foreign corporate bonds	37,245	37,245	-
Total debt securities	63,516,742	63,516,742	-
Other securities			
Equity mutual funds	36,860,686	36,860,686	-
Domestic stocks	1,481,878	1,481,878	-
Foreign stocks	2,424,281	2,424,281	-
Total investments, by fair value level	104,283,587	104,283,587	-
Investments measured at NAV			
Hedge funds - diversifying	2,288,563	-	2,288,563
Limited partnerships	15,166,731	-	15,166,731
Total investments, measured at NAV	17,455,294	-	17,455,294
Total investments, measured at fair value	\$ 121,738,881	\$ 104,283,587	\$ 17,455,294

The following table lists investments measured at NAV by major investment category as of June 30, 2023 as follows:

	2023 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds - diversifying	\$ 2,288,563	\$ -	Quarterly	60 to 65 days
Limited partnerships	15,166,731	-	N/A	N/A
Total investments, measured at NAV	\$ 17,455,294	\$ -		

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Deposits Held by Bond Trustees***

Deposits held by bond trustees include restricted funds held by board-approved trustees. Deposits held by bond trustees are carried in the accompanying financial statements at fair value, as determined by quoted market prices, and consist primarily of cash and cash equivalents. As of June 30, 2024 and 2023, deposits held by bond trustees included the following:

	2024	2023
Deposits held by bond trustees	\$ 32,022,187	\$ 11,160,900

The deposits held by trustees are held primarily in U.S. Treasury bills for debt service requirements and are considered Level 1 inputs.

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. The University's deposits held with bond trustees are held in the University's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The above investments are current in nature, and interest rate risk is minimal, if any.

As of June 30, 2024 and 2023, deposits held by bond trustees were composed of funds held for the following purposes:

	2024	2023
Debt service and debt service reserves	\$ 12,349,723	\$ 11,160,900
State capital grant programs	19,672,464	-
Total	\$ 32,022,187	\$ 11,160,900

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 consisted of the following:

	July 1, 2023	Additions	Retirements and Adjustments	June 30, 2024
Nondepreciable assets:				
Land	\$ 12,802,693	\$ -	\$ (1,579)	\$ 12,801,114
Construction in progress	80,369,927	3,647,846	(81,177,421)	2,840,352
Works of art	1,807,158	-	-	1,807,158
Total nondepreciable assets	94,979,778	3,647,846	(81,179,000)	17,448,624
Depreciable assets:				
Land improvements	20,901,278	3,199,020	-	24,100,298
Buildings and improvements	454,418,022	4,936,165	-	459,354,187
Leasehold improvements	82,310,333	64,825,500	-	147,135,833
Infrastructure	33,338,377	4,405,366	-	37,743,743
Equipment	46,521,001	3,280,204	(760,607)	49,040,598
Right to use asset - building	1,167,814	99,987	-	1,267,801
Right to use asset - equipment	3,611,940	4,481,467	(3,427,853)	4,665,554
Right to use asset - subscriptions	7,872,087	4,756,492	(1,709,377)	10,919,202
Total depreciable assets	650,140,852	89,984,201	(5,897,837)	734,227,216
Less accumulated depreciation/amortization:				
Land improvements	11,447,029	736,367	-	12,183,396
Buildings and improvements	176,178,636	10,858,321	-	187,036,957
Leasehold improvements	13,423,467	4,906,352	-	18,329,819
Infrastructure	18,191,380	693,345	-	18,884,725
Equipment	37,074,986	2,811,154	(731,785)	39,154,355
Right to use asset - building	641,500	241,671	-	883,171
Right to use asset - equipment	3,348,835	1,109,996	(3,351,281)	1,107,550
Right to use asset - subscriptions	4,113,312	3,216,879	(1,384,068)	5,946,123
Total accumulated depreciation/amortization	264,419,145	24,574,085	(5,467,134)	283,526,096
Depreciable assets, net	385,721,707	65,410,116	(430,703)	450,701,120
Capital assets, net	\$ 480,701,485	\$ 69,057,962	\$ (81,609,703)	\$ 468,149,744

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Capital asset activity for the year ended June 30, 2023 consisted of the following:

	July 1, 2022	Additions	Retirements and Adjustments	June 30, 2023
Nondepreciable assets:				
Land	\$ 12,879,123	\$ -	\$ (76,430)	\$ 12,802,693
Construction in progress	69,149,135	14,661,884	(3,441,092)	80,369,927
Works of art	1,797,158	10,000	-	1,807,158
Total nondepreciable assets	83,825,416	14,671,884	(3,517,522)	94,979,778
Depreciable assets:				
Land improvements	20,234,134	667,144	-	20,901,278
Buildings and improvements	453,198,418	1,219,604	-	454,418,022
Leasehold improvements	81,544,149	766,184	-	82,310,333
Infrastructure	33,048,665	289,712	-	33,338,377
Equipment	45,363,590	1,475,814	(318,403)	46,521,001
Right to use asset - building	2,800,186	-	(1,632,372)	1,167,814
Right to use asset - equipment	413,680	3,198,260	-	3,611,940
Right to use asset - subscriptions	4,838,885	3,043,134	(9,932)	7,872,087
Total depreciable assets	641,441,707	10,659,852	(1,960,707)	650,140,852
Less accumulated depreciation/amortization:				
Land improvements	10,781,415	665,614	-	11,447,029
Buildings and improvements	165,338,396	10,840,240	-	176,178,636
Leasehold improvements	10,646,041	2,777,426	-	13,423,467
Infrastructure	17,560,079	631,301	-	18,191,380
Equipment	34,357,354	3,033,961	(316,329)	37,074,986
Right to use asset - building	645,922	(4,422)	-	641,500
Right to use asset - equipment	724,591	2,624,244	-	3,348,835
Right to use asset - subscriptions	1,622,978	2,490,334	-	4,113,312
Total accumulated depreciation/amortization	241,676,776	23,058,698	(316,329)	264,419,145
Depreciable assets, net	399,764,931	(12,398,846)	(1,644,378)	385,721,707
Capital assets, net	<u>\$ 483,590,347</u>	<u>\$ 2,273,038</u>	<u>\$ (5,161,900)</u>	<u>\$ 480,701,485</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

**NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

As of June 30, 2024 and 2023, accounts payable and accrued expenses consisted of the following:

	2024	2023
Accounts payable, construction	\$ 408,734	\$ 1,225,961
Accounts payable, other	5,693,152	5,437,026
Accrued salaries, fringe benefits and withholdings	9,036,634	8,674,175
Accrued interest on bonds payable, other long-term debt, leases, and SBITAs	4,887,777	4,786,781
Total	\$ 20,026,297	\$ 20,123,943

**NOTE 5 - STATE PAID FRINGE BENEFITS**

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance and Federal Insurance Contributions Act taxes) on behalf of University employees. Such benefits amounted to \$41,773,027 and \$34,806,078 for the years ended June 30, 2024 and 2023, respectively, and are included in both the State of New Jersey appropriations revenue and operating expenses in the accompanying financial statements.

**NOTE 6 - RETIREMENT PROGRAMS**

***General Information about Pension Plans***

The University participates in several retirement plans covering its employees - the Public Employees' Retirement System ("PERS"), the Police and Firemen's Retirement System ("PFRS"), and the Alternate Benefit Program ("ABP"), which are administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). PERS and PFRS are defined benefit pension plans, and ABP is a defined contribution pension plan. Generally, all employees, except certain part-time employees, participate in one of these plans.

The State issues a publicly available Comprehensive Annual Financial Report of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements and required supplementary information for PERS and PFRS. These reports can be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 0295, or obtained at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

***Defined Benefit Plans***

Public Employees' Retirement System

PERS is a cost-sharing, multiple-employer defined benefit pension plan which provides coverage to substantially all full-time employees and certain part-time employees of the State or public agencies who are not members of another State-administered retirement system.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after 10 years of service, except for health care benefits, which vest after 25 years of service or under the disability provisions of PERS. Benefits are determined by member's tier (based on date of enrollment), as defined in the PERS plan documents, member's age, years of service, and final compensation.

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The current employee contribution rate is 7.5% of base salary. Employer contributions are based on an actuarially determined rate, which was 32.9% and 29.2% of annual covered payroll for the years ended June 30, 2024 and 2023, respectively. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State's contribution on behalf of the University ("State Contribution") to PERS for the years ended June 30, 2024 and 2023 was \$12,229,230 and \$7,259,688, respectively, which is recognized as a deferred outflow of resources in the statements of net position.

***Police and Firemen's Retirement System***

PFRS is a cost-sharing multiple-employer defined benefit pension plan which provides coverage for substantially all permanent, full-time police officers and firemen in the State.

Membership is mandatory for eligible employees. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death, and disability benefits, including post-retirement health care benefits. All benefits vest after 10 years of service, except for health care benefits, which vest after 25 years of service and disability benefits which vest after four years of service. Benefits are determined by member's tier (based on date of enrollment), as defined in the PFRS plan documents, member's age, years of service, and final compensation.

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The current employee contribution rate is 10.0% of base salary. Employer contributions are based on an actuarially determined rate, which was 96.0% and 83.2% of annual covered payroll for the years ended June 30, 2024 and 2023, respectively. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State contribution to PFRS for the years ended June 30, 2024 and 2023 was \$746,338 and \$462,248, respectively, which is recognized as a deferred outflow of resources in the statements of net position.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

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

Net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded to reflect the provisions of GASB 68 are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2023 ("Measurement Date"). The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and net pension expense related to PERS and PFRS, at and for the fiscal year ended June 30, 2024, are as follows:

	PERS	PFRS	Total
Proportionate share of the net pension liability (\$)			
2023	\$ 182,554,780	\$ 11,223,281	\$ 193,778,061
2022	181,610,259	11,664,095	193,274,354
2021	172,451,219	11,086,359	183,537,578
2020	171,147,251	9,374,648	180,521,899
2019	164,700,547	10,173,510	174,874,057
2018	164,511,244	17,849,912	182,361,156
2017	186,353,409	9,167,389	195,520,798
2016	199,651,829	6,341,900	205,993,729
2015	157,129,973	6,709,530	163,839,503
2014	129,367,998	6,515,401	135,883,399
Proportionate share of the net pension liability (%)			
2023	0.813%	0.254%	
2022	0.811%	0.270%	
2021	0.797%	0.273%	
2020	0.770%	0.218%	
2019	0.716%	0.242%	
2018	0.694%	0.412%	
2017	0.727%	0.209%	
2016	0.679%	0.135%	
2015	0.662%	0.156%	
2014	0.643%	0.183%	
Deferred outflows of resources	\$ 30,196,940	\$ 3,456,040	\$ 33,652,980
Deferred inflows of resources	\$ 5,783,194	\$ 1,515,732	\$ 7,298,926
Net pension expense	\$ 11,373,840	\$ 1,706,588	\$ 13,080,428

From July 1, 2013 to June 30, 2023, the University's proportionate share of each respective plan's net pension liability at each year was based on the State contribution relative to the total contributions for that year from all participating employers.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The components of pension-related deferred outflows of resources and deferred inflows of resources at the Measurement Date for the fiscal year ended June 30, 2024 are as follows:

	PERS	PFRS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 4,047,614	\$ 313,376	\$ 4,360,990
Changes of assumptions	185,043	8,421	193,464
Net differences between projected and actual investment earnings on pension plan investments	2,792,256	273,385	3,065,641
Changes in proportionate share	8,785,022	1,524,398	10,309,420
Contributions subsequent to the measurement date	14,387,005	1,336,460	15,723,465
Total	<u>\$ 30,196,940</u>	<u>\$ 3,456,040</u>	<u>\$ 33,652,980</u>
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 543,345	\$ 183,377	\$ 726,722
Changes of assumptions	5,239,849	269,634	5,509,483
Changes in proportionate share	-	1,062,721	1,062,721
Total	<u>\$ 5,783,194</u>	<u>\$ 1,515,732</u>	<u>\$ 7,298,926</u>



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

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

	PERS	PFRS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 2,928,395	\$ 86,825	\$ 3,015,220
Changes of assumptions	271,372	11,771	283,143
Net differences between projected and actual investment earnings on pension plan investments	4,387,281	413,262	4,800,543
Changes in proportionate share	14,399,602	2,194,469	16,594,071
Contributions subsequent to the measurement date	13,640,026	1,582,820	15,222,846
<b>Total</b>	<b>\$ 35,626,676</b>	<b>\$ 4,289,147</b>	<b>\$ 39,915,823</b>
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 956,374	\$ 288,716	\$ 1,245,090
Changes of assumptions	13,295,056	560,753	13,855,809
Changes in proportionate share	919,185	688,428	1,607,613
<b>Total</b>	<b>\$ 15,170,615</b>	<b>\$ 1,537,897</b>	<b>\$ 16,708,512</b>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the Measurement Date of \$14,387,005 for PERS and \$1,336,460 for PFRS will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense in the statement of revenues, expenses, and changes in net position as follows:

	PERS	PFRS	Total
Years Ending:			
2025	\$ 3,730,180	\$ 173,091	\$ 3,903,271
2026	3,484,438	140,279	3,624,717
2027	2,091,188	66,291	2,157,479
2028	668,166	331,389	999,555
2029	52,769	(20,671)	32,098
2030	-	(69,026)	(69,026)
2031	-	(17,505)	(17,505)
	10,026,741	603,848	10,630,589
Contributions paid subsequent to measurement date	14,387,005	1,336,460	15,723,465
	<b>\$ 24,413,746</b>	<b>\$ 1,940,308</b>	<b>\$ 26,354,054</b>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Actuarial Assumptions***

The University's net pension liability at the Measurement Date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions:

	PERS	PFRS
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service
Investment rate of return	7.00%	7.00%

For PERS, 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.

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the New Jersey Division of Investments and New Jersey Division of Pension and Benefits, the board of trustees of each plan and the plans' actuaries. Best estimates of the arithmetic real rates of return for each major asset class included in PERS's and PFRS's target asset allocations at the Measurement Date are summarized in the following table:

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

***Discount Rates***

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 for both PERS and PFRS. 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.

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

The following presents the net pension liability of the plans calculated using the discount rate of 7.00% for both PERS and PFRS, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	PERS		PFRS	
	Rate	Amount	Rate	Amount
1% decrease	6.00%	\$ 208,743,210	6.00%	\$ 13,098,660
Current discount rate	7.00%	182,554,780	7.00%	11,223,281
1% increase	8.00%	160,322,230	8.00%	9,660,923

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Defined Contribution Pension Plans***

Alternate Benefit Program Information

ABP is a defined contribution retirement program administered by the Division for eligible full-time employees in accordance with N.J.S.A. 52:18A.

ABP provides retirement and death benefits for or on behalf of the full-time professional employees and faculty members participating in this retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. 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. ABP provides the choice of seven investment carriers, all of which are privately operated defined contribution retirement plans. The University assumes no liability for ABP members other than payment of contributions.

Participating University employees are required to contribute 5% of total base salary and may contribute a voluntary additional contribution of salary up to the maximum federal statutory limit, on a pretax basis. Employer contributions are 8% of base salary up to \$175,000. During the year ended June 30, 2024, ABP employer and employee contributions were \$5,422,485 and \$3,389,053, respectively, which were based on participating employee salaries of \$67,781,063. During the year ended June 30, 2023, ABP employer and employee contributions were \$5,130,105 and \$3,206,316, respectively, which were based on participating employee salaries of \$64,126,313. Employer contributions to ABP paid by the State of New Jersey are reflected in the accompanying financial statements as State of New Jersey appropriations revenue and as expenses.

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS**

***General Information about Postemployment Plans Other than Pensions***

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the "Plan").

*Plan Description Including Benefits Provided* - The Plan is a single-employer defined benefit other postemployment benefit plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the "State") is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the PERS, the ABP or the PFRS. In addition, Chapter 302, P.L. 1996 provides that for purposes of this plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State; therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB 75.

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB 75.

**Total OPEB Liability and OPEB expense**

As of June 30, 2024 and 2023, the State recorded a liability of \$209,141,386 and \$203,615,065, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the "University's share"). The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2024 and 2023, the University's share was 3.779287% and 3.660662% of the special funding situation, respectively, and 0.996312% and 0.974814% of the Plan, respectively.

For the years ended June 30, 2024 and 2023, the University recognized OPEB benefit of (\$8,368,332) and (\$5,901,822), respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized expense related to the support provided by the State of (\$8,368,332) and (\$5,901,822), respectively.

*Actuarial Assumptions and Other Inputs* - the State's liability associated with the University at June 30, 2024 and 2023 was determined by an actuarial valuation as of June 30, 2022 and 2021, which was rolled forward to the measurement dates of June 30, 2023 and 2022, respectively.

Discount rate	3.65% - June 30, 2023 3.54% - June 30, 2022
Salary increases	2.75% - 16.25%

The discount rate is based on 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. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on age or years of service.

June 30, 2023 Measurement Period

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS/JRS), and "Safety" (PFRS/SPRS) 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. Future disability mortality was based on the Pub-2010 "Safety" (PFRS/SPRS), "Teachers" (TPAF/ABP), and "General" (PERS/JRS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retiree mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Certain actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit pension plans, including PERS (July 1, 2018 through June 30, 2021), ABP (using the experience of the Teacher's Pension and Annuity Fund - July 1, 2018 through June 30, 2021), and PFRS (July 1, 2018 through June 30, 2021).

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

*Health Care Trend Assumptions* - For pre-65 medical benefits, the trend is initially 6.50% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits (PPO and HMO), the actual fully insured Medicare Advantage trend rates for fiscal year 2024 is reflected. For PPO the trend is initially 7.50% in fiscal year 2025, increasing to 15.93% in fiscal year 2026 and decreasing to 4.50% in fiscal year 2033. For HMO the trend is initially 7.89% in fiscal year 2025, increasing to 17.83% in fiscal year 2026 and decreasing to 4.50% in fiscal year 2033. For prescription drug benefits, fiscal years 2024 and 2025 are separate for pre-65, post-65 and EGWP with initial rates of 14.00%, 9.50% and 14.28%, respectively. Starting in fiscal year 2026, each category is 7.50% and decreases to a 4.50% long-term trend rate after four years.

June 30, 2022 Measurement Period

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

Certain actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit pension plans, including PERS (July 1, 2018 through June 30, 2021), ABP (using the experience of the Teacher's Pension and Annuity Fund - July 1 2018 through June 30, 2021), and PFRS (July 1, 2018 through June 30, 2021).

*Health Care Trend Assumptions* - For pre-Medicare medical benefits, the trend 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 rates for fiscal year 2023 through 2024 are reflected. For PPO the trend is initially 6.36% in fiscal year 2025, increasing to 14.35% in fiscal year 2026 and decreasing to 4.5% after eight years. For HMO the trend is initially 6.53% in fiscal year 2025, increasing to 15.47% in fiscal year 2026 and decreasing to 4.5% after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 4.5% long-term trend rate after seven years.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM DEBT**

Bonds payable and other long-term debt as of June 30, 2024 and 2023 consisted of the following:

	Interest Rate	2024	2023
Bonds payable:			
New Jersey Educational Facilities Authority bonds			
Series 2016A	3.00 - 5.00%	\$ 177,860,000	\$ 184,640,000
Unamortized premium, net		23,105,668	24,464,825
		<hr/>	<hr/>
Total		200,965,668	209,104,825
Less: current portion		(9,424,157)	(8,139,157)
		<hr/>	<hr/>
Bonds payable, noncurrent portion		\$ 191,541,511	\$ 200,965,668
		<hr/>	<hr/>
Other long-term debt:			
Higher Education Capital Improvement Fund	3.00 - 5.25%	\$ 13,292,027	\$ 8,140,432
Higher Education Equipment Leasing Fund	5.00%	846,119	-
Series 2015E	2.83%	7,334,434	8,930,198
Series 2020A	2.14%	5,180,000	5,375,000
Dam Restoration Loan	2.00%	72,977	96,351
Atlantic County Improvement Authority Stockton			
University AC Campus (Phase 1)	4.21%	77,375,000	77,925,000
Atlantic County Improvement Authority Stockton			
University AC Campus (Phase 2)	4.00 - 5.00%	53,975,000	54,550,000
Casino Reinvestment Development Authority Loan	3.00%	10,275,500	10,275,500
		<hr/>	<hr/>
Total		168,351,057	165,292,481
Unamortized premium, net		489,485	260,892
		<hr/>	<hr/>
Total		168,840,542	165,553,373
Less: current portion		(3,955,282)	(2,938,801)
		<hr/>	<hr/>
Other long-term debt, noncurrent portion		\$ 164,885,260	\$ 162,614,572
		<hr/>	<hr/>

**Bonds Payable**

The University issued the Series 2016A Bonds on July 13, 2016, consisting of \$176,095,000 Serial Bonds and \$26,350,000 5.00% Term Bonds. The Serial Bonds bear interest at rates between 3.00%-5.00%, with the average being 4.71%. They are due annually each July 1 through 2037. The \$26,350,000 Term Bonds are due July 1, 2041. The Series 2016A Bonds were issued to finance the refunding of the outstanding Series 2006F Bonds, the advance refunding of the outstanding Series 2007G Bonds and outstanding Series 2008A Bonds, and the renovation, acquisition, installation and construction of certain capital improvements to the University's facilities. The outstanding balance as of June 30, 2024 and 2023 is \$177,860,000 and \$184,640,000, respectively. The financing included a premium of \$33,978,925, which is amortized as a component of interest expense over the life of the bonds. The unamortized premium on bonds payable as of June 30, 2024 and 2023 is \$23,105,668 and \$24,464,825, respectively.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The Bond Series 2016A refunded Bond Series 2006F, 2007G and 2008A. \$210,219,046 was placed in an irrevocable trust with an escrow agent to provide for future debt service payments. As a result, the refunded Series Bonds are considered to be defeased, and the related liability has been removed from the statements of net position. This transaction resulted in a loss on advance refunding which is presented as a deferred outflow and is amortized as a component of interest expense over the life of the defeased Series Bonds.

***Other Long-Term Debt***

Galloway Campus

During 2003, the University entered into a lease agreement with the New Jersey Educational Facilities Authority (the "Authority"), along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2002A Revenue Bonds to provide funding for the Higher Education Capital Improvement Fund. The University was allocated \$17,204,000 of the total proceeds of the bond issue to be used for academic campus exterior repairs, HVAC improvements, gallery safety rails, Housing II roof replacement, and F-Wing extension and renovation design. The terms of the agreement required one-third of the total allocation, or \$5,734,667, to be repaid in annual rental payments equal to the University's allocable share of the Series 2002A Bonds and related program expenses through 2022.

During 2004, the University entered into a lease agreement with the Authority, along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2004A Revenue Bonds to provide funding for the Higher Education Capital Improvement Fund. The University was allocated \$3,848,250 of the total proceeds of the bond issue to be used for Housing I exterior and Housing I HVAC. The terms of the agreement required one-third of the total allocation, or \$1,282,750, to be repaid in annual rental payments equal to the University's allocable share of the Series 2004A Bonds and related program expenses through 2024.

The 2002A and 2004A bonds were partially refunded by the 2005A and 2006A bonds. The 2004A bonds were also partially advance refunded by the 2014C bonds. In 2016, the Authority refunded the 2005A and 2006A with the 2016A bonds with a final maturity of September 1, 2024. The outstanding balance on the 2016A bonds as of June 30, 2024 and 2023 is \$68,387 and \$146,868, respectively, which is included in the Higher Education Capital Improvement Fund balance.

During 2014, the University entered into a lease agreement with the Authority, along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2014A Revenue Bonds to provide funding for the Higher Education Capital Improvement Fund. The University was allocated \$10,600,000 of the total proceeds of the bond issue to be used for the Arts and Science Renovations and an Energy Management Project. The terms of the agreement require one-third of the total allocation, or \$3,287,691, to be repaid in annual rental payments equal to the University's allocable share of the Series 2014A Bonds through 2034. The financing included a premium of \$245,288 which is amortized as a component of interest expense over the life of the bond. The outstanding balance as of June 30, 2024 and 2023 is \$2,091,476 and \$2,251,312, respectively, which is included in the Higher Education Capital Improvement Fund balance.

During 2017, the University entered into a lease agreement with the Authority, along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2016B Revenue Bonds to provide funding for the Higher Education Capital Improvement Fund. The University was allocated \$22,000,000 of the total proceeds of the bond issue to be used for the Atlantic City academic building. The terms of the agreement require one-third of the total allocation, or \$7,332,600, to be repaid in annual rental payments equal to the University's allocable share of the Series 2016B Bonds and related program



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

expenses through 2036. The outstanding balance as of June 30, 2024 and 2023 is \$5,446,826 and \$5,742,252, respectively, which is included in Higher Education Capital Improvement Fund balance.

In October 2023, the University entered into a lease agreement with the Authority, along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2023A Revenue Bonds to provide funding for the Higher Education Capital Improvement Fund. The University was allocated \$17,723,697 of the total proceeds of the bond issue to be used for the Library Learning Commons Project. The terms of the agreement require one-third of the total allocation, or \$5,907,899, to be repaid in annual rental payments equal to the University's allocable share of the Series 2023A Bonds through 2054. The financing included a premium of \$222,561 which is amortized as a component of interest expense over the life of the bond. The outstanding balance as of June 30, 2024 and 2023 is \$5,685,338 and \$0, respectively, which is included in Higher Education Capital Improvement Fund balance.

In October 2023, the University entered into a lease agreement with the New Jersey Educational Facilities Authority (the "Authority"), along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2023A Revenue Bonds to provide funding for the Higher Education Equipment Leasing Fund. The University was allocated \$3,611,570 of the total proceeds of the bond issue to be used for the Library Learning Commons Equipment and Academic Classroom Technology Innovation Project. The terms of the agreement require one-quarter of the total allocation, or \$902,893, to be repaid in annual rental payments equal to the University's allocable share of the Series 2023A Bonds through 2034. The financing included a premium of \$56,774 which is amortized as a component of interest expense over the life of the bond. The outstanding balance as of June 30, 2024 and 2023 is \$846,119 and \$0, respectively.

On June 12, 2015, the University issued \$18,830,826 of Tax-Exempt Series 2015E Revenue Refunding Bonds issued through the Authority. The 2015E issuance was issued as a direct loan with a fixed interest rate of 2.83% and a final maturity of July 1, 2028. The proceeds of the 2015E Bonds were used to refund Series 2005F Bonds originally issued October 27, 2005 including issuance costs of \$123,222. This transaction resulted in a gain on refunding which is a deferred inflow and amortized as a component of interest expense over the life of the 2015E Series Bonds. The outstanding balance as of June 30, 2024 and 2023 is \$7,334,434 and \$8,930,198, respectively.

On February 12, 2020, the University issued \$5,935,000 of Tax-Exempt Series 2020A Revenue Refunding Bonds issued through the Authority. The 2020A issuance was issued as a direct loan with a fixed interest rate of 2.14% and a final maturity of February 1, 2035. The transaction structure is a direct placement with T.D. Bank, N.A. Proceeds from this transaction financed the University's acquisition of a 42-room residence facility located approximately two miles from the University's main campus in Galloway Township. The outstanding balance as of June 30, 2024 and 2023 is \$5,180,000 and \$5,375,000, respectively.

During 2005, the University entered into a \$405,000 loan agreement with the New Jersey Department of Environmental Protection. Repayment began in 2008 with payments due semiannually through 2027 and bearing an interest rate of 2.00%. The loan was issued to finance the costs of rehabilitating the University's "Lake Fred" dam. The outstanding balance as of June 30, 2024 and 2023 is \$72,977 and \$96,351, respectively.

Atlantic City Campus

On September 22, 2016, the Atlantic County Improvement Authority ("ACIA") issued \$78,980,000 of its Revenue Notes, Series 2016A. The proceeds of the notes were loaned by ACIA to Island Campus Redevelopment Urban Renewal Associates LLC (the "Landlord"), whose sole and managing member is the Atlantic City Development Corporation ("ACDevco"), pursuant to a Loan Agreement dated September 30, 2016 to finance a portion of the costs of the development and construction in connection with the establishment of the University's new Atlantic City campus. The Landlord is leasing the property

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

to the University pursuant to the Master Lease Agreement dated September 30, 2016. At the end of the term, title to the property will be transferred to the University upon payment of the outstanding amounts due on the ACIA's notes and on ACDevco's equity contribution. Leasehold improvements capitalized under this agreement totaled \$81,080,000 with the related accumulated depreciation of \$15,990,778 and \$13,288,111 at June 30, 2024 and 2023, respectively. The University is the guarantor, and obligor under this financed purchase agreement, for the Atlantic County Improvement Authority's issuance on September 22, 2016, General Obligation Lease Revenue Series 2016A Bonds consisting of \$26,950,000 Serial Bonds and \$18,905,000 3.25% Term Bonds, \$22,650,000 4.00% Term Bonds, and \$10,475,000 5.00% Term Bonds. The Serial Bonds bear interest at rates between 2.125-5.00%, with the average being 4.40%. They are due annually each July 1 through 2036. The Term Bonds fully mature July 1, 2048. The outstanding balance as of June 30, 2024 and 2023 is \$77,375,000 and \$77,925,000, respectively.

In September 2018, the University utilized \$2,180,246 of the bond funds towards the Atlantic City Academic project which is recorded as a deferred inflow of financial resources. This deferred inflow is amortized and recognized as a component of interest expense over the lease term. The balance of the deferred inflow was \$1,744,128 and \$1,816,800 at June 30, 2024 and 2023, respectively.

On May 4, 2021, the ACIA issued \$54,550,000 of its Revenue Notes, Series 2021A. The proceeds of the notes were loaned by ACIA to Atlantic City University Housing Associates LLC (the "Landlord"), whose sole and managing member is ACDevco, pursuant to a Loan Agreement dated May 1, 2021 to finance the costs of the development and construction of an approximately 135,000 square foot building that will provide additional student housing for students of the University as part of the expansion of the University's campus in Atlantic City. The Landlord is leasing the Property to the University pursuant to the Master Lease Agreement dated May 13, 2021. At the end of the term, title to the property will be transferred to the University upon payment of outstanding amounts due on the ACIA's notes. Leasehold improvements capitalized under this agreement totaled \$64,825,000 with related accumulated depreciation of \$2,160,850 and \$0 at June 30, 2024 and 2023, respectively. The University is the guarantor, and obligor under this financed purchase agreement, for the Atlantic County Improvement Authority's issuance on May 4, 2021, General Obligation Lease Revenue Series 2021A Bonds consisting of \$23,225,000 Serial Bonds, \$13,830,000 4.00% Term Bonds, and \$17,495,000 4.00% Term Bonds. The Serial Bonds bear interest at rates between 4.00-5.00%, with the average being 4.66%. They are due annually each July 1 through 2041. The Term Bonds fully mature July 1, 2047 and July 1, 2053, respectively. The outstanding balance as of June 30, 2024 and 2023 is \$53,975,000 and \$54,550,000, respectively.

The University is the guarantor and obligor of a \$10,275,500 loan by and between the Casino Reinvestment Development Authority and Atlantic City University Housing Associates LLC, whose sole and managing member is ACDevco. The loan agreement is dated May 13, 2021. Repayment begins July 1, 2028 bearing an interest rate of 3.00%. Payments are due semiannually each July 1 and January 1 through 2053. The loan was issued to finance a portion of the costs of the development and construction of an approximately 135,000 square foot building that will provide additional student housing for students of the University as part of the expansion of the University's campus in Atlantic City. The outstanding balance as of both June 30, 2024 and 2023 is \$10,275,500.

The total unamortized premium on other long-term debt as of June 30, 2024 and 2023 is \$489,485 and \$260,892, respectively.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Payments Due on Bonds Payable and Other Long-Term Debt***

Payments due on bonds payable and other long-term debt excluding net unamortized premiums, and deferred gains and losses totaling \$17,443,704 subsequent to June 30, 2024 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 11,986,754	\$ 14,854,870	\$ 26,841,624
2026	12,621,641	14,320,928	26,942,569
2027	13,358,153	13,756,940	27,115,093
2028	14,096,674	13,161,061	27,257,735
2029	13,335,054	12,718,680	26,053,734
2030 – 2034	83,920,120	53,093,753	137,013,873
2035 – 2039	93,564,910	32,127,464	125,692,374
2040 – 2044	50,737,885	16,671,250	67,409,135
2045 – 2055	52,589,866	9,190,605	61,780,471
Total	<u>\$ 346,211,057</u>	<u>\$ 179,895,551</u>	<u>\$ 526,106,608</u>

**NOTE 9 - LINE OF CREDIT**

The University has available a \$50,000,000 revolving priority credit line with Wells Fargo Advisors which has no expiration and had no outstanding balance as of June 30, 2024 and 2023. Interest is payable monthly at a rate of 6.49% of the priority credit line outstanding, if any. The credit line is available for all purposes, with the exception of the purchase of additional securities, is fully collateralized by the investments of the University, and is due on demand. Interest expense was \$0 for the years ended June 30, 2024 and 2023.

**NOTE 10 - LONG-TERM LIABILITIES**

Activity in long-term liabilities for the years ended June 30, 2024 and 2023 are as follows:

	July 1, 2023	Additions	Current Reductions	June 30, 2024	Current Portion
Compensated absences	\$ 4,731,592	\$ 4,738,248	\$ (4,079,060)	\$ 5,390,780	\$ 4,754,744
Net pension liability	193,274,354	503,707	-	193,778,061	-
U.S. government grants refundable	1,119,332	-	(194,927)	924,405	-
Leases payable	629,788	4,503,983	(1,154,949)	3,978,822	1,203,008
Subscriptions payable	3,516,897	4,347,620	(3,624,407)	4,240,110	2,023,357
Bonds payable, net	209,104,825	-	(8,139,157)	200,965,668	9,424,157
Other long-term debt, net	165,553,373	6,810,792	(3,523,623)	168,840,542	3,955,282
Total	<u>\$ 577,930,161</u>	<u>\$ 20,904,350</u>	<u>\$ (20,716,123)</u>	<u>\$ 578,118,388</u>	<u>\$ 21,360,548</u>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

	July 1, 2022	Additions	Current Reductions	June 30, 2023	Current Portion
Compensated absences	\$ 4,720,206	\$ 4,031,452	\$ (4,020,066)	\$ 4,731,592	\$ 4,079,060
Net pension liability U.S. government grants refundable	183,537,578	9,736,776	-	193,274,354	-
Leases payable	1,408,552	-	(289,220)	1,119,332	-
Subscriptions payable	2,244,603	248,608	(1,863,423)	629,788	305,350
Bonds payable, net	2,997,060	3,254,376	(2,734,539)	3,516,897	2,168,239
Other long-term debt, net	216,763,982	-	(7,659,157)	209,104,825	8,139,157
	169,647,530	-	(4,094,157)	165,553,373	2,938,801
<b>Total</b>	<b>\$ 581,319,511</b>	<b>\$ 17,271,212</b>	<b>\$ (20,660,562)</b>	<b>\$ 577,930,161</b>	<b>\$ 17,630,607</b>

**NOTE 11 - DISCRETELY PRESENTED COMPONENT UNITS**

The following displays condensed combining information, which is presented in total in the accompanying statements of net position for the University's discretely presented component units as of June 30, 2024 and 2023:

	2024		
	Foundation	NARTP	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 978,781	\$ -	\$ 978,781
Other receivables	989,018	-	989,018
Investments	2,717,096	-	2,717,096
Other current assets	71,250	-	71,250
<b>Noncurrent assets:</b>			
Investments	57,247,071	-	57,247,071
Other receivables	5,618,708	-	5,618,708
<b>Total assets</b>	<b>\$ 67,621,924</b>	<b>\$ -</b>	<b>\$ 67,621,924</b>
<b>Accounts payable and other current liabilities</b>	<b>\$ 66,086</b>	<b>\$ -</b>	<b>\$ 66,086</b>
<b>Due to University</b>	<b>44,864</b>	<b>-</b>	<b>44,864</b>
<b>Total liabilities</b>	<b>\$ 110,950</b>	<b>\$ -</b>	<b>\$ 110,950</b>
<b>Net position:</b>			
Restricted - nonexpendable	\$ 35,408,371	\$ -	\$ 35,408,371
Restricted - expendable	28,350,973	-	28,350,973
Unrestricted	3,751,630	-	3,751,630
<b>Total net position</b>	<b>\$ 67,510,974</b>	<b>\$ -</b>	<b>\$ 67,510,974</b>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

		2023	
	Foundation	NARTP	Total
Current assets:			
Cash and cash equivalents	\$ 326,692	\$ 693,110	\$ 1,019,802
Other receivables	845,167	2,913	848,080
Investments	2,490,099	-	2,490,099
Other current assets	42,121	28,164	70,285
Noncurrent assets:			
Investments	50,684,936	-	50,684,936
Other receivables	6,268,188	-	6,268,188
Capital assets, net	-	101,235	101,235
<b>Total assets</b>	<b>\$ 60,657,203</b>	<b>\$ 825,422</b>	<b>\$ 61,482,625</b>
Accounts payable and other current liabilities	\$ 30,101	\$ 748,480	\$ 778,581
Due to University	1,636	367,521	369,157
Long-term liabilities to University	-	3,325,467	3,325,467
<b>Total liabilities</b>	<b>\$ 31,737</b>	<b>\$ 4,441,468</b>	<b>\$ 4,473,205</b>
Net position:			
Restricted - nonexpendable	\$ 34,346,194	\$ -	\$ 34,346,194
Restricted - expendable	22,795,734	-	22,795,734
Unrestricted	3,483,538	(3,616,046)	(132,508)
<b>Total net position</b>	<b>\$ 60,625,466</b>	<b>\$ (3,616,046)</b>	<b>\$ 57,009,420</b>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

The following displays condensed combining information, which is presented in total in the accompanying statements of revenues, expenses, and changes in net position for the University's discretely presented component units for the years ended June 30, 2024 and 2023:

	2024		
	Foundation	NARTP	Total
Operating revenues:			
Other	\$ 334,611	\$ -	\$ 334,611
In-kind contributions	1,323,749	-	1,323,749
Total operating revenues	1,658,360	-	1,658,360
Operating expenses:			
Institutional support	1,499,425	-	1,499,425
Student aid	1,379,265	-	1,379,265
In-kind expense	1,323,749	-	1,323,749
Total operating expenses	4,202,439	-	4,202,439
Operating loss	(2,544,079)	-	(2,544,079)
Non-operating revenues:			
Gifts and contributions	1,738,593	-	1,738,593
Investment income	6,628,817	-	6,628,817
	8,367,410	-	8,367,410
Other revenues:			
Additions to permanent endowments	1,062,177	-	1,062,177
Change in net position	6,885,508	-	6,885,508
Net position - beginning of year	60,625,466	-	60,625,466
Net position - end of year	<u>\$ 67,510,974</u>	<u>\$ -</u>	<u>\$ 67,510,974</u>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

	2023		
	Foundation	NARTP	Total
Operating revenues:			
Grants	\$ -	\$ 694,464	\$ 694,464
Other	240,713	-	240,713
In-kind contributions	1,066,953	67,658	1,134,611
Total operating revenues	1,307,666	762,122	2,069,788
Operating expenses:			
Institutional support	1,715,364	770,164	2,485,528
Student aid	1,398,752	-	1,398,752
In-kind expense	1,066,953	67,658	1,134,611
Total operating expenses	4,181,069	837,822	5,018,891
Operating loss	(2,873,403)	(75,700)	(2,949,103)
Non-operating revenues:			
Gifts and contributions	1,363,121	-	1,363,121
Investment income	4,635,950	-	4,635,950
	5,999,071	-	5,999,071
Other revenues:			
Additions to permanent endowments	2,730,894	-	2,730,894
Change in net position	5,856,562	(75,700)	5,780,862
Net position - beginning of year	54,768,904	(3,540,346)	51,228,558
Net position - end of year	<u>\$ 60,625,466</u>	<u>\$ (3,616,046)</u>	<u>\$ 57,009,420</u>

The following amounts are presented in the statements of net position of the respective entities as due to the University as of June 30, 2024 and 2023:

	2024		
	Foundation	NARTP	Total
Due to the University:			
Institutional support	\$ 18,373	\$ -	\$ 18,373
Services provided	26,491	-	26,491
Total due to the University	<u>\$ 44,864</u>	<u>\$ -</u>	<u>\$ 44,864</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

		2023	
	Foundation	NARTP	Total
Due to the University:			
Interest on loan	\$ -	\$ 367,521	\$ 367,521
Services provided	1,636	-	1,636
Total due to the University	\$ 1,636	\$ 367,521	\$ 369,157

The Foundation provided support of \$2,360,609 and \$2,595,830 to the University for scholarships, academic, faculty, and facilities support for the years ended June 30, 2024 and 2023, respectively. The University provided in-kind finance and administrative services to the Foundation of \$1,284,249 and \$1,027,753 for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2023, a note receivable in the amount of \$1,441,700 was reflected in the financial statements of the University relating to a line of credit issued to NARTP. The University's Board of Trustees approved and authorized the forgiveness of the outstanding principal balance of \$1,441,700 and accrued and unpaid interest in the amount of \$378,022 on its loan to NARTP effective September 30, 2023. In addition, the University's Board of Trustees approved the assignment to NARTP of all the University's interest in and to the aviation and research technology park pursuant to a General Assignment, and the transfer to NARTP of all accounts and assets of NARTP that were held or maintained by the University.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

***Compensated Absences***

The University recorded a liability for compensated absences in the amount of \$5,390,780 and \$4,731,592 for the years ended June 30, 2024 and 2023, respectively. The liability is calculated based upon employees' accrued vacation leave as of year-end, as well as an estimated vested amount for accrued sick leave.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances.

***Litigation***

The University is a party to various legal actions arising in the ordinary course of business. While it is not possible, at this time, to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the University's financial statements.

***Grants***

The University receives support from federal government and State of New Jersey grant programs, primarily student financial assistance. Entitlement to these resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for allowable purposes. Substantially all grants are subject to financial and compliance audits by the respective sponsors. As of June 30, 2024 and 2023, the University believes that adjustments, if any, as a result of such audits would not have a material adverse effect on the University's financial statements.



**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

**Construction Contracts**

The University has outstanding construction commitments in the amount of \$983,007 as of June 30, 2024. These commitments are primarily related to projects on the Galloway campus. It is expected that \$870,347 will be allocated from the Higher Education Capital Improvement funds and \$112,660 will be allocated from unrestricted resources.

**Power Purchase Agreements**

The University entered into various agreements with Stockton Blue Sky Power, LLC ("Blue Sky") related to the construction of a solar power plant at the University. Blue Sky owns and operates the solar power plant, and the University leases the space on campus where the solar power plant is located. The University agreed to purchase all of the energy produced by the solar power plant for a 15-year period at a fixed rate of \$0.03 per kWh, expiring on May 25, 2026.

The University entered into various agreements with Marina Energy LLC related to solar energy conversion services. The University agreed to purchase all of the solar energy produced for a 10-year period at the rate of \$0.09 per kWh with an increase of 2% per year after the first year. The latest agreement expires on October 21, 2029.

**NOTE 13 - LEASES & SUBSCRIPTIONS**

The University is a lessee for non-cancellable leases of building and equipment assets. A lease liability and an intangible right-to-use asset with initial, individual undiscounted payments of the term of the lease value of \$5,000 or more is recognized. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the intangible right-to-use asset is amortized on a straight-line basis over its useful life. The University uses an estimated incremental borrowing rate as the discount rate for leases. The borrowing rate varies from 0.9% to 5.57% depending on the length of the lease as of June 30, 2024 and 2023.

The tables below represent the schedule of maturity for current lessee and lessor arrangements as of June 30, 2024:

**Lessee Maturity Schedule**

Years Ending June 30,	Principal	Interest	Total
2025	\$ 1,203,008	\$ 180,398	\$ 1,383,406
2026	1,030,519	135,833	1,166,352
2027	886,350	84,407	970,757
2028	852,831	40,533	893,364
2029	6,114	40	6,154
Total	<u>\$ 3,978,822</u>	<u>\$ 441,211</u>	<u>\$ 4,420,033</u>

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2024 and 2023**

***Lessor Maturity Schedule***

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 216,620	\$ 42,980	\$ 259,600
2026	221,227	35,207	256,434
2027	225,793	27,705	253,498
2028	240,992	19,822	260,814
2029	70,076	12,929	83,005
2030-2034	78,069	50,070	128,139
2035-2039	16,486	46,096	62,582
2040-2044	19,950	42,632	62,582
2045-2049	24,122	38,460	62,582
2050-2071	182,794	92,567	275,361
	<u>\$ 1,296,129</u>	<u>\$ 408,468</u>	<u>\$ 1,704,597</u>
Total			

The University is a subscriber for non-cancellable contracts of another party's information technology ("IT"). A subscription liability and an intangible asset with initial, individual undiscounted payments of the term of the lease value of \$5,000 or more is recognized. At the commencement of a contract, the subscription liability is measured at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of subscription payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the intangible asset is amortized on a straight-line basis over its useful life. The University uses an estimated incremental borrowing rate as the discount rate for subscriptions. The borrowing rate varies from 0.9% to 6.03% depending on the length of the subscription as of June 30, 2024 and 2023.

The table below represents the schedule of maturity for current subscription contracts as of June 30, 2024:

***Subscription Maturity Schedule***

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,023,357	\$ 212,218	\$ 2,235,575
2026	1,089,236	114,548	1,203,784
2027	663,653	57,462	721,115
2028	463,864	24,818	488,682
	<u>\$ 4,240,110</u>	<u>\$ 409,046</u>	<u>\$ 4,649,156</u>
Total			

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedules of Proportionate Share of Net Pension Liability\* - Unaudited**

**June 30, 2024**

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

Reporting Fiscal Year (Measurement Date, June 30,)	Stockton's Proportion of the Net Pension Liability		Stockton's Covered Employee Payroll	Stockton's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2024 (2023)	0.813%	182,554,780	38,568,178	473.33%	24.86%
2023 (2022)	0.811%	181,610,259	39,012,201	465.52%	23.19%
2022 (2021)	0.797%	172,451,219	36,943,055	466.80%	25.29%
2021 (2020)	0.770%	171,147,251	36,120,696	473.82%	21.39%
2020 (2019)	0.716%	164,700,547	37,652,697	437.42%	22.03%
2019 (2018)	0.694%	164,511,244	35,096,517	468.74%	22.11%
2018 (2017)	0.727%	186,353,409	31,211,750	597.06%	21.18%
2017 (2016)	0.679%	199,651,829	30,386,266	657.05%	19.02%
2016 (2015)	0.662%	157,129,973	30,400,613	516.86%	24.96%
2015 (2014)	0.643%	129,367,998	29,636,603	436.51%	30.06%

***Police and Firemen's Retirement System (PFRS)***

Reporting Fiscal Year (Measurement Date, June 30,)	Stockton's Proportion of the Net Pension Liability		Stockton's Covered Employee Payroll	Stockton's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2024 (2023)	0.254%	11,223,281	940,292	1,193.60%	28.93%
2023 (2022)	0.270%	11,664,095	1,105,986	1,054.63%	27.20%
2022 (2021)	0.273%	11,086,359	1,120,640	989.29%	29.72%
2021 (2020)	0.218%	9,374,648	1,237,912	757.30%	24.81%
2020 (2019)	0.242%	10,173,510	1,430,366	711.25%	26.06%
2019 (2018)	0.412%	17,849,912	1,244,287	1,434.55%	25.84%
2018 (2017)	0.209%	9,167,389	1,101,089	832.57%	25.99%
2017 (2016)	0.135%	6,341,900	965,938	656.55%	24.70%
2016 (2015)	0.156%	6,709,530	885,871	757.39%	29.07%
2015 (2014)	0.183%	6,515,401	723,945	899.99%	34.70%

*\* These schedules are intended to show information for 10 years.*

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedules of Employer Contributions\* - Unaudited**

**June 30, 2024**

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(1) Contractually required contribution	\$ 14,387,005	\$ 13,640,026	\$ 13,565,938	\$ 9,288,136	\$ 6,907,920	\$ 5,637,853	\$ 4,389,336	\$ 4,994,131	\$ 2,184,725	\$ 1,022,366
(2) Contributions in relation to the contractually determined contribution	\$ 14,387,005	\$ 13,640,026	\$ 13,565,938	\$ 9,288,136	\$ 6,907,920	\$ 5,637,853	\$ 4,389,336	\$ 4,994,131	\$ 2,184,725	\$ 1,022,366
(3) Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Covered-employee payroll	\$ 38,568,178	\$ 39,012,201	\$ 36,943,055	\$ 36,120,696	\$ 37,652,697	\$ 35,096,517	\$ 31,211,750	\$ 30,386,266	\$ 30,400,613	\$ 29,636,603
(5) Contributions as a percentage of covered-employee payroll	37.30%	34.96%	36.72%	25.71%	18.35%	16.06%	14.06%	16.44%	7.19%	3.45%

***Police and Firemen's Retirement System (PFRS)***

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
(1) Contractually required contribution	\$ 1,336,460	\$ 1,582,820	\$ 1,728,896	\$ 1,212,917	\$ 828,521	\$ 780,005	\$ 563,191	\$ 602,447	\$ 185,988	\$ 218,158
(2) Contributions in relation to the contractually determined contribution	\$ 1,336,460	\$ 1,582,820	\$ 1,728,896	\$ 1,212,917	\$ 828,521	\$ 780,005	\$ 563,191	\$ 602,447	\$ 185,988	\$ 218,158
(3) Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4) Covered employee payroll	\$ 940,292	\$ 1,105,986	\$ 1,120,640	\$ 1,237,912	\$ 1,430,366	\$ 1,244,287	\$ 1,101,089	\$ 965,938	\$ 885,871	\$ 723,945
(5) Contributions as a percentage of covered-employee payroll	142.13%	143.11%	154.28%	97.98%	57.92%	62.69%	51.15%	62.37%	20.99%	30.13%

*\* These schedules are intended to show information for 10 years.*

**Stockton University**  
**(A Component Unit of the State of New Jersey)**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedules of Proportionate Share of Other Postemployment Benefits Liability\* - Unaudited**  
**June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
University's proportion of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
University's proportionate share of the total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of New Jersey's proportionate share of the total OPEB liability attributable to the University	209,141,386	203,615,065	246,821,258	282,719,809	178,379,517	224,108,076	252,260,777
<b>Total OPEB liability</b>	<b>\$ 209,141,386</b>	<b>\$ 203,615,065</b>	<b>\$ 246,821,258</b>	<b>\$ 282,719,809</b>	<b>\$ 178,379,517</b>	<b>\$ 224,108,076</b>	<b>\$ 252,260,777</b>
University's covered-employee payroll	\$ 92,750,825	\$ 90,343,879	\$ 87,731,706	\$ 90,767,840	\$ 89,890,453	\$ 86,832,800	\$ 70,831,270
University's proportionate share of the total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*\*These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.*