

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

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Table of Contents
June 30, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Required Supplementary Information - Management's Discussion and Analysis (Unaudited)	3
Financial Statements	
William Paterson University of New Jersey:	
Statements of Net Position	18
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	20
William Paterson University of New Jersey Foundation, Inc.	
Statements of Financial Position	21
Statements of Activities	22
Statements of Cash Flows	23
Notes to Financial Statements	24
Required Supplementary Information (Unaudited)	
Schedules of University's Proportionate Share of the Net Pension Liability	55
Schedules of University Contributions	56
Schedules of University's Proportionate Share of the Total OPEB Liability	57

Independent Auditors' Report

To the Board of Trustees of
William Paterson University of New Jersey

Opinions

We have audited the accompanying financial statements of William Paterson University of New Jersey, a component unit of the State of New Jersey (the University), 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, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of William Paterson University of New Jersey Foundation, Inc. (WPUNJ). Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for WPUNJ, is based solely on the report of the other auditors.

Basis for Opinion

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

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 audit.

Required Supplementary Information

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

Baker Tilly US, LLP

Iselin, New Jersey
March 7, 2025

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Introduction

The Management's Discussion and Analysis report (MDA) provides a comprehensive overview of the financial position of The William Paterson University of New Jersey (the University or WPUNJ) as of June 30, 2024 and 2023, and changes in its financial position for the fiscal years then ended with selected comparative information for the fiscal year ended June 30, 2022. Since this management's discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements and footnotes, which follow the MDA report. Unless otherwise indicated, years (2024, 2023 and 2022) in this report refer to the fiscal years ending June 30.

The University's audited financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. It includes discrete presentation of the basic audited financial statements for the WPUNJ Foundation (Statements of Financial Position, the Statements of Activities and the Statements of Cash Flows). The footnotes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Highlights

In recent years the State of New Jersey (State) has not only increased its operating support to higher education, it has also increased the outcomes based allocations and provided for significant payments into the State pension funds. In addition, the State allocated an additional one-time funding of \$7.5 million in 2024 for Institutional Workforce Sustainability Plan, and a total of \$9.8 million for the University's outcome-based appropriation. In contrast, as base appropriation for operations has remained essentially flat, the University has had to cover the state-negotiated labor contracts without additional funding. These unfunded mandates continue to create stress on the University's finances. Despite the challenges these issues present, the University continues to meet the goals of its mission statement by reviewing opportunities for revenue growth and cost reductions. In July of 2020, the University implemented WP Online, a fully online degree program offering graduate degrees in business, education and nursing, and a bachelor's degree in nursing. New programs, including the introduction of additional undergraduate, and doctoral degrees programs were added in the Fall of 2022 leading to enrollment that has escalated exponentially.

The University has a well-established pattern of adapting and responding to an ever-changing business environment. Higher education enrollment nationwide has continued to decline, and WPUNJ has responded over the past years with targeted recruitment updates and constructive approaches to right-sizing budgets. New revenue streams have been implemented, such as increased recruiting in the international market, while academic departments have found ways to improve and modernize programs while consolidating, reducing costs, and finding efficiencies at the same time.

Nearly five years after its initial onset, the impacts of the COVID-19 pandemic and related business disruptions continue to be felt by the University. Residence hall occupancies and main campus enrollment have continued to decline, and the skills gap for many students has increased as a direct impact of COVID-19, leading to a student population less prepared for college than past cohorts and requiring their own unique sets of learning needs. Throughout the pandemic, the University found opportunity to evolve and improve its operations and has continued to do so as we have emerged from the pandemic and both its long and short-term impacts.

While navigating the sudden reduction of revenue streams in the immediate aftermath of the pandemic, including State appropriations and campus housing revenue, required agility and adaptation, WPUNJ has made significant efforts to modernize and streamline operations while identifying cost savings. In doing so, WPUNJ has nevertheless continued to strive to provide the best services and experience its students. High priority was given to achieving the technology requirements of delivering classes remotely and accommodating students in need, which served WPUNJ well both in adapting to the needs of the modern, post-pandemic student, and in scaling up the tremendously successful WP Online program.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

On the cost savings side, furlough programs were developed equitably across all categories of faculty and staff to drive personnel savings and reduce layoffs/retranchments. WPUNJ has also offered several rounds of a Voluntary Separation Plan (VSP) which offered financial and other support to help faculty and staff transition to retirement and allow the University to manage staffing levels without additional layoffs or retranchments due to these retirements. Pandemic-related emergency federal and state grants were leveraged to mitigate revenue losses and provide aid to students. Spending reductions and increased controls around hiring and position management have been utilized throughout the pandemic to reduce operating expenses.

Many of the technology solutions developed for remote operations were discovered to be relevant business process improvements with longer term value. The recent revenue losses and technology expenses experienced as a result of both the pandemic and demographic trends have been offset by reduced operating expense and emergency relief grants. In addition to the rapid and much-welcomed growth of the WP Online program, WPUNJ has made strategic investments in the recruitment and marketing areas that have yielded noteworthy results and are expected to continue to do so as our investments and initiatives in these areas are fully deployed and scaled-up. Despite the fiscal and enrollment problems WPUNJ has faced, this sound approach to reducing expenses while deploying resources where the most return can be realized has helped the campus begin to turn the corner and shows sign of many positive things to come.

The University adopted a new strategic plan in 2022. This plan consists of five pillars on which the University is focusing its collaborative efforts. The five Pillars are as follows:

- Adult learning
- Alternative credentials and certificates
- Attrition
- Decolonization
- Revising the Mission Statement

The first two pillars are about creating new opportunities to extend and adapt WPUNJ's educational offerings into new markets in order to reach more non-traditional students. The next two address strengthening efforts to increase student retention. The attrition pillar does this directly. Equally important is the ongoing work to decolonize the University so that every student has a just and equitable educational experience in which they feel seen, engaged, and valued as a full member of the WPUNJ community.

The fifth pillar is to create a Mission Statement that will better reflect those served, how the educational framework functions, and the overall goals for students.

The plan was presented to and adopted by the Board of Trustees at its September 16, 2022 meeting, and the University is tracking progress on the plan annually.

Governmental Accounting Standards Board Statements No. 68 and 75

The University complies with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These rules are unique in that none of the funding and transacting activities of the plans occur at the University level; rather they are conducted entirely by the State.

GASB Statement No. 68 was adopted in 2015 and requires participating employees of governmental multiple-employer cost sharing pension plans to report their proportionate share of net pension liability, pension expense, and the related deferred outflows and inflows of resources on their financial statements. The unfavorable impact of GASB 68 can be seen primarily in two sections of the University's financial statements: liabilities and unrestricted net position.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

These sections of the 2024 financial statements are impacted by the requirements of GASB Statement No 68:

- *Noncurrent liabilities:* Net pension liability as of June 30, 2024 was \$133.0 million, a decrease of \$11.5 million from June 30, 2023. This liability makes up 39% of the University's total liabilities.
- *Deferred outflows and inflows of resources:* Deferred outflows was \$23.0 million as of June 30, 2024, a decrease of \$4.0 million from June 30, 2023; and deferred inflows was \$23.3 million as of June 30, 2024, a decrease of \$0.9 million from June 30, 2023.
- *Current year operating expense:* Fiscal year 2024 includes \$8.5 million pension benefit associated with the State pension plan. This income is allocated to the functional expense lines in the Statement of Revenues, Expenses and Changes in Net Position. In fiscal year 2023, the pension benefit amount was amount was \$11.0 million.
- *Unrestricted net position:* The cumulative total of GASB 68 impact to unrestricted net position as of June 30, 2024 and June 30, 2023 is a (deficit) of (\$135.4) million and (\$144.0) million, respectively.

GASB Statement No. 75 was adopted during fiscal year 2018. Similar to GASB No. 68, GASB No. 75 focuses on participating employers reporting their proportionate share of certain items relating to a long term benefit plan, in this case other post-employment benefits (OPEB) provided by the State of New Jersey State Health Benefit State Retired Employees Plan. The plan pays health care benefits for state employees who have met minimum service requirements. Different from GASB No. 68 however, the University is not required to report OPEB liability because of the technical classification whereby a "special funding situation" as defined by GASB No. 75 is deemed relevant. The University must record and report its proportionate share of OPEB expense along with the associated revenue reflecting the State's legal obligation to pay for these benefits. The University's proportionate share of OPEB liability was \$179.5 million and \$186.7 million as of June 30, 2024 and 2023, respectively, and its share of OPEB was a decrease in expense (with corresponding decrease in revenue) of \$7.2 million and \$5.4 million in fiscal years 2024 and 2023, respectively. The benefits are allocated to the functional expense lines in the Statement of Revenues, Expenses and Changes in Net Position, and is fully offset by an equal amount of State appropriation expense in the Nonoperating Revenues (Expenses) section of the Statement of Revenues, Expenses and Changes in Net Position.

Statements of Net Position

The Statements of Net Position present the University's financial position as of a point in time, reflecting current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and total net position reported under three separate classifications.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Assets and liabilities are generally measured using current values. However, capital assets are stated at historical cost less an allowance for depreciation. A summary of the University's assets, liabilities and net position at June 30, 2024, 2023 and 2022 follows:

Statements of Net Position Summary

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(In Thousands)		
Assets:			
Current assets	\$ 116,348	\$ 95,879	\$ 114,109
Noncurrent assets:			
Capital assets, net	372,651	377,478	387,488
Other	-	59	59
Total assets	<u>488,999</u>	<u>473,416</u>	<u>501,656</u>
Deferred outflows	<u>23,017</u>	<u>27,008</u>	<u>28,154</u>
Liabilities:			
Current liabilities	41,217	28,956	38,379
Noncurrent liabilities	<u>303,906</u>	<u>311,371</u>	<u>322,126</u>
Total liabilities	<u>345,123</u>	<u>340,327</u>	<u>360,505</u>
Deferred inflows	<u>23,284</u>	<u>24,164</u>	<u>35,183</u>
Net position:			
Net investments in capital assets	208,970	207,167	210,418
Restricted for debt service	9,270	8,210	7,805
Unrestricted (deficit)	<u>(74,631)</u>	<u>(79,444)</u>	<u>(84,101)</u>
Total net position	<u>\$ 143,609</u>	<u>\$ 135,933</u>	<u>\$ 134,122</u>

Current and Noncurrent Assets and Liabilities

Current assets consist primarily of cash and cash equivalents, restricted deposits held by bond trustees, investments and accounts receivables. Noncurrent assets consist of capital assets and noncurrent portion of loans receivable. Current liabilities consist primarily of accounts payable and accrued expenses, unearned revenue and current portion of bonds payable and other long-term debt, while noncurrent liabilities consist primarily of bonds payable, net pension liability and other long-term debt.

Assets

At June 30, 2024, the University had total assets of \$489.0 million, an increase of \$15.6 million from \$473.4 million at June 30, 2023. The decrease in capital assets of \$4.8 million is derivative of current year depreciation of \$16.4 million, partially offset by increases for new capital projects.

Current assets, consisting of cash and cash equivalents, restricted deposits held by bond trustees, investments, and accounts receivable, increased \$20.5 million during 2024. Investment values decreased \$5.0 million due to fluctuations in market value and restricted deposits increased \$0.8 million. Cash and cash equivalents increased \$3.4 million.

Student accounts receivable, net of the allowance for doubtful accounts, were essentially flat, while other receivables and prepaid expenses increased \$5.0 million.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

At June 30, 2023, the University had total assets of \$473.4 million, a decrease of \$28.3 million from \$501.7 million at June 30, 2022. The decrease in capital assets of \$10.0 million was caused by depreciation of \$18.1 million, partially offset by increases for new capital projects.

Current assets, consisting of cash and cash equivalents, restricted deposits held by bond trustees, investments and accounts receivable, decreased \$18.2 million during 2023. Investments increased \$5.5 million due to increase in market value and restricted deposits decreased \$3.0 million. Cash and cash equivalents decreased \$19.9 million, as a result of depleting all emergency relief funds received in FY 22 and FY 21.

Student accounts receivable, net of the allowance for doubtful accounts, increased \$0.6 million, while other receivables and prepaid expenses increased \$0.8 million.

Deferred Outflows and Inflows of Resources

As of June 30, 2024, the deferred outflows of resources and deferred inflows of resources were \$23.0 million and \$23.3 million, respectively.

The primary component of deferred outflows consists of GASB 68 actuarial pension fund adjustments, however in fiscal years 2023 and 2022 the total deferred outflows of \$27.0 million and \$28.2 million, respectively, includes \$3.2 million and \$3.5 million relating to advance refunding of the 2008C bond issue.

The sources of deferred inflows are related to GASB 68 actuarial pension fund adjustments and GASB 87 lease adjustments.

Liabilities

At June 30, 2024, the University had total liabilities of \$345.1 million, an increase of \$4.8 million from \$340.3 million at June 30, 2023. Primary drivers of the increase are accounts payable and unearned revenue, which increased from prior year \$6.5 million and \$3.9 million respectively. These were partially offset by the decrease in net pension liability of \$11.5 million.

At June 30, 2023, the University had total liabilities of \$340.3 million, a decrease of \$20.2 million from \$360.5 million at June 30, 2022. Primary drivers of the decrease are unearned revenue of \$2.5 million and payment of existing debt of \$9.6 million. Other decreases are in accrued compensated absences, \$0.7 million and net pension liability, \$0.9 million.

Net Position

Net position reflects the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. Net position consists of three major categories: net investment in capital assets, expendable restricted net position and unrestricted net position.

Net investment in capital assets - Includes the University's capital assets (property, plant and equipment), net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these assets.

Expendable restricted net assets - Assets available for expenditure by the University, but only in accordance with restrictions placed on their use by external entities.

Unrestricted net position - Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the University and include resources that may be designated for specific purposes as determined by management or the Board.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

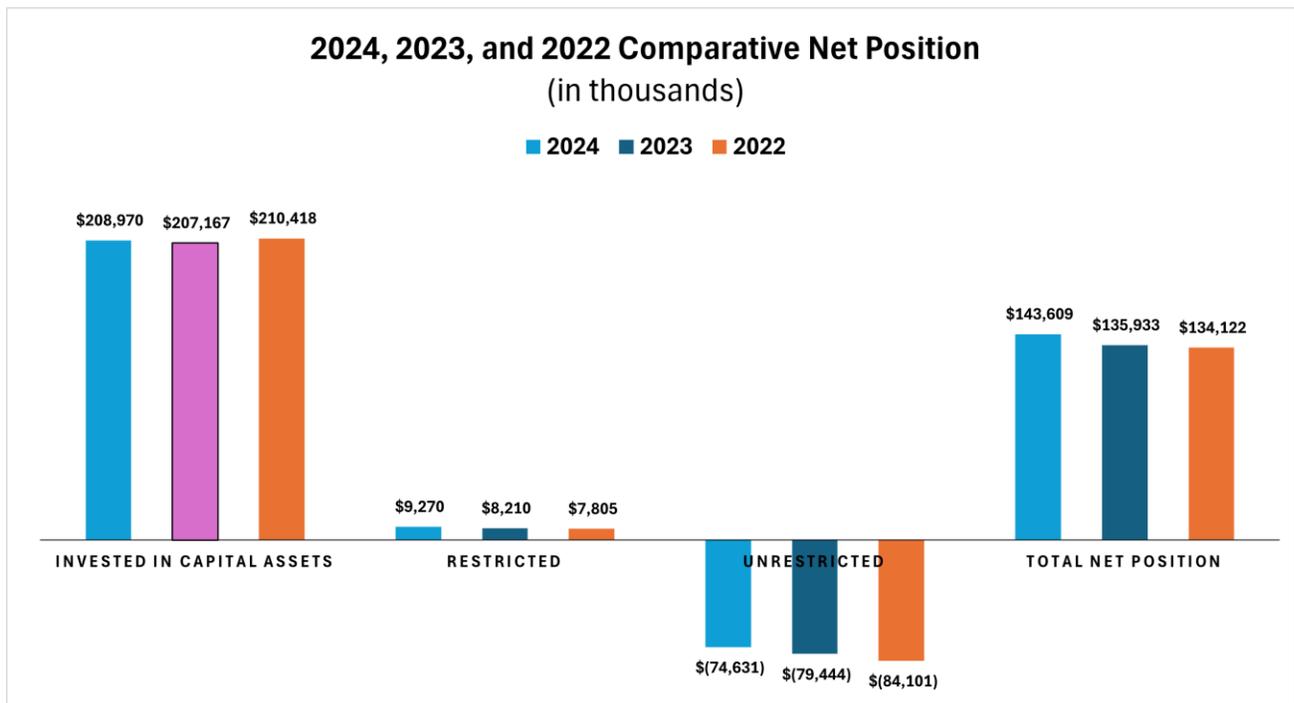
Components of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net investment in capital assets	\$ 208,969,845	\$ 207,167,109	\$ 210,418,591
Expendable restricted for debt service	9,270,000	8,210,000	7,805,000
Unrestricted:			
University unrestricted	60,816,098	64,513,057	70,830,647
Proportionate share of NJ pension liability	<u>(135,447,552)</u>	<u>(143,957,229)</u>	<u>(154,931,874)</u>
	<u>(74,631,454)</u>	<u>(79,444,172)</u>	<u>(84,101,227)</u>
Total net position	<u><u>\$ 143,608,391</u></u>	<u><u>\$ 135,932,937</u></u>	<u><u>\$ 134,122,364</u></u>

Net position at June 30, 2024, 2023 and 2022 was \$143.6 million, \$135.9 million and \$134.1 million, respectively. From fiscal year 2023 to 2024, net position increased \$7.7 million and from fiscal year 2022 to 2023, it increased \$1.8 million.

The FY24 overall increase in net position of \$7.7 million, as reported in the Statement of Revenues, Expenses and Changes in Net Position, reflects total net expenses over revenues of \$1.9 million plus the GASB 68 benefit of \$8.5 million and Capital grants/gifts of \$1.0 million.

The FY23 overall increase in net position of \$1.8 million, as reported in the Statement of Revenues, Expenses and Changes in Net Position, reflects total net expenses over revenues of \$9.2 million plus the GASB 68 benefit of \$11.0 million.



William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year. Activities are classified as operating, nonoperating or capital contributions. Revenues received and expenses incurred as a result of the University providing goods and services to its students and other constituencies are considered operating. Nonoperating revenues are primarily those received for which goods and services are not directly provided. The University's financial reporting model classifies state appropriations and gifts as nonoperating revenues. The operating deficit demonstrates the University's dependency on state support, capital grants and other nonoperating revenues. Nonoperating activity also includes investment income and expense.

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

Summary of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(In Thousands)		
Operating revenues:			
Net student revenue	\$ 82,641	\$ 80,707	\$ 97,133
Other	52,483	41,567	41,526
Total operating revenues	135,124	122,274	138,659
Operating expenses	202,497	195,031	222,298
Operating loss	(67,373)	(72,757)	(83,639)
Nonoperating revenues (expenses):			
State appropriations	74,103	75,092	69,963
Emergency relief grants	-	-	29,117
Other	5,321	5,077	(650)
Interest expense	(5,421)	(5,601)	(6,283)
Net total nonoperating revenues	74,003	74,568	92,147
Capital grants and gifts	1,045	-	56
Change in net position*	7,675	1,811	8,564
Net position, beginning of year	135,933	134,122	125,558
Net position, end of year	<u>\$ 143,608</u>	<u>\$ 135,933</u>	<u>\$ 134,122</u>

*Categories of change in net position:

Operating and nonoperating net total expenses	\$ (1,881)	\$ (9,164)	\$ (6,132)
GASB 68 pension benefit	8,510	10,975	14,640
GASB 75 OPEB benefit (expense)	7,184	5,412	(2,770)
GASB 75 OPEB revenue (expense)	(7,184)	(5,412)	2,770
Capital grants and gifts	1,046	-	56
Net total increase (decrease) in net position	<u>\$ 7,675</u>	<u>\$ 1,811</u>	<u>\$ 8,564</u>

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

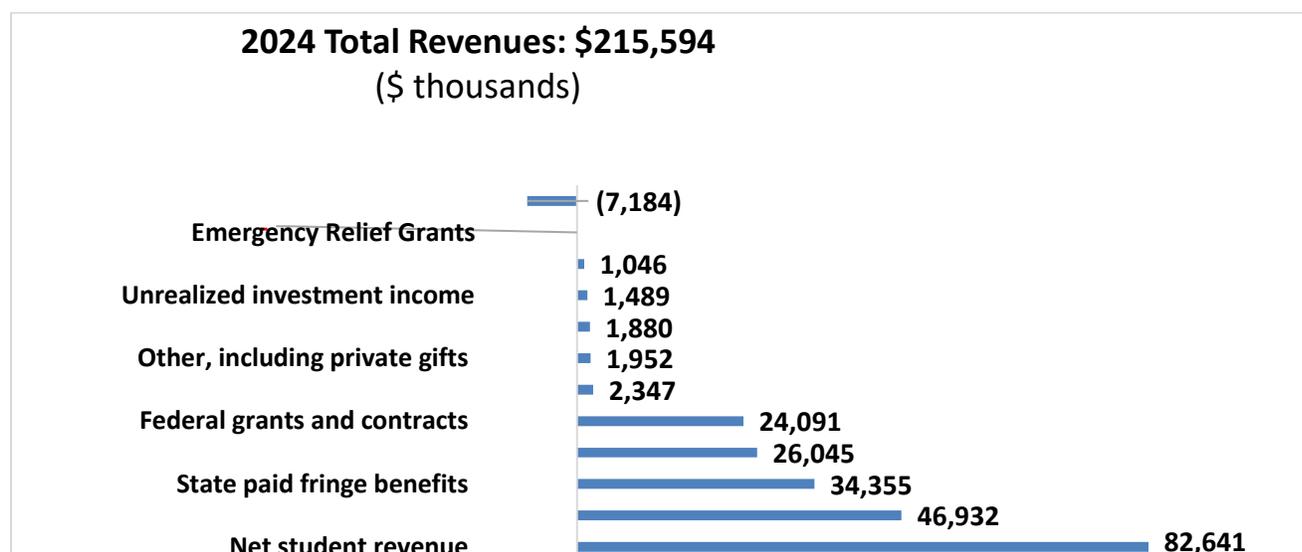
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Revenues

Revenues are classified as operating, nonoperating, or capital grants and gifts. A summary of the University's revenues for the years ended June 30, 2024, 2023 and 2022 follows:

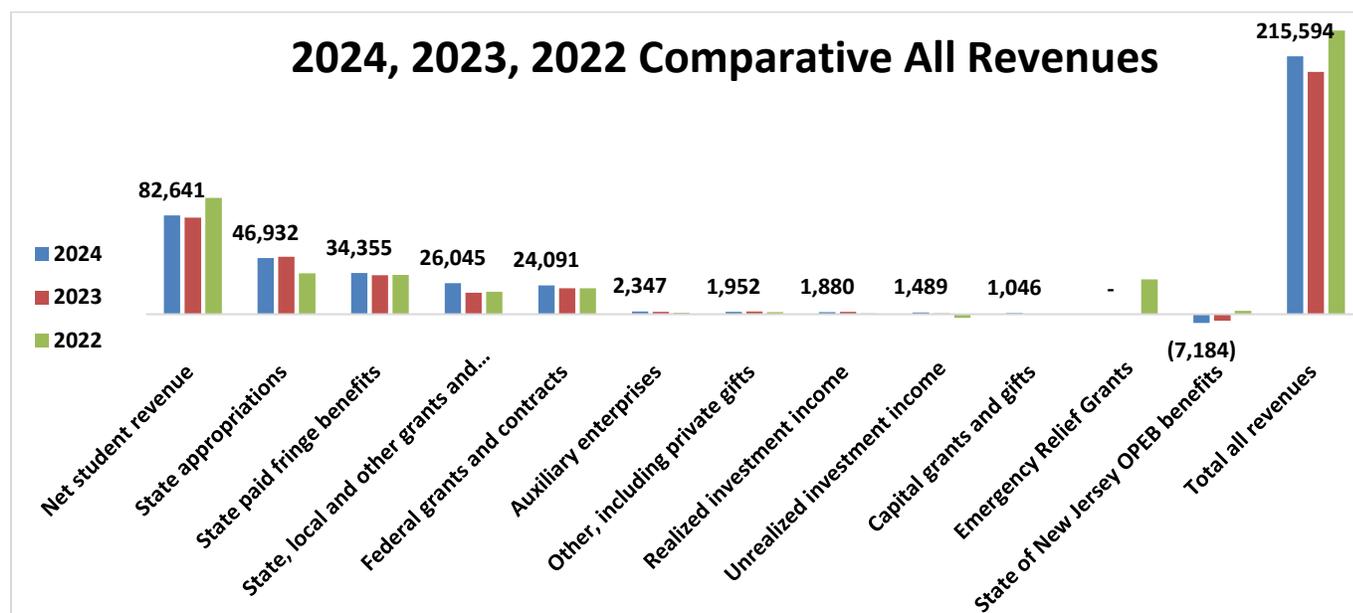
Operating, Nonoperating and Capital Revenues:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(In Thousands)		
Operating revenues:			
Net student revenue	\$ 82,641	\$ 80,707	\$ 97,133
Federal grants and contracts	24,091	21,608	21,668
State local and other grants and contracts	26,045	17,871	18,717
Auxiliary enterprises	2,347	2,088	1,140
Total operating revenues	<u>135,124</u>	<u>122,274</u>	<u>138,658</u>
Nonoperating revenues:			
State appropriations	46,932	47,932	34,240
State paid fringe benefits	34,355	32,573	32,953
Emergency relief grants	-	-	29,117
Change in State OPEB benefits	(7,184)	(5,412)	2,770
Investment income	1,880	2,048	613
Unrealized investment (loss) gain	1,489	697	(3,015)
Other, including private gifts	1,952	2,331	1,752
Total nonoperating revenues	<u>79,424</u>	<u>80,169</u>	<u>98,430</u>
Capital grants and gifts	<u>1,046</u>	<u>-</u>	<u>57</u>
Total operating, nonoperating, and capital revenues	<u>\$ 215,594</u>	<u>\$ 202,443</u>	<u>\$ 237,145</u>



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

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023



Operating Revenues

Operating revenues consist of student revenues, government grants and contracts, and auxiliary enterprises.

Gross student tuition and fees were \$112.5 million, \$108.4 million and \$112.3 million for the years ended June 30, 2024, 2023 and 2022, respectively. This revenue was generated by the following number of students, resident students and meal plan participants (and includes WP Online):

Student Enrollment:

Total Enrollment (FTE's):

	2024	2023	2022
Annualized Fall and Spring	6,837	6,735	6,801
Summer II (July-August 2024, 2023, 2022)	541	429	410
Summer I (May-June 2024, 2023, 2022)	632	700	480
Winter	78	76	86
Total enrollment	8,088	7,940	7,777
Residential students	1,133	1,153	1,261
Meal plan participants	1,116	1,109	1,117

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Net student revenue, comprised of tuition and fees and residence life less scholarship allowances, was \$82.6 million for the year ended June 30, 2024, an increase of \$1.9 million from fiscal year 2023. This is driven by a \$4.0 million increase in tuition and fees and is offset by a \$0.9 million decrease in room and board and a scholarship allowance increase of \$1.2 million.

Net student revenue, comprised of tuition and fees and residence life less scholarship allowances, was \$80.7 million for the year ended June 30, 2023, a decrease of \$16.4 million from fiscal year 2022. The increase consists of tuition and fees decreases totaling \$3.9 million, offset by a room and board increase totaling \$0.2 million and a scholarship allowance increase of \$12.7 million.

Tuition and fees revenue, a component of net student revenue, was \$112.5 million in fiscal year 2024, \$4.0 million higher than fiscal year 2023. Tuition and fees revenue was \$108.4 million in fiscal year 2023, \$3.9 million lower than fiscal year 2022, at least partially driven by pandemic-driven enrollment declines. Revenues from federal grants and contracts increased \$2.5 million during fiscal year 2024 to \$24.1 million. Revenues from federal grants and contracts were essentially flat from fiscal year 2022 to 2023, at \$21.6M.

State, local and other grants and contracts increased for the year ended June 30, 2024 by \$8.2 million. The main drivers of this increase is the Garden State Guarantee (\$6.2 million), which in fiscal year 2024 is being managed like the TAG (tuition assistance grants) in New Jersey. In addition, revenue includes \$1.7 million the University received under the Higher Education Equipment Leasing Fund Program. State, local and other grants and contracts decreased for the year ended June 30, 2023 by \$0.8 million.

Revenue from auxiliary enterprises consists of bookstore and vending machine commissions, revenue from athletic programs, facilities rentals, food service sales and other related revenue. Revenue from auxiliary enterprise activities was \$2.3 million for the year ended June 30, 2024, an increase of \$0.2 million from fiscal year 2023 reflecting higher meal plan and other auxiliary revenue sources such as athletic programs, facilities rentals, food service sales and other related revenue. Revenue from auxiliary enterprise activities was \$2.1 million for the year ended June 30, 2023, an increase of \$0.9 million from fiscal year 2022.

Nonoperating Revenues

The University's primary source of nonoperating revenue is State of New Jersey appropriations for general operations and fringe benefits. The general operations appropriation was \$46.9 million in fiscal year 2024, a decrease of \$1.0 million from fiscal year 2023. An additional \$2.7 million was deferred to the University in 2023, but was appropriated in 2022. The deferral occurred in accordance with an agreement with the Office of the Secretary for Higher Education that the incremental funding would be used to partially fund the launch of the Garden State Guarantee "Last Dollar" Scholarship Program in fall 2023. The fringe benefits appropriation was \$34.4 million, \$32.6 million and \$33.0 million for the years ended June 30, 2024, 2023, and 2022, respectively. State change in OPEB (expense) benefits was (\$7.2) million, (\$5.4) million and \$2.8 million in fiscal years 2024, 2023 and 2022, respectively.

Capital Grants and Gifts

Final capital grant funding from the State of New Jersey's "Building our Future" bond issue was received in fiscal years 2024 and 2023. This \$30 million grant was the primary (75%) funding source for University Hall and partially funded the Preakness Hall and Hunziker Wing renovations. For the years ending June 30, 2024 and June 30, 2023, \$1.0 million and \$0, respectively, were received as capital grants.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

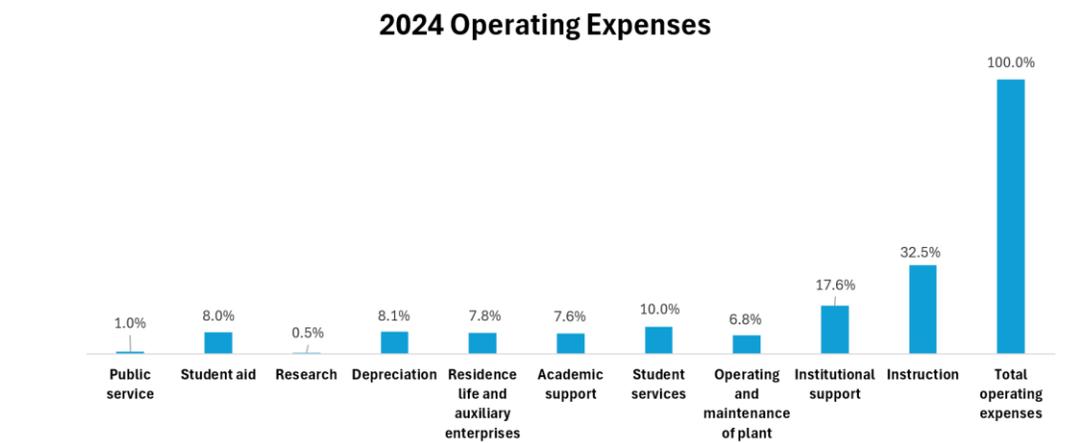
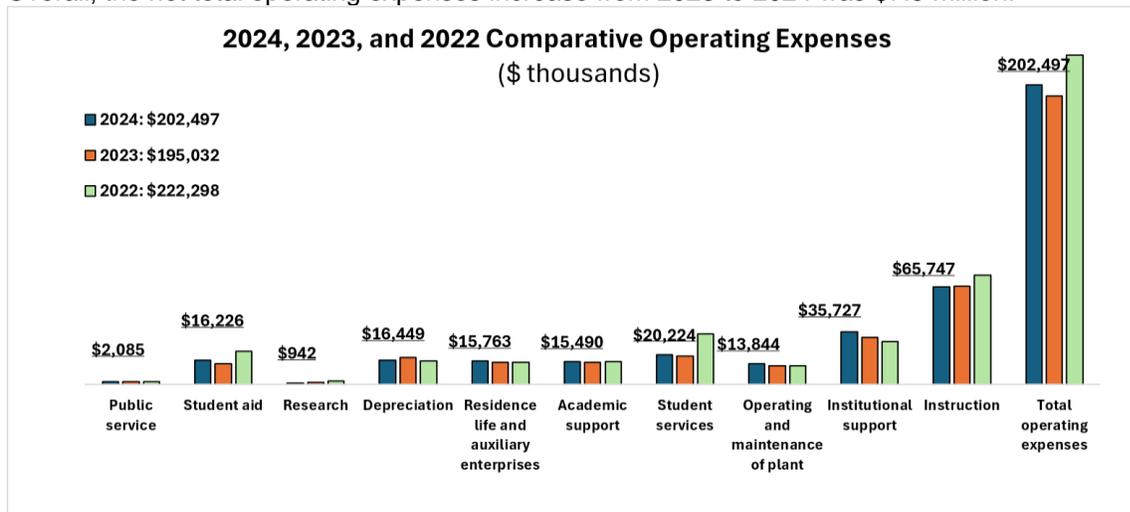
Expenses

Operating expenses are reported by functional classification in the Statements of Revenues, Expenses and Changes in Net Position. Total operating expenses for the year ended June 30, 2024 were \$202.5 million, an increase of \$7.5 million from fiscal year 2023. Operating expenses include GASB 68 pension income of \$8.5 million in fiscal year 2024 and \$11.0 million in fiscal year 2023. The income in fiscal years 2023 and 2024 is reflective of general improvements to the GASB 68 balance sheet items of net pension liability, deferred outflows and deferred inflows.

GASB 75 OPEB benefit was \$7.2 million in fiscal year 2024 and was \$5.4 million in fiscal year 2023. This (benefit) expense reflects the University's proportionate share of change in collective net post-employment retirement liability.

Salaries increased during fiscal year 2024 by \$2.6 million, or 2%, attributable to the absorption of contractually mandated salary increases, partially offset by continued reductions in staffing levels mainly through attrition.

Overall, the net total operating expenses increase from 2023 to 2024 was \$7.5 million.



William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Functional vs. Natural Classification of Expenses (Without GASB 68 or GASB 75)

Exclusive of the impacts of GASB 68 and GASB 75, the allocation of operating expenses to natural classifications has remained proportionately constant over the years ended June 30, 2024, 2023 and 2022, with salaries at 51-55%, fringe benefits at 11-17%, supplies and services at 24-26% and depreciation at 7-9%. In fiscal year 2024, salaries and fringe benefits (non-GASB 68 related) increased \$2.6 million.

Operating Expenses: Functional vs. Natural Classifications

	2024		2023		2022	
(\$ in thousands)						
Functional Classification						
Instruction	\$ 73,120	33.5 %	\$ 70,911	33.5 %	\$ 74,867	32.0 %
Research	1,028	0.5	1,642	0.8	2,137	0.9
Academic support	16,975	7.8	16,868	8.0	16,334	7.0
Public service	2,214	1.0	1,866	0.9	1,718	0.7
Student services	22,092	10.1	20,865	9.9	35,257	15.1
Institutional support	38,754	17.8	35,474	16.8	32,875	14.0
Operation and maintenance of plant	14,899	6.8	15,866	7.5	16,374	7.0
Student aid	16,235	7.5	14,010	6.6	22,646	9.7
Residence life and auxiliary	16,424	7.5	15,853	7.5	15,896	6.8
Depreciation	16,449	7.5	18,063	8.5	16,064	6.8
Total operating expenses	218,190	100.0 %	211,418	100.0 %	234,168	100.0 %
GASB 68 impact	(8,510)		(10,975)		(14,640)	
GASB 75 impact	(7,183)		(5,412)		2,770	
	<u>\$ 202,497</u>		<u>\$ 195,031</u>		<u>\$ 222,298</u>	
Natural Classification						
Salaries and wages	\$ 112,424	51.53 %	\$ 109,865	54.8 %	\$ 113,886	51.9 %
Fringe benefits	35,196	16.13	33,936	11.5	34,464	15.7
Supplies and services	54,121	24.8	49,554	24.7	55,139	25.1
Depreciation	16,449	7.54	18,063	9.0	16,064	7.3
Total operating expenses	218,190	100.0 %	211,418	100.0 %	219,553	100.0 %
Student relief expenses			-		14,615	
GASB 68 impact	(8,510)		(10,975)		(14,640)	
GASB 75 impact	(7,183)		(5,412)		2,770	
	<u>\$ 202,497</u>		<u>\$ 195,031</u>		<u>\$ 222,298</u>	

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Nonoperating Expense

Nonoperating expense consists of interest on capital asset-related debt of \$5.4 million, \$5.6 million and \$6.3 million for the years ended June 30, 2024, 2023 and 2022, respectively.

Unrealized investment gain during 2024 reflect market valuation changes driven by interest rate fluctuations, these gains are not expected to be realized as long as bonds are held to maturity. The University's portfolio is structured so that all bonds are held to maturity.

Capital Assets and Debt Activities

At June 30, 2024, the University's investment in capital assets was \$372.6 million, net of accumulated depreciation of \$311.0 million. Debt related to these capitalized assets was \$176.4 million. During fiscal year 2024, the University had buildings and improvements and equipment additions of \$15.8 million for improvement and restoration projects.

At June 30, 2023, the University's investment in capital assets was \$377.5 million, net of accumulated depreciation of \$294.0 million. Debt related to these capitalized assets was \$170.3 million. During fiscal year 2023, the University had total capital additions of \$8.1 million for improvement and restoration projects. These additions were partially funded with proceeds from the 2021C bond issue which occurred March 2021.

In April 2023, it was announced that the University was recommended for \$43 million in capital grant funding through a partnership between the Office of the Secretary of Higher (OSHE) education, and the New Jersey Educational Facilities Authority (NJEFA). Included in this recommendation is \$40 million for the renovation and expansion of the Sports and Recreation Center; approximately \$2.3 million for technology infrastructure and modernization, with a special focus on upgrading campus Wi-Fi; and \$639,000 for adoption of the student focuses technology for use in many core campus operations.

These recommendations were approved and the University is moving forward with the additional renovation and expansions, which are slated to begin construction in fiscal year 2025. The Sports and Recreation Center project is expected to improve and expand key instructional resources, as well as sports and recreation facilities. It will include a two-story, 88,000 square-foot addition that will nearly triple the overall size of the building to accommodate a new Wellness Center and significant new classroom and lab space for Nursing, Kinesiology, and Movement Science programs, in addition to a new fitness center, natatorium, and locker rooms. Existing space will be renovated to create a new Training Room and Sports Therapy and Rehabilitation Instructional Lab. These exciting developments are expected to create significant campus improvements to further aid WP's critical recruitment and retention efforts.

The University continually assesses its spaces, especially student-facing like its residence halls, and is working on a timeline for refresh and renewal of those spaces. In addition, WPUNJ will continue to supplement funding for its capital and deferred maintenance projects with capital gifts and its own funds, as needed.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

A summary of the University's capital assets at June 30, 2024, 2023 and 2022 follows:

Capital Assets

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	(In Thousands)		
Land	\$ 7,256	\$ 7,256	\$ 7,256
Construction in progress	12,078	18,304	21,352
Infrastructure	19,601	19,601	18,864
Buildings and improvements	590,197	575,748	566,318
Equipment	49,496	48,135	47,201
Right of use asset	1,752	1,752	1,752
Subscription asset	2,615	-	-
Artwork	691	691	691
	<u>683,686</u>	<u>671,487</u>	<u>663,434</u>
Total	683,686	671,487	663,434
Less accumulated depreciation	<u>(311,035)</u>	<u>(294,009)</u>	<u>(275,946)</u>
Total capital assets, net	<u>\$ 372,651</u>	<u>\$ 377,478</u>	<u>\$ 387,488</u>

Conclusion

Despite stagnating base state appropriation, challenging enrollment and fiscal landscapes, and the continued residual effects of the 2020 COVID-19 pandemic, the University continues to carefully manage expenses, allocate resources strategically, and seek opportunities to grow revenue streams while continuing to provide an affordable and quality education to its underserved population of students. Management's commitment to manage the challenges we face while continuing to stay mission and student-focused in guiding WPUNJ into the future has helped the University navigate these challenges. Changing demographics and reliance upon State funding are challenges that the University has so far overcome through strategic planning and prudent fiscal management. The University's reserves provide financial security and flexibility to respond to the business requirements associated with business development, new strategic goals and transition.

The State's colleges and universities play a pivotal role in establishing New Jersey as a leader in human, economic and technological development. The financial condition of WPUNJ is tied to that of the State of New Jersey. A crucial element to the University's future will be the level of base state-appropriated funding allocated to WPUNJ by the State, as there is a direct relationship between the level of State support and the University's ability to control tuition costs. State appropriations received in the years ended June 30, 2024 and 2023 were \$46.9 million, and \$47.9 million, respectively. In both fiscal years 2024 and 2023, the University received one-time additional State support in the amount of \$7.5 million. While the University is appreciative of this one-time funding and leveraged it to help navigate the many challenges discussed, WPUNJ continues to advocate for the addition of these funds to the University's permanent base appropriation funding levels from the State.

Despite significant inflationary cost escalations that have impacted all facets of WPUNJ's operations and ability to deliver on its core mission over the past thirty years, there has been no congruent increase in support from the State in the form of increased base appropriation allocated to WPUNJ, though the State has provided increases in the Outcomes Based Assessment (OBA) appropriation provided to the University. For example, the fiscal year 2022 appropriation was approximately the same amount as received in the year ended June 30, 1992 (and fiscal years since then), aside from contractually obligated and state paid fringe benefits, which are tied directly to contractually negotiated and mandated arrangements.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

With a continued and increased expectation of less reliance on state support, while understanding its public role in serving the state, the University's goal is to increase student recruitment, enrollment and retention, and diversify its revenues. Annual tuition and fee charges were increased an average of 2.3% over the past 10 years, most years not keeping pace with the rate of inflation or the industry-specific Higher Education Price Index (HEPI). This commitment to keeping WPUNJ affordable and not passing along the costs associated with inadequate state appropriation to the University's students demonstrates the commitment of senior leadership to the University's mission.

The University has increased revenue from its successful WP Online launch in fall of 2020, noncredit courses, and from its off-campus program at Mercer County Community College. New initiatives in recruitment and admissions, along with seeking to grow in new spaces such as the international market present promising opportunities for new and growing revenue streams. The University also continues efforts to maintain and grow alternative streams in areas such as cellular tower lease revenue, conference and space rentals, and others.

The engagement of external investment advisors to manage the investment and increase the yield on liquid operating cash has yielded strong results in the form of significant investment income increases since the beginning of the engagement. In addition, the William Paterson University of New Jersey Foundation continues to expand its fund-raising efforts as a means to supplement revenue from tuition and state support, and has doubled its endowment in the past five years.

The University continues to monitor its financial health with the Board of Trustees' adoption of Key Performance Indicators, including ratios developed specifically to align with those used in external rating agency analysis of colleges and universities.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey
Statements of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflow of Resources		
Current assets:		
Cash and cash equivalents	\$ 12,443,612	\$ 9,030,643
Restricted deposits held by bond trustees	14,629,047	13,843,846
Investments	50,099,161	55,135,213
Receivables:		
Students, less allowance for doubtful accounts of \$7,012,315 in 2024 and \$6,511,338 in 2023	10,644,782	10,665,981
Loans, net	288,685	321,435
State of New Jersey	17,375,247	1,545,448
Gifts, grants and contracts	2,297,103	2,367,974
Leases	891,310	938,010
Other receivables	5,971,143	822,062
Due from component unit	1,378,331	744,509
Total receivables	38,846,601	17,405,419
Prepaid expenses	329,112	463,816
Total current assets	<u>116,347,533</u>	<u>95,878,937</u>
Noncurrent assets:		
Loans, net	-	59,153
Capital assets, net	372,651,067	377,477,805
Total noncurrent assets	<u>372,651,067</u>	<u>377,536,958</u>
Total assets	488,998,600	473,415,895
Deferred outflows of resources		
Advance bond refunding	3,031,419	3,246,668
Pensions	19,985,654	23,761,676
Total deferred outflows of resources	23,017,073	27,008,344
Total assets and deferred outflows of resources	<u>512,015,673</u>	<u>500,424,239</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and accrued expenses	16,989,344	10,493,064
Subscription liability	627,467	-
Lease liability	-	101,777
Compensated absences	3,935,095	3,970,534
Bonds payable	9,270,000	8,210,000
Other long-term debt	329,101	57,357
Unearned revenue	10,066,089	6,123,885
Total current liabilities	<u>41,217,096</u>	<u>28,956,617</u>
Noncurrent liabilities:		
Subscription liability	1,411,638	-
Bonds payable	153,015,073	163,394,329
Other long-term debt	14,103,395	1,057,493
Compensated absences	1,740,395	1,830,780
U.S. government grants refundable	595,166	595,166
Net pension liability	133,040,276	144,493,094
Total noncurrent liabilities	<u>303,905,943</u>	<u>311,370,862</u>
Total liabilities	<u>345,123,039</u>	<u>340,327,479</u>
Deferred inflows of resources		
Lease receivable	891,310	938,010
Pensions	22,392,933	23,225,813
	23,284,243	24,163,823
Net Position		
Net investment in capital assets	208,969,845	207,167,109
Restricted for debt service	9,270,000	8,210,000
Unrestricted (deficit)	<u>(74,631,454)</u>	<u>(79,444,172)</u>
Total net position	<u>\$ 143,608,391</u>	<u>\$ 135,932,937</u>

See notes to financial statements

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Student revenues:		
Student tuition and fees	\$ 112,472,732	\$ 108,400,669
Residence life	14,243,125	15,159,143
Less scholarship allowances	<u>(44,074,992)</u>	<u>(42,852,774)</u>
Net student revenues	82,640,865	80,707,038
Federal grants and contracts	24,091,359	21,607,850
State, local and other grants and contracts	26,044,796	17,871,106
Auxiliary enterprises	<u>2,346,917</u>	<u>2,088,490</u>
Total operating revenues	<u>135,123,937</u>	<u>122,274,484</u>
Operating Expenses		
Instruction	65,747,247	66,281,458
Research	941,998	1,614,710
Academic support	15,489,969	15,171,408
Public service	2,085,041	1,777,190
Student services	20,224,213	18,970,883
Institutional support	35,726,541	31,633,582
Operating and maintenance of plant	13,844,125	12,575,299
Student aid	16,225,817	14,007,775
Residence life and auxiliary enterprises	15,763,204	14,935,904
Depreciation	<u>16,449,218</u>	<u>18,063,345</u>
Total operating expenses	<u>202,497,373</u>	<u>195,031,554</u>
Net operating loss	<u>(67,373,436)</u>	<u>(72,757,070)</u>
Nonoperating Revenues (Expenses)		
State of New Jersey appropriations	46,932,000	47,932,000
State of New Jersey paid fringe benefits	34,354,778	32,572,624
Change in State of New Jersey OPEB	(7,183,855)	(5,412,133)
Private gifts	1,402,170	1,373,178
Investment income	1,879,639	2,048,462
Net unrealized investment gain (loss)	1,489,387	696,727
Interest on capital asset-related debt	(5,421,088)	(5,601,352)
Other nonoperating revenues, net	<u>549,865</u>	<u>958,137</u>
Net nonoperating revenues, net	<u>74,002,896</u>	<u>74,567,643</u>
Income before other revenues	6,629,460	1,810,573
Capital Contributions		
Capital grants and gifts	<u>1,045,994</u>	<u>-</u>
Increase in net position	7,675,454	1,810,573
Net Position, Beginning	<u>135,932,937</u>	<u>134,122,364</u>
Net Position, Ending	<u>\$ 143,608,391</u>	<u>\$ 135,932,937</u>

See notes to financial statements

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Student tuition and fees	\$ 68,919,916	\$ 64,440,991
Federal, state, and local grants and contracts	48,366,327	40,334,718
Payments to suppliers	(31,629,119)	(42,302,840)
Payments to employees	(108,002,913)	(112,842,773)
Payments for employee benefits	(8,126,130)	(13,761,505)
Payments for student aid	(15,124,279)	(12,983,357)
Residence life	14,243,125	15,159,144
Auxiliary enterprises	2,346,917	2,088,490
	<u>(29,006,156)</u>	<u>(59,867,132)</u>
Net cash used in operating activities		
Cash Flows From Noncapital Financing Activities		
State of New Jersey appropriations	47,416,178	61,875,664
Private gifts	1,402,170	1,239,059
Other receipts	549,865	958,137
	<u>49,368,213</u>	<u>64,072,860</u>
Net cash provided by noncapital financing activities		
Cash Flows From Capital and Related Financing Activities		
Principal payments on asset related capital debt	(9,314,600)	(9,996,654)
Purchase of capital assets	(8,860,027)	(9,138,709)
Interest payments on capital asset-related debt	(5,614,624)	(5,794,889)
Decrease in restricted deposits held by bond trustees	(785,201)	3,034,287
Capital appropriations, grants and gifts received	1,045,994	-
	<u>(23,528,458)</u>	<u>(21,895,965)</u>
Net cash used in capital and related financing activities		
Cash Flows Provided by Investing Activities		
Purchases of investments	(40,469,231)	(47,895,151)
Proceeds from sales of investments	43,679,575	43,587,442
Interest, dividends and realized gains	3,369,026	2,048,462
	<u>6,579,370</u>	<u>(2,259,247)</u>
Net cash (used in) provided by investing activities		
Net decrease in cash and cash equivalents		
	3,412,969	(19,949,484)
Cash and Cash Equivalents, Beginning		
	9,030,643	28,980,127
Cash and Cash Equivalents, Ending		
	<u>\$ 12,443,612</u>	<u>\$ 9,030,643</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Net operating loss	\$ (67,373,436)	\$ (72,757,070)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Provision for doubtful accounts	(500,977)	(1,951,863)
State appropriations paid fringe benefits	26,686,745	19,958,902
Change in State of New Jersey OPEB	(7,183,855)	(5,412,133)
Depreciation expense	16,449,218	18,482,570
Net unrealized investment gain	(1,489,387)	(696,727)
Changes in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
Receivables	21,247,326	1,830,576
Deferred inflow of resources	(664,583)	1,145,901
Accounts payable and accrued expenses	(4,647,632)	(4,979,709)
Compensated absences	(125,824)	(660,192)
Unearned revenue	(3,942,204)	(2,502,865)
Net pension liability	(11,452,818)	(931,624)
Deferred outflow of resources	3,991,271	(10,973,673)
	<u>(29,006,156)</u>	<u>(59,447,907)</u>
Net cash used in operating activities		
Supplemental Disclosure of Noncash Financing Activities		
Purchases of property and equipment in accounts payable	<u>\$ 723,348</u>	<u>\$ 690,502</u>
Purchase of subscription-based information technology arrangements	<u>\$ 2,615,723</u>	<u>\$ (419,225)</u>
Issuance of debt in receivables from the State of New Jersey	<u>\$ 13,375,002</u>	<u>\$ -</u>

See notes to financial statements

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey Foundation, Inc.
 Statements of Financial Position
 June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,191,073	\$ 7,469,097
Investments	46,000,752	36,913,379
Promises to give, net	1,046,133	1,259,990
Interest receivable	78,593	53,384
Prepaid expenses and other assets	2,459	3,746
	<u>54,319,010</u>	<u>45,699,596</u>
Total assets	<u>\$ 54,319,010</u>	<u>\$ 45,699,596</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 38,771	\$ 206,970
Grants payable	742,416	-
Annuities payable	257,445	247,765
Scholarships payable	1,359,715	-
Deferred revenue	2,350	20,130
	<u>2,400,697</u>	<u>474,865</u>
Total liabilities	<u>2,400,697</u>	<u>474,865</u>
Net Assets		
Without donor restrictions	9,775,451	8,015,667
With donor restrictions	42,142,862	37,209,064
	<u>51,918,313</u>	<u>45,224,731</u>
Total net assets	<u>51,918,313</u>	<u>45,224,731</u>
Total liabilities and net assets	<u>\$ 54,319,010</u>	<u>\$ 45,699,596</u>

See notes to financial statements

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey Foundation, Inc.
 Statements of Activities
 Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in Net Assets Without Donor Restrictions		
Support:		
Contributions	\$ 1,380,754	\$ 2,374,644
Fundraising events	27,300	73,047
Miscellaneous	72,397	11,846
Investment return (loss)	1,884,125	1,100,435
Total support	<u>3,364,576</u>	<u>3,559,972</u>
Net assets released from restrictions	2,312,928	2,373,917
Reclassifications	<u>-</u>	<u>451,981</u>
Total support and other changes	<u>5,677,504</u>	<u>6,385,870</u>
Expenses:		
Scholarships and grants	1,547,180	1,701,026
Campus activities	1,133,609	1,211,511
Capital campaigns	6,087	32,148
Management and development	288,509	363,679
Fundraising	915,035	909,697
Total expenses	<u>3,890,420</u>	<u>4,218,061</u>
Change in net assets without donor restrictions	<u>1,787,084</u>	<u>2,167,809</u>
Changes in Net Assets With Donor Restrictions		
Contributions	3,260,763	2,107,345
Fundraising events	30,718	-
Miscellaneous	40,146	-
Investment return (loss)	3,887,799	2,756,493
Total	<u>7,219,426</u>	<u>4,863,838</u>
Net assets released from restrictions	(2,312,928)	(2,373,917)
Reclassifications	<u>-</u>	<u>(451,981)</u>
Change in net assets with donor restrictions	<u>4,906,498</u>	<u>2,037,940</u>
Change in net assets	6,693,582	4,205,749
Net Assets, Beginning	<u>45,224,731</u>	<u>41,018,982</u>
Net Assets, Ending	<u>\$ 51,918,313</u>	<u>\$ 45,224,731</u>

See notes to financial statements

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

William Paterson University of New Jersey Foundation, Inc.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 6,693,582	\$ 4,205,749
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions with donor restrictions held as endowments	(1,875,738)	(1,202,746)
Realized loss (gain) on sale of investments	(1,002,841)	25,014
Unrealized (gain) loss on investments	(3,940,997)	(3,201,419)
Bad debt expense	(83,506)	-
Change in operating assets and liabilities:		
Promises to give	297,363	757,811
Interest receivable	(25,209)	(48,139)
Prepaid expenses and other assets	1,287	(108)
Accounts payable and accrued expenses	(168,199)	141,527
Grants payable	742,416	(742,414)
Annuities payable	9,680	36,002
Scholarship payable	1,359,715	-
Deferred revenue	(17,780)	17,293
Net cash provided by (used in) operating activities	<u>1,989,773</u>	<u>(11,430)</u>
Cash Flows From Investing Activities		
Purchase of investments	(10,687,970)	(32,773,001)
Proceeds from disposition of investments	<u>6,544,435</u>	<u>29,270,759</u>
Net cash used in investing activities	<u>(4,143,535)</u>	<u>(3,502,242)</u>
Cash Flows From Financing Activities		
Proceeds from disposition of investments	<u>1,875,738</u>	<u>1,202,746</u>
Net decrease in cash and cash equivalents	(278,024)	(2,310,926)
Cash and Cash Equivalents, Beginning	<u>7,469,097</u>	<u>9,780,023</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,191,073</u>	<u>\$ 7,469,097</u>

See notes to financial statements

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Operations

Organization

William Paterson University of New Jersey (the University) is a comprehensive public, coeducational institution of higher education located in the Township of Wayne and Boroughs of Haledon and North Haledon, Passaic County, New Jersey. The University was founded in 1855 as the Paterson Normal School and was granted University status in June 1997. The University offers 61 undergraduate, 26 masters and 3 doctoral degree programs. Additionally, the University offers 1 post baccalaureate undergraduate certificate, 19 undergraduate certificates and 48 graduate certificate programs. The University is comprised of four colleges: Arts, Humanities and Social Sciences; Business; Education; and Science and Health. For the fall semester of the 2023 - 2024 and 2022 - 2023 academic years, approximately 6,552 and 6,604, respectively, part-time and full-time undergraduate students attended the University and approximately 2,876 and 2,466, respectively, part-time and full-time graduate students attended the University. The University's mission includes maintaining a tradition of leadership in general education and multiculturalism, and a commitment to promoting student success, academic excellence, diversity and community outreach with opportunities for lifelong learning. The University has a proud diverse community, designated as a public Hispanic and Minority Serving Institution, creates transformative academic and extracurricular experiences leading to meaningful careers, and promotes economic and social mobility. The University empowers students through intentional and holistic support systems within flexible, innovative, and inclusive environments.

The University is recognized as a public institution by the State of New Jersey (the State). Under the law, the University is an instrumentality of the State with a high degree of autonomy. State of New Jersey appropriations are the University's largest sources of nonoperating revenue. The University is economically dependent on these appropriations to carry on its operations. The University is considered a component unit of the State for financial reporting purposes. Accordingly, the University's financial statements are included in the State's Annual Comprehensive Financial Report.

Reporting Entity

The operations of William Paterson University of New Jersey Foundation, Inc. (the Foundation) are included in the accompanying basic financial statements as a discretely presented component unit.

The University has determined the Foundation should be included in the University's financial statements as a discretely presented component unit. A component unit is a legally separate organization for which the University is financially accountable or closely related.

The Foundation is a legally separate corporation with an independent board of trustees and acts primarily as a fund-raising entity to provide additional funding to support the educational goals of the University. The Foundation has received a determination letter from the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

Since the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the University or its constituents, and the University is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the Foundation and the economic resources are significant to the University, the Foundation is therefore discretely presented in the University's basic financial statements.

As of June 30, 2024 and 2023, the University has a receivable from component unit on the statements of net position of \$1,378,331 and \$744,509, respectively, from the Foundation. For the years ended June 30, 2024 and 2023, the University recognized private gifts and other contract revenue of \$2,448,164 and \$2,558,749, respectively. A copy of the financial statements of the Foundation can be obtained from the Office of Institutional Advancement, 300 Pompton Road, Wayne, New Jersey 07474.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

The Foundation is a private not-for-profit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB). No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

2. Summary of Significant Accounting Policies

Basis of Presentation

The University classifies for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted for Debt Service - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

Unrestricted - Net position not subject to externally imposed stipulations that may be designated for specific purposes by the action of management or the Board of Trustees. Substantially all unrestricted net positions are reserved for academic and other programs and capital programs.

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

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The University reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term investments deposited in the State of New Jersey Cash Management Fund (the Fund) which has an average maturity of less than 90 days.

Restricted Deposits Held by Bond Trustees

Restricted deposits held by bond trustees restricted for capital and debt service are recorded in the financial statements at fair value, which is based on quoted market price and consist of money market accounts, U.S. Treasury obligations and government issues.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Investments

All investments are measured at fair value at the statements of net position date. Investment income or loss (including interest, dividends, realized gains and losses and change in unrealized gains and losses) is reported as a nonoperating activity.

Receivables

Student receivables consist of tuition and fees charged to current and former students. State of New Jersey receivables and gifts, grants and contracts receivables are amounts due from federal and state governments in connection with reimbursements of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources. Loans receivables consist of funds loaned to students under federal loan programs.

Receivables are reported at net realizable value. Receivables are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon the University's historical losses and periodic review of individual accounts.

Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets, with the exception of land, artwork and construction in progress, are depreciated on the straight-line method over their estimated useful lives as follows:

	<u>Useful Lives (in Years)</u>
Infrastructure	25 - 50
Building and improvements	15 - 45
Equipment	5 - 10

In accordance with the University's capitalization policy, only those items with a cost of more than \$5,000 are capitalized.

Leases

The University entered into various equipment lease purchase agreements since 2016. The leases include copiers and various other equipment. The obligations associated with these leases have been recognized as a liability in the statements of net position based on future lease payments, discounted by the incremental borrowing rate.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain an option to extend or terminate will be exercised.

The University has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the statements of financial position since the University has elected the practical expedient to exclude these leases from operating right of use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

In March 2016, the University entered into a 20-year lease agreement with an outside party to lease a portion of land owned by the University. Payments are due to the University in equal monthly installments on the first day of the month. On each annual anniversary of the commencement date of the lease, the annual license fee shall increase to an amount equal to 102% of the annual license fee of the year before. The University is charging an interest rate of 2.50% to the lessee. The University recorded a lease receivable for the future payments of \$891,310 and \$938,010 as of June 30, 2024 and 2023, respectively.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Subscription-Based Information Technology Arrangements

The University reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the statement of net position. The University has a policy to recognize subscriptions over \$100,000 as a subscription liability and intangible capital asset.

Revenue Recognition

Revenues from student tuition and fees and residence life are presented net of scholarship allowances applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as student aid and are included in operating expenses in the period incurred. Student tuition and fees and deposits collected in advance of the fiscal year are recorded as unearned revenue in the accompanying financial statements and totaled \$6,323,619 at June 30, 2024 and \$4,284,669 at June 30, 2023.

Grants and contracts revenue is comprised mainly of funds received from grants from the Federal government, State of New Jersey and local sources and is recognized upon meeting the eligibility requirements for recognition which is generally as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreements are included in unearned revenue in the accompanying financial statements and totaled \$3,695,699 at June 30, 2024 and \$1,743,288 at June 30, 2023.

Other miscellaneous deposits included in unearned revenue total \$46,771 at June 30, 2024 and \$95,928 at June 30, 2023.

Revenue from State of New Jersey appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University.

Scholarship Allowances

Scholarship allowances are the difference between the stated charge for tuition 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 that revenues from such programs are used to satisfy tuition and fees and other student services, the University has recorded a scholarship allowance.

Classification of Revenue and Expense

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 the payment received for services and payment made for the purchase of goods and services. Examples include (a) student tuition and fees and residence life, net of scholarship allowances, (b) auxiliary enterprises and (c) most Federal, State, local and other grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State of New Jersey appropriations, net investment income and gifts. Interest expense is reported as a nonoperating activity.

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Compensated Absences

The liability is calculated based upon employees' accrued vacation leave as of the statements of net position date, an estimated vested amount for accrued sick leave and the estimated cost of Alternative Benefit Plan (ABP) salary and 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. Prior to 1991, the State of New Jersey reimbursed the University for payments made to retiring employees for accrued sick leave; however, from 1991 through the current fiscal year, the State of New Jersey did not make such reimbursements. The University paid \$37,519 and \$252,130 in sick leave payments for employees who retired during the years ended June 30, 2024 and 2023, respectively.

New Accounting Pronouncements

The GASB has approved the following:

- Statement No. 101, *Compensated Absences*, effective for the University's year ending June 30, 2025.
- Statement No. 102, *Certain Risk Disclosures*, effective for the University's year ending June 30, 2025
- Statement No. 103, *Financial Reporting Model Improvements*, effective for the University's year ending June 30, 2026.
- Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the University's year ending June 30, 2026.

When they become effective, application of these standards may restate portions of these financial statements. University management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

Income Taxes

The University is exempt from federal income taxes under IRC Section 115.

3. Cash and Cash Equivalents

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

	<u>2024</u>	<u>2023</u>
Bank balances and cash on hand	\$ 10,531,400	\$ 4,529,416
Money market accounts	503,460	3,129,328
State of New Jersey Cash Management Fund	<u>1,408,752</u>	<u>1,371,899</u>
Total	<u>\$ 12,443,612</u>	<u>\$ 9,030,643</u>

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Custodial credit risk associated with the University's cash and cash equivalents include uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the University's name. The University's bank deposits as of June 30, 2024 and 2023 were partially insured by the Federal Depository Insurance Corporation (FDIC) in the amount of \$250,000. Bank deposits in excess of insured amounts of approximately \$10.8 million in 2024 and \$4.3 million in 2023 were collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes. Chapter 64 of Title 18A allows banking institutions to cover total public funds on deposit in excess of federal insurance. The noninsured, noncollateralized portion of cash and equivalents was approximately \$0.5 and \$3.1 million in 2024 and 2023, respectively.

The University participates in the Fund wherein amounts also contributed by other State entities are combined into a large-scale investment program. The carrying amount of cash and cash equivalents in the Fund was approximately \$1.4 as of June 30, 2024 and 2023, which represented the amount on deposit with the Fund. These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, but not in the University's name.

The Fund is unrated and has a maturity of less than 90 days. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the University to invest in obligations of the U.S. Treasury, foreign governments, 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 and 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.

4. Restricted Deposits Held by Bond Trustees

Restricted deposits held by bond trustees include restricted accounts held by financial institutions, under the terms of various obligations. The restricted deposits held by bond trustees under bond indenture agreements are maintained for the following:

	<u>2024</u>	<u>2023</u>
Project and construction fund	\$ 2,243,318	\$ 2,510,259
Debt service fund for principal and interest	12,385,729	11,333,587
	<u>\$ 14,629,047</u>	<u>\$ 13,843,846</u>

Assets held under bond indenture agreements are not governed by the University's investment policies, but rather by the investment policies of New Jersey Educational Facilities Authority (the Authority). As of June 30, 2024 and 2023, restricted deposits held by bond trustees were invested in the following, all of which have maturity dates of less than one year:

	<u>Level 1</u>	
	<u>2024</u>	<u>2023</u>
Money market accounts	\$ 1,207	\$ 1,207
U.S. treasury bills and government obligations	14,627,840	13,842,639
Total	<u>\$ 14,629,047</u>	<u>\$ 13,843,846</u>

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

Notes to Financial Statements
June 30, 2024 and 2023

The University's restricted deposits held by bond trustees are subject to various risks. Among these risks are interest rate risk and credit risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Within restricted deposits are investments subject to interest rate risk with a maturity of less than one year.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy requires that the overall average quality rating of the portfolio's domestic fixed income holdings will be at least "AA", as rated by the Standard and Poor's or Moody's rating agency.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurement is further defined in Note 5.

The valuation methods for recurring fair value measurements are as follows:

- Money market accounts are recorded at the quoted cost which approximates fair value as a level one input.
- U.S. treasury bills and government obligations are valued at closing price reported on the active market on which the individual securities are traded or for identical assets as a level one input.

5. Investments

The University holds excess operating cash in an investment portfolio structured to secure adequate ongoing operating funds while optimizing earnings and minimizing risk on funds earmarked for longer term purposes. All investment activities are conducted in accordance with the University's Cash and Investments policy. The Finance, Audit and Institutional Development (FAID) Committee, The Vice President for Finance Administration and CFO and the Controller are accountable for the execution and implementation of the Cash and Investments policy. External investment managers are accountable for managing the funds in compliance with the Cash and Investments policy and in accordance with applicable laws.

The overall investment objective is to preserve principal cash balance, maintain appropriate liquidity for current use and conservatively optimize earnings on excess cash. Diversification as to liquidity, maturity, market and risk is achieved by structuring the portfolio in three Tiers: liquidity, contingency and core. Allocations and restrictions of the Tiers are defined in the Cash and Investments policy.

The University's investments consist of the following as of June 30, 2024 and 2023:

Investment Type	Fair Value	
	2024	2023
U.S. equity (ETF)	\$ -	\$ 4,385,684
Non-U.S. equity (ETF)	-	2,236,759
Mutual fund	18,825,000	-
Corporate bonds	8,666,437	17,851,051
U.S. government bonds	13,487,712	18,430,982
U.S. agency bonds	6,696,383	6,587,104
Asset-backed securities	2,423,629	2,688,828
Certificates of deposit	-	2,954,805
Grand total	<u>\$ 50,099,161</u>	<u>\$ 55,135,213</u>

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

Notes to Financial Statements
June 30, 2024 and 2023

University investments are exposed to various risks such as interest risk, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the market value will occur in the near term which could affect the amounts reported in the statements of financial position.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy prioritizes the inputs valuation methods into three Levels (Levels 1, 2 and 3).

Level 1 - Observable, quoted prices for identical assets or liabilities in active markets.

Level 2 - Quoted prices in inactive markets, or whose values are based on models, but the inputs to those modes are observable either directly or indirectly for the whole term of the asset or liability.

Level 3 - Valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs (Level 3). If the fair value of an asset or liability (Level 1) measured are categorized from different levels of the fair value hierarchy, the measurement is categorized in the lowest level input that is significant to the entire measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

ETF (exchange traded funds) (U.S. and non-U.S.) equities and mutual funds were classified in Level 1 of the hierarchy as they are valued using prices quoted in active markets.

All of the following categories were classified in Level 2 of the hierarchy as they are valued using quoted prices in inactive markets: Corporate bonds, U.S. government bonds, U.S. agency bonds, asset-backed securities and certificates of deposit.

The following table summarizes the University's investments measured by the hierarchy levels as of June 30, 2024 and 2023:

Investment Type	Investments Measured at Fair Value at June 30, 2024			
	Level 1	Level 2	Level 3	Fair Value
Mutual funds	\$ 18,825,000	\$ -	\$ -	\$ 18,825,000
Corporate bonds	-	8,666,437	-	8,666,437
U.S. government bonds	-	13,487,712	-	13,487,712
U.S. agency bonds	-	6,696,383	-	6,696,383
Asset-backed securities	-	2,423,629	-	2,423,629
Total	\$ 18,825,000	\$ 31,274,161	\$ -	\$ 50,099,161

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Investment Type	Investments Measured at Fair Value at June 30, 2023			
	Level 1	Level 2	Level 3	Fair Value
U.S. equity (ETF)	\$ 4,385,684	\$ -	\$ -	\$ 4,385,684
Non-U.S. equity (ETF)	2,236,759	-	-	2,236,759
Corporate bonds	-	17,851,051	-	17,851,051
U.S. government bonds	-	18,430,982	-	18,430,982
U.S. agency bonds	-	6,587,104	-	6,587,104
Asset-backed securities	-	2,688,828	-	2,688,828
Certificates of deposit	-	2,954,805	-	2,954,805
Total	\$ 6,622,443	\$ 48,512,770	\$ -	\$ 55,135,213

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University projects its cash requirements and arranges for investments accordingly. The average maturity is up to three years.

The following table summarizes the maturities of investments in year that are subject to interest rate risk as of June 30, 2024 and 2023:

Investment Type	2024				
	Fair Value	Less Than 1	1 - 5	6 - 10	10+
Mutual funds	\$ 18,825,000	\$ 18,825,000	\$ -	\$ -	\$ -
Corporate bonds	8,666,437	1,131,838	3,695,519	3,660,630	178,450
U.S. government bonds	13,487,712	-	7,995,532	5,492,180	-
U.S. agency bonds	6,696,383	177,380	2,258,347	2,414,084	1,846,572
Asset-backed securities	2,423,629	-	2,082,456	341,173	-
Total	\$ 50,099,161	\$ 20,134,218	\$ 16,031,854	\$ 11,908,067	\$ 2,025,022

Investment Type	2023				
	Fair Value	Less Than 1	1 - 5	6 - 10	10+
U.S. equity (ETF)	\$ 4,385,684	\$ -	\$ -	\$ -	\$ 4,385,684
Non-U.S. equity (ETF)	2,236,759	-	-	-	2,236,759
Corporate bonds	17,851,051	7,392,373	7,421,944	2,835,510	201,224
U.S. government bonds	18,430,982	202,471	13,705,955	4,522,556	-
U.S. agency bonds	6,587,104	674,932	1,417,664	2,728,163	1,766,345
Asset-backed securities	2,688,828	-	2,688,828	-	-
Certificates of deposit	2,954,805	2,954,805	-	-	-
Total	\$ 55,135,213	\$ 11,224,581	\$ 25,234,391	\$ 10,086,229	\$ 8,590,012

Credit and Concentration Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to magnitude of the University's investment in a single issuer. The University's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the University to meet all anticipated cash requirements.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

The University's Cash and Investments policy states that the credit quality for positions in all Tiers of the portfolio must be investment grade or higher. Investment grade is defined as equal to or better than a rating of BBB- (S&P) or BA3 (Moody's). The University's investment manager assigns average ratings as published by S&P, Moody's and Fitch when all three are available. If only two of these ratings are available, the more conservative rating of the two is used, and if only one rating is available that is the rating used.

The following table summarizes investment credit quality ratings as of June 30, 2024 and 2023:

Investment Type	Quality Rating	2024	2023
U.S. equity (ETF)	NR	\$ -	\$ 4,385,684
Non-U.S. equity (ETF)	NR	-	2,236,759
Mutual funds	NR	18,825,000	-
Corporate bond	AAA - BB+	8,666,437	16,710,352
Corporate bond	NR	-	1,140,699
U.S. government bonds	AA+	13,487,712	18,430,982
U.S. agency bonds	AAA - AA+	6,696,383	6,587,104
Asset-backed security	AAA - AA	2,423,629	2,688,828
Certificates of deposit	A	-	2,954,805
Total		<u>\$ 50,099,161</u>	<u>\$ 55,135,213</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University securities are exposed to custodial credit risk if the securities are uninsured and unregistered or held by the counterparty, or by a trust department or agent but not in the University's name. As of June 30, 2024 and 2023, the University's investments were not subject to custodial credit risk.

Foreign Currency Risk

The University's foreign investments (Non-U.S. equity (ETF)) contain currency risk (the risk that currency exchange rate fluctuations may reduce gains or increase losses on foreign investments). Exchange rate volatility also may affect the ability of an issuer to repay its foreign currency denominated debt, thereby increasing credit risk.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

6. Capital Assets

Capital asset activity for the years ended June 30 is comprised of the following:

	Beginning Balance, July 1, 2023	Acquisition and Other Increases	Dispositions and Other Decreases	Ending Balance, June 30, 2024
Depreciable assets:				
Infrastructure	\$ 19,600,904	\$ -	\$ -	\$ 19,600,904
Buildings and improvements	575,748,043	14,449,237	-	590,197,280
Equipment	48,134,951	1,361,157	-	49,496,108
Right-of-use asset	1,752,184	-	-	1,752,184
Subscription asset	-	2,615,723	-	2,615,723
	<u>645,236,082</u>	<u>18,426,117</u>	<u>-</u>	<u>663,662,199</u>
Total depreciable assets				
Less accumulated depreciation on:				
Infrastructure	12,499,038	475,882	-	12,974,920
Buildings and improvements	236,459,946	14,552,938	-	251,012,884
Equipment	43,400,606	1,318,621	-	44,719,227
Right-of-use asset	1,650,407	101,777	-	1,752,184
Subscription asset	-	576,618	-	576,618
	<u>294,009,997</u>	<u>17,025,836</u>	<u>-</u>	<u>311,035,833</u>
Total accumulated depreciation				
Depreciable assets, net	<u>351,226,085</u>	<u>1,400,281</u>	<u>-</u>	<u>352,626,366</u>
Nondepreciable assets:				
Land	7,255,914	-	-	7,255,914
Artwork	690,880	-	-	690,880
Construction in progress	18,304,926	8,200,118	(14,427,137)	12,077,907
	<u>26,251,720</u>	<u>8,200,118</u>	<u>(14,427,137)</u>	<u>20,024,701</u>
Total nondepreciable assets				
Total capital assets, net	<u>\$ 377,477,805</u>	<u>\$ 9,600,399</u>	<u>\$ (14,427,137)</u>	<u>\$ 372,651,067</u>

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

	Beginning Balance, July 1, 2022	Acquisition and Other Increases	Dispositions and Other Decreases	Ending Balance, June 30, 2023
Depreciable assets:				
Infrastructure	\$ 18,864,235	\$ 736,669	\$ -	\$ 19,600,904
Buildings and improvements	566,317,925	9,430,118	-	575,748,043
Equipment	47,201,054	933,897	-	48,134,951
Right-of-use asset	1,752,184	-	-	1,752,184
Total depreciable assets	634,135,398	11,100,684	-	645,236,082
Less accumulated depreciation on:				
Infrastructure	12,016,269	482,769	-	12,499,038
Buildings and improvements	222,337,970	14,121,976	-	236,459,946
Equipment	40,361,230	3,039,376	-	43,400,606
Right-of-use asset	1,231,182	419,225	-	1,650,407
Total accumulated depreciation	275,946,651	18,063,346	-	294,009,997
Depreciable assets, net	358,188,747	(6,962,662)	-	351,226,085
Nondepreciable assets:				
Land	7,255,914	-	-	7,255,914
Artwork	690,880	-	-	690,880
Construction in progress	21,352,195	6,828,604	(9,875,873)	18,304,926
Total nondepreciable assets	29,298,989	6,828,604	(9,875,873)	26,251,720
Total capital assets, net	\$ 387,487,736	\$ (134,058)	\$ (9,875,873)	\$ 377,477,805

As of June 30, 2024, estimated costs to complete the projects classified as construction in progress are approximately \$12,077,907. Additional costs of all projects will be funded by University revenues, capital grants and available construction funds from bond proceeds.

7. Accounts Payable and Accrued Expenses

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

	2024	2023
Vendors	\$ 6,775,594	\$ 3,871,003
Capital projects	723,348	690,502
Accrued salaries and benefits	6,423,849	2,697,972
Accrued interest	3,066,553	3,233,587
Total	\$ 16,989,344	\$ 10,493,064

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

Notes to Financial Statements
June 30, 2024 and 2023

8. Long-Term Debt

Bonds Payable

The University has financed capital assets through various revenue bonds issued through the New Jersey Educational Facility Authority (Authority) for the acquisition, construction and renovation of residence halls, the University Commons and academic facilities. As of June 30, 2024 and 2023, the following obligations to the Authority are outstanding:

	Interest Rates	2024	2023	Current Portion June 30, 2024
New Jersey Educational Facility Authority:				
Series 2012 C Revenue				
Bonds, due serially to 2043	2.00 - 5.00 %	\$ 23,180,000	\$ 25,455,000	\$ 2,350,000
Series 2012 D Revenue				
Bonds, due serially to 2029	2.00 - 5.00	6,690,000	8,070,000	1,420,000
Series 2015 C Revenue				
Bonds, due serially to 2033	2.00 - 5.00	23,485,000	25,005,000	1,615,000
Series 2016 E Revenue				
Bonds, due serially to 2033	2.25 - 5.00	49,175,000	51,440,000	2,375,000
Series 2017 B Revenue				
Bonds, due serially to 2047	3.25 - 5.00	24,195,000	24,750,000	580,000
Series 2019 A Revenue				
Bonds, due serially to 2038	3.45	4,100,000	4,315,000	220,000
Series 2021 C Revenue				
Bonds, due serially to 2040	3.25 - 5.00	17,900,000	17,900,000	710,000
		<u>148,725,000</u>	<u>156,935,000</u>	<u>9,270,000</u>
Add amounts representing net premiums		<u>13,560,073</u>	<u>14,669,329</u>	<u>-</u>
Total		<u><u>\$ 162,285,073</u></u>	<u><u>\$ 171,604,329</u></u>	<u><u>\$ 9,270,000</u></u>

All of the University's outstanding bonds are special and limited obligations of the Authority payable solely from the University. Pursuant to the Agreement, the University agrees to pay to the Authority the Basic Payments and certain Additional Payments for the use and occupancy of the Facilities. To secure the payment of the Basic Payments and the Additional Payments, the University will establish a "Rental Pledge Account" under the Agreement, into which the University is required to deposit or cause to be deposited amounts sufficient to pay the Basic Payments and Additional Payments. The University has agreed that its obligation to make the payments required under the Agreement, including the Basic Payments and the Additional Payments, shall constitute a general obligation of the University, payable from any legally available funds of the University. No specific pledge of University revenues is made in the Agreement with respect to the Series Bonds. Upon the payment or defeasance of the Series Bonds, the Facilities shall no longer be subject to the Agreement.

All of the University's outstanding notes from direct borrowings and direct placement related to capital construction projects contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the University is unable to make payment.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Other Long-Term Debt

As of June 30, 2024 and 2023, the following other obligations from direct borrowings were outstanding:

	<u>Interest Rates</u>	<u>2024</u>	<u>2023</u>	<u>Current Portion June 30, 2024</u>
Higher Education CIF Series 2016 B, due serially to 2036	3.00 - 5.50	\$ 1,057,493	\$ 1,114,850	\$ 60,006
Higher Education CIF Series 2023 A, due serially to 2054	1.48 - 3.44	12,832,133	-	189,541
Higher Education ELF Series 2023 A, due serially to 2030	3.00 - 5.50	<u>542,869</u>	<u>-</u>	<u>79,554</u>
Total		<u>\$ 14,432,495</u>	<u>\$ 1,114,850</u>	<u>\$ 329,101</u>

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 \$4,271,268 of the total proceeds of the bond issue to be used for the Hunziker Building renovations. The terms of the agreement require one-third of the total allocation, or \$1,391,899, to be repaid in annual rental payments equal to the University's allocable share of the Series 2016B Bonds and related program expenses through 2036.

During 2024, the University entered into a grant 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 \$40,000,000 of the total proceeds of the bond issue to be used for the Recreation & Health Sciences Center. The terms of the agreement require one-third of the total allocation, or \$12,832,133, to be repaid in annual rental payments equal to the University's allocable share of the Series 2023A Bonds and related program expenses through 2053.

During 2024, 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 Equipment Leasing Fund Program. The University was allocated \$2,266,000 of the total proceeds of the bond issue to be used for the technology infrastructure renovations. The terms of the agreement require one-fourth of the total allocation, or \$542,869, to be repaid in annual rental payments equal to the University's allocable share of the Series 2023A Bonds and related program expenses through 2029.

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

Notes to Financial Statements
June 30, 2024 and 2023

Future Principal and Interest Payments

The following is a schedule of future minimum principal maturities and interest payments on the University's bonds payable and other long-term debt as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2025	\$ 9,604,101	\$ 6,462,363	\$ 16,066,464
2026	10,011,603	6,043,997	16,055,600
2027	10,447,120	5,606,196	16,053,316
2028	10,900,666	5,148,595	16,049,261
2029	8,590,896	4,832,100	13,422,996
	<u>49,554,386</u>	<u>28,093,251</u>	<u>77,647,637</u>
2025 - 2029 subtotal			
2030 - 2034	39,168,197	19,033,262	58,201,459
2035 - 2039	44,193,110	10,431,800	54,624,910
2040 - 2044	17,722,932	4,382,796	22,105,728
2045 - 2049	8,888,700	1,765,080	10,653,780
2050 - 2054	3,630,170	496,419	4,126,589
	<u>163,157,495</u>	<u>64,202,608</u>	<u>227,360,103</u>
Total			

9. Subscription Liabilities

The University entered into a subscription purchase agreement for use and application of enterprise resource planning software in June 2022. In 2024, the University completed the initial implementation stage and placed the subscription asset into service. The subscription liability has a term of five years. The University uses their incremental borrowing rate, for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments which was estimated to be 5% in 2023.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 627,467	\$ 113,361	\$ 740,828
2026	679,321	76,320	755,641
2027	732,317	38,431	770,748
	<u>2,039,105</u>	<u>228,112</u>	<u>2,267,217</u>
Total			

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

Notes to Financial Statements
June 30, 2024 and 2023

10. Summary of Changes in Noncurrent Liabilities

Activity in noncurrent liabilities for the years ended June 30, 2024 and 2023 is comprised of the following:

	June 30, 2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 171,604,329	\$ -	\$ 9,319,256	\$ 162,285,073	\$ 9,270,000
Other long-term debt	1,114,850	13,375,002	57,357	14,432,495	329,101
Lease liability	101,777	-	101,777	-	-
Subscription liability	-	2,615,723	576,618	2,039,105	627,467
Compensated absences	5,801,314	-	125,824	5,675,490	3,935,095
U.S. government grants refundable	595,166	-	-	595,166	-
Total	<u>\$ 179,217,436</u>	<u>\$ 15,990,725</u>	<u>\$ 10,180,832</u>	<u>\$ 185,027,329</u>	<u>\$ 14,161,663</u>
	June 30, 2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 180,518,584	\$ -	\$ 8,914,255	\$ 171,604,329	\$ 8,210,000
Other long-term debt	1,778,023	-	663,173	1,114,850	57,357
Lease liability	521,002	-	419,225	101,777	101,777
Compensated absences	6,461,506	5,611,604	6,271,796	5,801,314	3,970,534
U.S. government grants refundable	595,166	-	-	595,166	-
Total	<u>\$ 189,874,281</u>	<u>\$ 5,611,604</u>	<u>\$ 16,268,449</u>	<u>\$ 179,217,436</u>	<u>\$ 12,339,668</u>

11. Retirement Plans

Plan Description - PERS

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership Tiers for PERS:

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

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

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

Contributions

During the years ended June 30, 2024 and 2023, PERS members were required to contribute 7.5% of their annual covered salary. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State of New Jersey's annual contribution approximates the actuarially determined pension cost for the year. The current percentage is 29.2% of annual covered payroll. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

Employer Contributions

The University is charged for employer contributions through a fringe benefit charge assessed by the State which is included in operating expenses by function and in nonoperating revenues as State of New Jersey paid fringe benefits in the accompanying statements of revenues, expenses and changes in net position. The amount was \$8,808,597 and \$8,924,665 for the years ending June 30, 2024 and 2023, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the University reported a liability of \$118,951,297 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PERS total pension liability as of June 30, 2023 to June 30, 2024. The University's proportion of the PERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024 and June 30, 2023 the University's proportion was 0.52966% and 0.5761%, respectively.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

For the year ended June 30, 2024, the University recognized pension credit of \$(10,025,937).
At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 120,573	\$ 3,414,245
Differences between expected and actual experience	2,637,395	354,040
Changes in proportion	1,138,245	15,074,433
Net difference between projected and actual earnings on pension plan investments	1,819,413	-
University contributions subsequent to the measurement date (current year)	8,197,721	-
Total	<u>\$ 13,913,347</u>	<u>\$ 18,842,718</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 192,725	\$ 9,441,975
Differences between expected and actual experience	2,079,708	679,204
Changes in proportion	2,119,490	9,663,313
Net difference between projected and actual earnings on pension plan investments	3,115,790	-
University contributions subsequent to the measurement date (current year)	8,924,665	-
Total	<u>\$ 16,432,378</u>	<u>\$ 19,784,492</u>

The amount of \$8,197,721 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Years ending June 30:	
2025	\$ (5,526,352)
2026	(2,565,767)
2027	(2,317,762)
2028	(1,042,398)
2029	(1,674,813)
Total	<u>\$ (13,127,092)</u>

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Actuarial Assumptions

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

Inflation:	
Price	2.75 %
Wage	3.25
Salary increases through 2027 (based on years of service)	2.75 - 6.55
Investment rate of return	7.00

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% for females, and with future improvement from the base year of 2010 on a generational basis.

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

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

Long-Term Expected Rate of Return

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

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00 %	8.98 %
Non-U.S. developed market equity	12.75	9.22
International small cap equity	1.25	9.22
Emerging market equity	5.50	11.13
Private equity	13.00	12.50
Real assets	8.00	8.58
Real estate	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 Rate

The discount rate used to measure the total pension liability was 7.00% at of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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 University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate as disclosed above, as well as what the University's proportionate share of 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net pension liability	\$ 136,015,475	\$ 118,951,297	\$ 104,464,736

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Plan Description - PFRS

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey (the State) Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership Tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

During the years ended June 30, 2024 and 2023, PFRS members were required to contribute 10% of their annual covered salary. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University. The State of New Jersey contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State of New Jersey's annual contribution approximates the actuarially determined pension cost for the year. The current percentage is 83.2% of annual covered payroll. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey. Employer Contributions.

The University is charged for employer contributions through a fringe benefit charge assessed by the State which is included in operating expenses by function and in nonoperating revenues as State of New Jersey paid fringe benefits in the accompanying statements of revenues, expenses and changes in net position. The amount was \$1,868,315 and \$1,986,969 for the years ending June 30, 2024 and 2023, respectively.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the University reported a liability of \$14,088,979 for its proportionate share of the PFRS net pension liability. The PFRS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PFRS total pension liability as of June 30, 2023 to June 30, 2024. The University's proportion of the PFRS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024 and June 30, 2023 the University's proportion was 0.3185% and 0.3586%, respectively.

For the year ended June 30, 2024, the University recognized pension expense of \$251,885. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 10,571	\$ 338,481
Changes in proportion	3,456,840	2,981,535
Differences between expected and actual experiences	393,391	230,199
Net difference between projected and actual earnings on pension plan investments	343,190	-
University contributions subsequent to the measurement date (current year)	1,868,315	-
Total	<u>\$ 6,072,307</u>	<u>\$ 3,550,215</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 15,658	\$ 745,927
Changes in proportion	4,661,444	2,311,337
Differences between expected and actual experiences	115,497	384,057
Net difference between projected and actual earnings on pension plan investments	549,731	-
University contributions subsequent to the measurement date (current year)	1,986,969	-
Total	<u>\$ 7,329,299</u>	<u>\$ 3,441,321</u>

The amount of \$1,868,315 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
 June 30, 2024 and 2023

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

Years ending June 30:		
2025	\$	(23,825)
2026		700,277
2027		429,372
2028		(313,542)
2029		(216,332)
Thereafter		<u>77,827</u>
	Total	<u>\$ 653,777</u>

Actuarial Assumptions

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

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

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 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2022.

Long-Term Expected Rate of Return

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

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00 %	8.98 %
Non-U.S. developed market equity	12.75	9.22
International small cap equity	1.25	9.22
Emerging market equity	5.50	11.13
Private equity	13.00	12.50
Real assets	8.00	8.58
Real estate	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 Rate

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

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

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate as disclosed above, as well as what the University's proportionate share of 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net pension liability	\$ 16,443,217	\$ 14,088,979	\$ 12,127,696

William Paterson University of New Jersey (A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Plan Description - TPAF

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership Tiers for TPAF:

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

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

Actuarial Assumptions

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

Inflation:	
Price	2.75 %
Wage	3.25
Salary increases (based on years of service)	2.75 - 4.25
Investment rate of return	7.00

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

Notes to Financial Statements
June 30, 2024 and 2023

Preretirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2022.

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00 %	8.98 %
Non-U.S. developed market equity	12.75	9.22
International small cap equity	1.25	9.22
Emerging market 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 Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan 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.

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

Notes to Financial Statements
June 30, 2024 and 2023

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

The following presents the net pension liability of the State as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>As of June 30,</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
2023	\$ 60,267,919,597	\$ 51,109,961,824	\$ 43,396,784,734
2022	60,591,896,759	51,676,587,303	44,166,559,329

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the University. The University's portion of the nonemployer contributing entities' total proportionate share of the net pension liability was \$1,602,520 as of June 30, 2024 and \$1,699,676 as of June 30, 2023. The University records their proportionate share of the pension expense as a revenue and expense in the accompanying statements of revenues, expenses and changes in net position. The amount was \$39,369 and \$45,743 for the years ending June 30, 2024 and 2023, respectively.

Alternate Benefit Program Information

ABP provides the choice of seven investment carriers, all of which are privately operated defined contribution retirement plans and is administered by the NJ Division of Pensions and Benefits. The University assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate 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 accumulation and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees are required to contribute 5% and may contribute a voluntary additional contribution of salary up to the maximum Federal statutory limit, on a pretax basis. Employer contributions are 8%. During the year ended June 30, 2024, ABP received employer and employee contributions of \$5,627,084 and \$3,566,128, respectively, which were based on participating employee salaries of \$70,393,459. During the year ended June 30, 2023, ABP received employer and employee contributions of \$5,398,970 and \$3,415,237, respectively, which were based on participating employee salaries of \$68,959,855. Employer contributions to ABP are paid by the State of New Jersey and the University and are reflected within operating expenses by function and within nonoperating revenues as State of New Jersey paid fringe benefits in the accompanying statements of revenues, expenses and changes in net position.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

Supplemental Alternative Benefit Program

The Supplemental Alternative Benefit Program is a defined contribution, supplemental 403(b) plan, established for employees who are members of the Alternate Benefit Program and whose base salary exceeds the current plan limit of \$175,000 for employer contributions. Vesting occurs immediately. Employees may not contribute to the plan and employer contributions are at the discretion of the University. Contributions of \$80,284 and \$65,810 were made in fiscal years 2024 and 2023, respectively.

12. Postemployment Benefits 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 (OPEB) 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 Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (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 Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). Accordingly, the University did not recognize any portion of this liability on the accompanying statements of net position.

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 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 Statement No. 75.

Total OPEB Liability and OPEB Expense

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 in the financial statements. For disclosure purposes, as of June 30, 2024 and 2023, the proportionate share of total OPEB liability attributable to the University was \$179,538,925 and \$186,720,597, respectively. The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2023 and 2022, the University's share was 3.244356% and 3.356928%, respectively.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

For the years ended June 30, 2024 and 2023, the University recognized an OPEB benefit of \$7,183,855 and \$5,412,133, 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 \$7,183,855 and \$5,412,133 for the years ended June 30, 2024 and 2023, respectively.

Actuarial assumptions and other inputs: The State's liability associated with the University at June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to the measurement date of June 30, 2023.

Inflation	3.65 %
Discount rate	3.65
Salary increases through 2026	3.25 - 16.25

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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 plans, including PERS (July 1, 2018 - June 30, 2021), ABP (using the experience of the Teacher's Pension and Annuity Fund - July 1, 2018 - June 30, 2021), and PFRS (July 1, 2018 - June 30, 2021). Health Care Trend Assumptions: For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2023 through 2024 are reflected. For PPO the trend is initially 6.36% in FY 2025, increasing to 14.35% in fiscal year 2026, and decreases to 4.5% after 8 years. For HMO the trend is initially 6.53% in fiscal year 2025, increasing to 15.47% in fiscal year 2026, and decreases to 4.5% after 8 years. For prescription drug benefits, the initial trend rate is 8.0% and decreases to a 4.5% long-term trend rate after seven years.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

13. Commitments and Contingencies

The University entered into a contract to permit a third party to install, operate and maintain solar photovoltaic facilities on certain University properties. In exchange, the University will purchase all electricity generated by the facilities at a set price. Total rent expense was \$357,261 and \$366,965 in 2024 and 2023, respectively.

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 position.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The University's management believes disallowances, if any, will be immaterial.

Union contracts are effective until June 30, 2024, with the exception of one contract that was effective through June 30, 2021 and is currently being renegotiated. Management believes that any adjustment from the negotiation will not have a material effect on the accompanying financial statements.

14. State of New Jersey Paid Fringe Benefits

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally pension and postretirement medical benefits and FICA taxes) on behalf of the University's employees. Such benefits were \$34,354,778 and \$32,572,624, for the years ended June 30, 2024 and 2023, respectively, and are included in nonoperating revenues as State of New Jersey paid fringe benefits and in operating expenses by function in the accompanying statements of revenues, expenses and changes in net position.

15. Unrestricted Net Position

As of June 30, 2024 and 2023, unrestricted net position consist of funds that have been designated as follows:

	<u>2024</u>	<u>2023</u>
Academic and other programs	\$ 10,514,339	\$ 13,881,748
Quasi-endowment	10,597,251	10,597,251
Capital programs:		
Renewal and replacement, nonauxiliary	12,771,944	11,512,856
Renewal and replacement, auxiliary	26,932,564	28,521,202
Net pension liability	<u>(135,447,552)</u>	<u>(143,957,229)</u>
Total	<u>\$ (74,631,454)</u>	<u>\$ (79,444,172)</u>

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2024 and 2023

16. Risk Management

The University is exposed to various risks of loss. The University purchases and funds property and casualty insurances through a joint insurance program with nine of the State of New Jersey Public Colleges and Universities. The University's risk management program involves insurance for all property risk and certain liability risk in the joint insurance program and all remaining liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement programs).

- All-Risk Property Insurance provides coverage for buildings, plant, equipment and business interruption to the extent that losses exceed \$100,000 per occurrence with a maximum limit of liability in an occurrence of \$2,000,000,000.
- Commercial Crime Insurance coverage provides limits of liability of \$5,000,000 for Employee Theft, Computer Fraud, and Funds Transfer Fraud Coverages, subject to \$150,000 retention; \$500,000 limits of liability for Premises, In Transit, Forgery, Money Orders and Counterfeit Currency Fraud, Credit Card, and Client Coverages, subject to \$50,000 retention; and; \$150,000 limit of liability for Social Engineering Fraud Coverage, subject to \$150,000 retention.
- Student Blanket Professional and General Liability Insurance provides coverage for students in curriculum-based practicums/internships with a limit of liability of \$2,000,000 each occurrence, \$4,000,000 in the aggregate. Faculty are also covered for claims arising out of the supervision/instruction of the insured students participating in activities that are part of and a requirement of the students' curriculum.
- Executive Auto Liability Insurance provides coverage for one executive vehicle, with a limit of liability of \$1,000,000 and a \$1,000 deductible applying to collision and comprehensive coverage.
- A fine arts insurance policy with a limit of \$1,500,000 and a \$1,000 deductible.
- As an instrumentality of the State of New Jersey the liability of the University is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1-1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13-1 et seq.) and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties.
- All insurance policies are renewed on an annual basis. All of the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature.

17. Subsequent Event

Subsequent events were evaluated through May 7, 2025, the date the financial statements were issued.

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Required Supplementary Information
Schedules of University's Proportionate Share of the Net Pension Liability (Unaudited)
Years Ended June 30

	2024		
	PERS	FFRS	TPAF
University's proportion of the net pension liability	0.5296600122 %	0.3184707400 %	
University's proportionate share of the net pension liability	\$ 118,951,297	\$ 14,088,979	\$ 1,602,520
University's covered-employee payroll	\$ 21,252,705	\$ 1,492,297	\$ -
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	559.70 %	944.11 %	- %
2023			
University's proportion of the net pension liability	0.5761299338 %	0.3586161600 %	
University's proportionate share of the net pension liability	\$ 128,977,234	\$ 15,515,860	\$ 1,699,676
University's covered-employee payroll	\$ 23,395,933	\$ 1,951,997	\$ 67,302
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	551.28 %	794.87 %	2,525.45 %
2022			
University's proportion of the net pension liability	0.5993728511 %	0.3883160054 %	
University's proportionate share of the net pension liability	\$ 129,641,336	\$ 15,783,383	\$ 2,220,302
University's covered-employee payroll	\$ 22,423,362	\$ 1,807,868	\$ 148,177
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	578.15 %	873.04 %	1,498.41 %
2021			
University's proportion of the net pension liability	0.6253836670 %	0.2695199971 %	
University's proportionate share of the net pension liability	\$ 138,985,063	\$ 11,586,691	\$ 3,871,670
University's covered-employee payroll	\$ 23,360,266	\$ 1,839,403	\$ 148,593
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	594.96 %	629.92 %	2,605.55 %
2020			
University's proportion of the net pension liability	0.6060986121 %	0.2343592322 %	
University's proportionate share of the net pension liability	\$ 139,477,960	\$ 9,847,042	\$ 3,538,629
University's covered-employee payroll	\$ 26,775,790	\$ 2,119,244	\$ 154,306
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	520.91 %	464.65 %	2293.25 %
2019			
University's proportion of the net pension liability	0.6158169473 %	0.3101258113 %	
University's proportionate share of the net pension liability	\$ 145,975,085	\$ 13,426,290	\$ 3,769,533
University's covered-employee payroll	\$ 27,626,141	\$ 1,812,243	\$ 276,521
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	528.39 %	740.87 %	1363.20 %
2018			
University's proportion of the net pension liability	0.6263001971 %	0.3113464137 %	
University's proportionate share of the net pension liability	\$ 160,618,586	\$ 13,685,989	\$ 4,129,519
University's covered-employee payroll	\$ 28,126,936	\$ 1,578,257	\$ 382,411
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	571.05 %	867.16 %	1079.86 %
2017			
University's proportion of the net pension liability	0.6206249503 %	0.2604667065 %	
University's proportionate share of the net pension liability	\$ 182,405,929	\$ 12,269,920	\$ 4,855,545
University's covered-employee payroll	\$ 26,842,842	\$ 1,396,099	\$ 390,095
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	679.53 %	878.87 %	1244.71 %
2016			
University's proportion of the net pension liability	0.6157306825 %	0.2265683030 %	
University's proportionate share of the net pension liability	\$ 146,064,467	\$ 9,728,101	\$ 9,575,278
University's covered-employee payroll	\$ 27,512,246	\$ 1,806,376	\$ 389,620
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	530.91 %	538.54 %	2457.59 %
2015			
University's proportion of the net pension liability	0.6237086082 %	0.2596863260 %	
University's proportionate share of the net pension liability	\$ 125,534,480	\$ 9,226,789	\$ 10,050,848
University's covered-employee payroll	\$ 27,170,262	\$ 1,189,806	\$ 366,714
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	462.03 %	775.49 %	2740.79 %

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Required Supplementary Information
Schedules of University Contributions (Unaudited)
Years Ended June 30

	2024	
	PERS	PFRS
Contractually required contribution	\$ 8,197,721	\$ 1,868,315
Contributions in relation to the contractually required contribution	<u>(8,197,721)</u>	<u>(1,868,315)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 21,252,705	\$ 1,492,297
Contributions as a percentage of covered-employee payroll	38.57%	125.20%
2023		
Contractually required contribution	\$ 8,924,665	\$ 1,986,969
Contributions in relation to the contractually required contribution	<u>(8,924,665)</u>	<u>(1,986,969)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 23,395,933	\$ 1,951,997
Contributions as a percentage of covered-employee payroll	38.15%	101.79%
2022		
Contractually required contribution	\$ 9,642,998	\$ 2,299,810
Contributions in relation to the contractually required contribution	<u>(9,642,998)</u>	<u>(2,299,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 22,423,362	\$ 1,807,868
Contributions as a percentage of covered-employee payroll	43.00%	127.21%
2021		
Contractually required contribution	\$ 6,973,314	\$ 1,726,801
Contributions in relation to the contractually required contribution	<u>(6,973,314)</u>	<u>(1,726,801)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 23,360,266	\$ 1,839,403
Contributions as a percentage of covered-employee payroll	29.85%	93.88%
2020		
Contractually required contribution	\$ 5,582,296	\$ 1,024,020
Contributions in relation to the contractually required contribution	<u>(5,582,296)</u>	<u>(1,024,020)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 26,775,790	\$ 2,119,244
Contributions as a percentage of covered-employee payroll	20.85%	48.32%
2019		
Contractually required contribution	\$ 4,740,793	\$ 754,977
Contributions in relation to the contractually required contribution	<u>(4,740,793)</u>	<u>(754,977)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 27,626,141	\$ 1,812,243
Contributions as a percentage of covered-employee payroll	17.16%	41.66%
2018		
Contractually required contribution	\$ 2,500,000	\$ 750,000
Contributions in relation to the contractually required contribution	<u>(2,500,000)</u>	<u>(750,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 28,126,936	\$ 1,578,257
Contributions as a percentage of covered-employee payroll	8.89%	47.52%
2017		
Contractually required contribution	\$ 2,859,750	\$ 608,268
Contributions in relation to the contractually required contribution	<u>(2,859,750)</u>	<u>(608,268)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 28,126,936	\$ 1,578,257
Contributions as a percentage of covered-employee payroll	10.17%	38.54%
2016		
Contractually required contribution	\$ 1,972,328	\$ 359,837
Contributions in relation to the contractually required contribution	<u>(1,972,328)</u>	<u>(359,837)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 27,512,246	\$ 1,806,376
Contributions as a percentage of covered-employee payroll	7.17%	19.92%
2015		
Contractually required contribution	\$ 950,516	\$ 315,912
Contributions in relation to the contractually required contribution	<u>(950,516)</u>	<u>(315,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 27,170,262	\$ 1,189,806
Contributions as a percentage of covered-employee payroll	3.50%	26.55%

William Paterson University of New Jersey
(A Component Unit of the State of New Jersey)

Required Supplementary Information
Schedules of University's Proportionate Share of the Total OPEB Liability (Unaudited)
Years Ended June 30

	<u>2024</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>5,533,884,033</u>
Total OPEB liability	<u>5,533,884,033</u>
University's covered-employee payroll	\$ 88,128,985
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2023</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>5,562,246,454</u>
Total OPEB liability	<u>5,562,246,454</u>
University's covered-employee payroll	\$ 86,141,216
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2022</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>6,795,638,768</u>
Total OPEB liability	<u>6,795,638,768</u>
University's covered-employee payroll	\$ 86,141,216
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2021</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>7,996,986,472</u>
Total OPEB liability	<u>7,996,986,472</u>
University's covered-employee payroll	\$ 92,872,507
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2020</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>5,492,432,567</u>
Total OPEB liability	<u>5,492,432,567</u>
University's covered-employee payroll	\$ 96,279,402
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2019</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>7,146,922,189</u>
Total OPEB liability	<u>7,146,922,189</u>
University's covered-employee payroll	\$ 96,433,431
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%
	<u>2018</u>
University's proportion of the total OPEB liability	0.00%
University's proportionate share of the total OPEB liability	\$ -
State of New Jersey's proportionate share of the total OPEB liability	<u>8,178,871,728</u>
Total OPEB liability	<u>8,178,871,728</u>
University's covered-employee payroll	\$ 96,556,548
University's proportionate share of the Collective Total OPEB liability as a percentage of covered-employee payroll	0.00%

* Information provided for Required Supplementary Information will be provided for ten (10) years as the information becomes available in subsequent years.

Notes to the Schedule:

For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions*.