

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

Financial Statements and
Supplementary Information

June 30, 2025 and 2024

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

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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), and the discretely presented component unit, as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, 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), the discretely presented component unit. 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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
December 10, 2025

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Introduction

The Management's Discussion and Analysis (MD&A) provides an accessible overview of the performance of William Paterson University of New Jersey (WP or the University) for the fiscal years ended June 30, 2025, 2024 and 2023. The MD&A presents key highlights and is intended to assist readers in understanding the University's financial condition and outlook. Accordingly, it should be read in conjunction with the accompanying financial statements and footnotes.

University Overview

William Paterson University of New Jersey, founded in 1855 and located on campuses in Wayne, Haledon, and North Haledon, is a comprehensive public institution. The University offers more than 150 bachelor's, master's, and certificate programs, as well as three doctoral programs (EdD in Leadership, PsyD in Clinical Psychology, DNP) through its five colleges: Adult and Professional Studies; Arts, Humanities and Social Sciences; Cotsakos College of Business; Education; and Science and Health.

Designated as both a Hispanic-Serving Institution and a Minority-Serving Institution, the University is committed to academic excellence, inclusive education and economic mobility. As an instrumentality of the State of New Jersey, William Paterson receives significant support via annual state appropriations—its largest source of non-operating revenue—and its financial statements are reported as a component unit in the State's Annual Comprehensive Financial Report.

Reporting Entity

The William Paterson University Foundation, Inc. is presented as a discretely reported component unit within the University's financial statements. The Foundation operates as an independent 501(c)(3) nonprofit organization governed by its own board of trustees, providing philanthropic support and managing endowed funds for the direct benefit of the University's academic and student initiatives.

Highlights

Despite ongoing fiscal and demographic pressures across the higher education sector, William Paterson University remains committed to maintaining financial stability while advancing its mission.

Key highlights for fiscal years 2025 and 2024 include:

- **State Support and Appropriations:** The University received an additional \$7.5 million in each of fiscal years 2025 and 2024 under the Institutional Workforce Sustainability Plan, reflecting the State's continued investment in higher education.
- **Operating Challenges:** Base operating appropriations have remained flat, even as state-negotiated labor contracts have increased personnel costs. The University continues to manage these unfunded obligations through strategic cost control and revenue diversification.
- **Enrollment and Academic Growth:** Since the launch of WP Online in 2020, the University has expanded its portfolio to include new undergraduate and doctoral programs, resulting in steady enrollment growth in online and graduate populations.
- **Post-Pandemic Transition:** Although pandemic-related disruptions have gradually subsided, their residual effects—such as reduced residential occupancy and academic readiness gaps—continue to influence the University's operating environment. WP has leveraged these challenges as opportunities to modernize instruction and improve student support.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Strategic Direction

The University is working towards finalizing its 2026-2031 strategic plan. The development of this plan begins with a commitment to transparency, inclusion and community engagement.

The Central Committee, co-chaired by Dr. George F. Kacenga and Dr. Amy Ginsberg, will lead a series of listening sessions and surveys throughout October and November to gather insights from every corner of the University.

These conversations will include participation from our colleges and staff, the Board of Trustees, the Student Government Association, University Council, Faculty Senate, Foundation Board, Alumni Executive Council and College Advisory Councils.

The frames for the strategic plan are as follows:

- **Frame I:** Access and Affordability in Higher Education
- **Frame II:** Strategic Growth and Collaboration
- **Frame III:** Enhancement of Academic Offerings and Support Services
- **Frame IV:** Infrastructure and Technological Advancement
- **Frame V:** Building Community, both internally and externally

Governmental Accounting Standards Board (GASB) Statements No. 68 and 75

In 2015, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial reporting for Pensions*, was adopted. This 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 (see below, "Proportionate share of NJ pension liability").

In 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was adopted. 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. Unlike GASB No. 68 however, GASB No. 75 does not affect the Statement of Net Position. The University is not required to report an OPEB liability because of the technical classification whereby a "special funding situation" as defined by GASB No. 75 is deemed relevant.

William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Components of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net investment in capital assets	\$ 209,152,559	\$ 208,969,845	\$ 207,167,109
Restricted for debt service	9,660,000	9,270,000	8,210,000
Unrestricted:			
University unrestricted	67,772,812	60,816,098	64,513,057
Proportionate share of NJ pension liability	<u>(126,935,302)</u>	<u>(135,447,552)</u>	<u>(143,957,229)</u>
	<u>(59,162,490)</u>	<u>(74,631,454)</u>	<u>(79,444,172)</u>
Total net position	<u>\$ 159,650,069</u>	<u>\$ 143,608,391</u>	<u>\$ 135,932,937</u>

Statements of Net Position

The Statement of Net Position presents the University's financial position as of June 30, 2025, 2024 and 2023. These amounts are reported on the accrual basis of accounting in accordance with GASB requirements.

It reports the following components:

- **Assets** - Resources owned or controlled by the University that are expected to provide future economic benefit, including cash and cash equivalents, investments, receivables and capital assets recorded at historical cost and reduced by accumulated depreciation.
- **Deferred Outflows of Resources** - Consumption of net assets that applies to future reporting periods, such as pension or debt-refunding-related adjustments.
- **Liabilities** - Present obligations expected to be settled over time, including bonds payable and pension liabilities.
- **Deferred Inflows of Resources** - Acquisition of net assets that applies to future periods, including pension and lease adjustments.
- **Net Position** - The residual interest after all liabilities and deferrals, classified as net investment in capital assets, restricted and unrestricted.

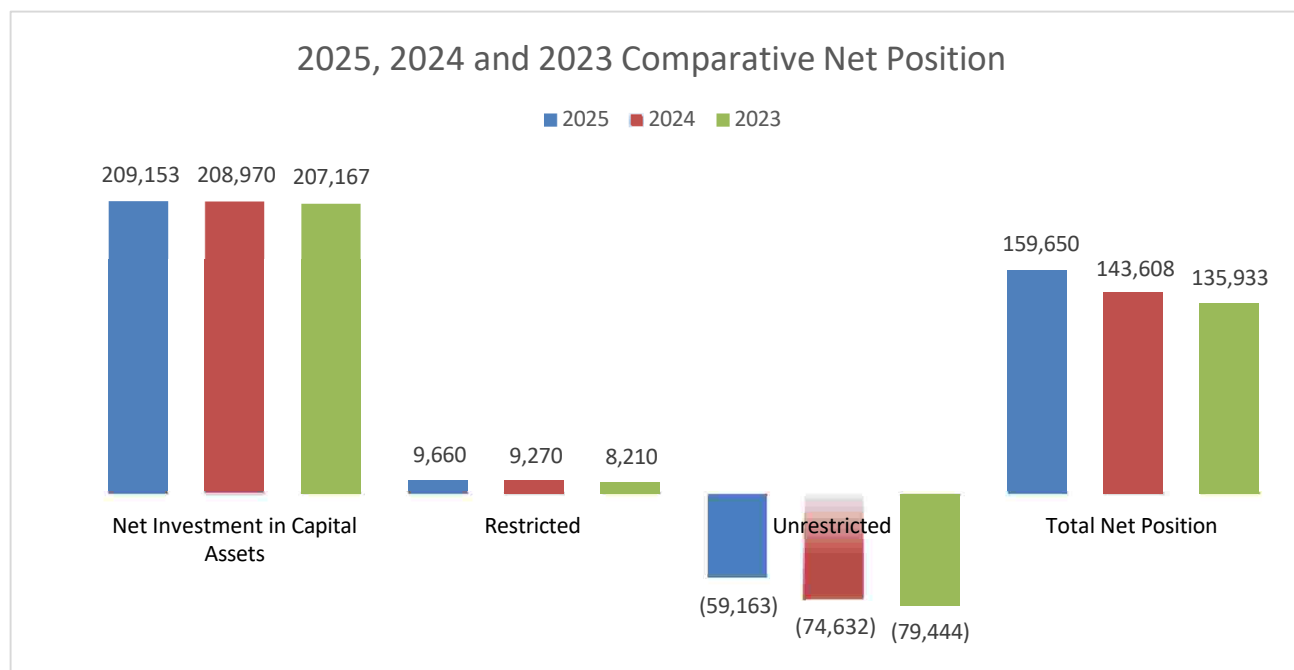
**William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

A summary of the University's Net Position for the fiscal years ended June 30, 2025, 2024 and 2023 is presented below:

Statements of Net Position Summary

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(In Thousands)		
Assets:			
Current assets	\$ 128,013	\$ 116,348	\$ 95,879
Noncurrent assets:			
Capital assets, net	363,473	372,651	377,478
Other	-	-	59
Total assets	<u>491,486</u>	<u>488,999</u>	<u>473,416</u>
Deferred outflows	<u>17,686</u>	<u>23,017</u>	<u>27,008</u>
Liabilities:			
Current liabilities	47,790	41,217	28,956
Noncurrent liabilities	<u>275,192</u>	<u>303,906</u>	<u>311,371</u>
Total liabilities	<u>322,982</u>	<u>345,123</u>	<u>340,327</u>
Deferred inflows	<u>26,540</u>	<u>23,284</u>	<u>24,164</u>
Net position:			
Net investments in capital assets	209,153	208,970	207,167
Restricted for debt service	9,660	9,270	8,210
Unrestricted (deficit)	<u>(59,163)</u>	<u>(74,632)</u>	<u>(79,444)</u>
Total net position	<u>\$ 159,650</u>	<u>\$ 143,608</u>	<u>\$ 135,933</u>



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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Analysis

Assets

- Total assets increased \$2.5 million in fiscal year 2025, driven by higher cash balances and partly offset by a decrease in investments and capital assets depreciation.
- Current assets rose \$11.7 million, reflecting a \$21.0 million increase in cash and cash equivalents, offset by decreases in investments and restricted deposits.
- Capital assets declined \$9.2 million, reflecting \$17.0 million in depreciation offset by new project additions.

Deferred Outflows of Resources

- Totaled \$17.7 million at June 30, 2025, compared with \$23.0 million in 2024.
- Primarily related to GASB 68 pension adjustments and \$2.8 million associated with the advance refunding of the 2008C bond issuance.

Liabilities

- Total liabilities decreased \$22.1 million to \$323.0 million, primarily driven by the following:
 - Scheduled debt repayments and lower pension obligations, totaling \$27.3 million
 - Increases in accounts payable and unearned revenue, totaling \$5.9 million

Deferred Inflows of Resources

- Increased to \$26.5 million from \$23.3 million in 2024.
- The sources of deferred inflows are related to GASB 68 actuarial pension fund adjustments and GASB 87 lease adjustments.

Net Position

- Net position increased \$16.0 million to \$159.7 million, primarily driven by a \$15.5 million reduction in the unrestricted deficit.

Summary

William Paterson University's overall financial position remained stable in fiscal year 2025. Improved liquidity, continued investment in facilities, and a reduction in long-term obligations enhance the University's ability to manage operating pressures and future capital needs while maintaining compliance with debt covenants and State reporting standards.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reports the University's operating results for the fiscal years ended June 30, 2025, 2024 and 2023. It presents the inflows and outflows of resources that explain changes in the University's overall net position during each fiscal year. Revenues and expenses are classified as follows, consistent with GASB reporting standards:

- **Operating revenues** - Amounts earned from providing instructional, housing and auxiliary services to students and other constituencies.
- **Operating expenses** - Costs incurred in delivering those services, including salaries, benefits, depreciation and supplies.
- **Nonoperating revenues (expenses)** - Items not directly related to operations, such as state appropriations, investment income and interest expense.
- **Capital grants and gifts** - Restricted resources received for the acquisition or improvement of capital assets.

Operating and Nonoperating Results Overview

- The University's operating loss totaled \$105.8 million in fiscal year 2025, compared with \$108.6 million in 2024, reflecting continued reliance on State appropriations and other nonoperating support to sustain operations.
- Operating revenues increased \$13.1 million to \$148.2 million, consisting of the following changes:
 - An \$11.5 million increase in student tuition and fees, partially offset by a \$6.5 million increase in scholarship allowances
 - A combined \$5.8 million increase in federal, state and local grants and contracts
 - Combined growth of \$2.3 million in auxiliary and residential life revenues
- Operating expenses rose \$10.3 million to \$254.0 million due to contractual wage increases and inflationary cost pressures.
- Although expenses increased, the University's revenue gains helped mitigate the impact on overall operations.

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Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

The following chart presents a summary of the University's total revenues and expenses by fiscal year

Summary of Revenues, Expenses and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(In Thousands)		
Operating revenues:			
Net student revenue	\$ 89,344	\$ 82,641	\$ 80,707
Other	58,855	52,483	41,567
Total operating revenues	148,199	135,124	122,274
Operating expenses	254,034	243,688	195,031
Operating loss	(105,835)	(108,564)	(108,564)
Nonoperating revenues (expenses):			
State appropriations	119,745	115,294	75,092
Other	6,617	5,321	5,077
Interest expense	(5,576)	(5,421)	(5,601)
Net total nonoperating revenues	120,786	115,194	74,568
Capital grants and gifts	1,091	1,045	-
Change in net position*	16,042	7,675	1,811
Net position, beginning of year	143,608	135,933	134,122
Net position, end of year	<u>\$ 159,650</u>	<u>\$ 143,608</u>	<u>\$ 135,933</u>
*Categories of change in net position:			
Operating and nonoperating net total expenses	\$ 6,439	\$ (1,881)	\$ (9,164)
GASB 68 pension benefit	8,512	8,510	10,975
GASB 75 OPEB benefit (expense)	4,231	7,184	5,412
GASB 75 OPEB revenue (expense)	(4,231)	(7,184)	(5,412)
Capital grants and gifts	1,091	1,046	-
Net total increase (decrease) in net position	<u>\$ 16,042</u>	<u>\$ 7,675</u>	<u>\$ 1,811</u>

William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Revenues

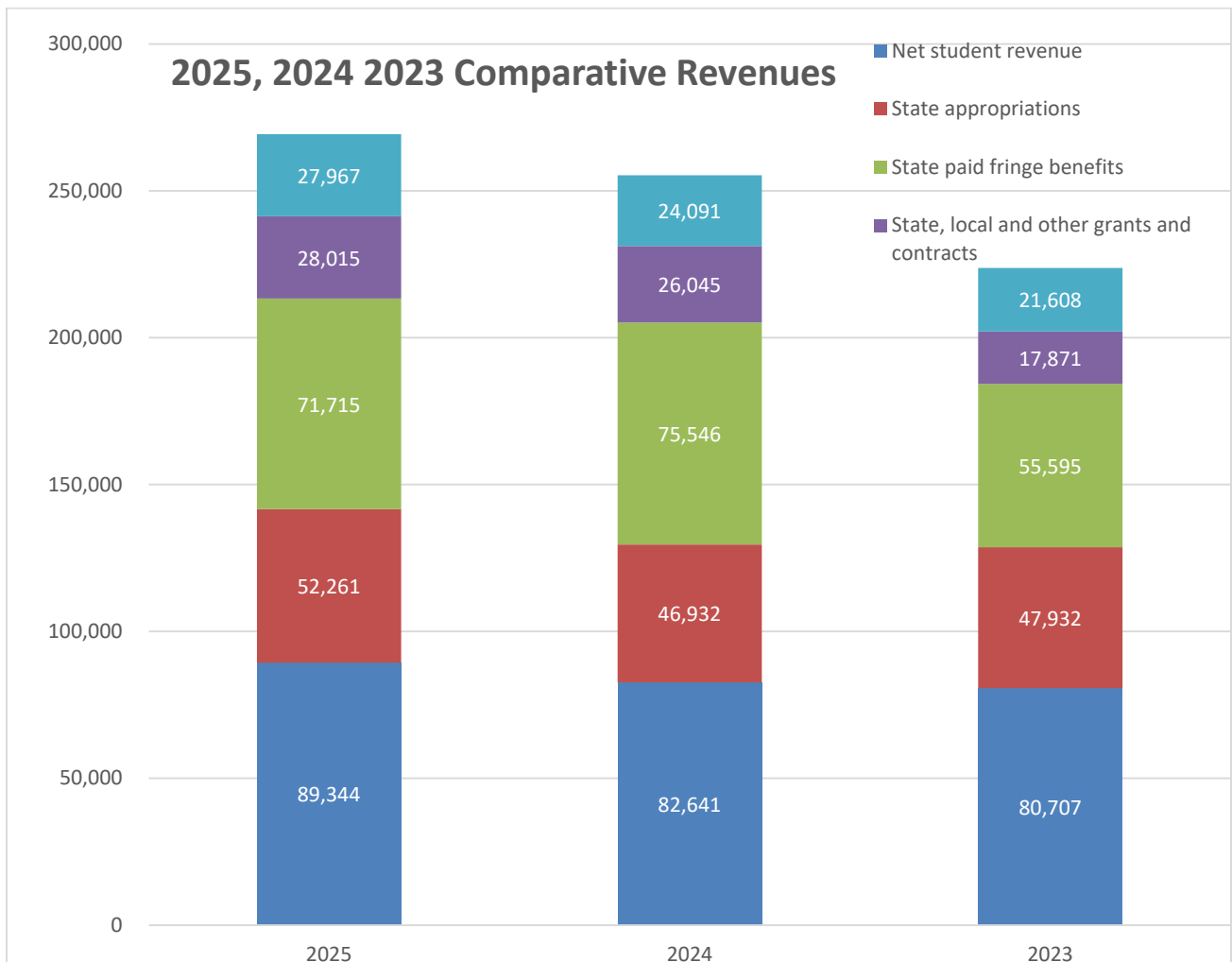
Revenues are classified as operating, nonoperating, or capital grants and gifts in accordance with GASB standards. A summary of the University's revenues for the years ended June 30, 2025, 2024 and 2023 is presented below, together with a chart illustrating major revenue categories:

Operating, Nonoperating and Capital Revenues:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(In Thousands)		
Operating revenues:			
Student revenue	\$ 123,982	\$ 112,473	\$ 108,401
Residence life	15,961	14,243	15,159
Less scholarship allowances	<u>(50,599)</u>	<u>(44,075)</u>	<u>(42,853)</u>
Net student revenues	89,344	82,641	80,707
Federal grants and contracts	27,967	24,091	21,608
State, local and other grants and contracts	28,014	26,045	17,871
Auxiliary enterprises	<u>2,874</u>	<u>2,347</u>	<u>2,088</u>
Total operating revenues	148,199	135,124	122,274
Nonoperating revenues:			
State appropriations	52,261	46,932	47,932
State paid fringe benefits	71,715	75,546	55,595
Change in State OPEB benefits	(4,231)	(7,184)	(5,412)
Private gifts	1,729	1,402	1,373
Investment income	2,562	1,880	2,048
Unrealized investment gain	1,618	1,489	697
Other, nonoperating revenues	<u>708</u>	<u>550</u>	<u>958</u>
Total nonoperating revenues	126,362	120,615	103,191
Capital grants and gifts	<u>1,091</u>	<u>1,046</u>	<u>-</u>
Total operating, nonoperating and capital revenues	<u>\$ 275,652</u>	<u>\$ 256,785</u>	<u>\$ 225,465</u>

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024



Operating Revenues

- In fiscal year 2025, gross student tuition and fees totaled \$124.0 million, up from \$112.5 million in 2024 and \$108.4 million in 2023, reflecting sustained enrollment growth.
- Net student revenue - tuition and fees, residence life, net of scholarship allowances—totaled \$89.3 million in 2025, an increase of \$6.7 million from 2024, driven by higher enrollment and occupancy.
- Federal grants and contracts increased \$3.9 million to \$28.0 million, while state, local and other grants rose \$2.0 million to \$28.0 million, as well.
- Auxiliary enterprises generated \$2.9 million, up \$0.5 million from 2024, reflecting stronger meal plan and facility rental activity.

William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
 June 30, 2025 and 2024

A summary of the University's student enrollment for the fiscal years ended June 30, 2025, 2024 and 2023 is presented below:

Student Enrollment:

Total Enrollment (FTE's):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Annualized Fall and Spring	7,316	6,837	6,735
Summer II (July-August 2024, 2023, 2022)	609	541	429
Summer I (May-June 2024, 2023, 2022)	829	632	700
Winter	<u>74</u>	<u>78</u>	<u>76</u>
Total enrollment	<u>8,828</u>	<u>8,088</u>	<u>7,940</u>
Residential students	<u>1,243</u>	<u>1,133</u>	<u>1,153</u>
Meal plan participants	<u>1,228</u>	<u>1,116</u>	<u>1,109</u>

Nonoperating Revenues

Nonoperating revenues consist mainly of State appropriations, fringe benefits and investment income.

- Total State appropriations and fringe benefits (excluding OPEB) were \$124.0 million in 2025, a \$1.5 million increase from prior year
- General operations support increased by \$5.3 million to \$52.3 million.
- Fringe benefit appropriations were \$71.7 million, \$75.5 million and \$55.6 million for 2025, 2024 and 2023.
- OPEB benefit adjustments were (\$4.2) million, (\$7.2) million and (\$5.4) million in 2025, 2024 and 2023.

Capital Grants and Gifts

Capital grants support facility and infrastructure investment.

- Final funding under New Jersey's *Building Our Future* bond program was received in 2024 and 2023.
- The \$30.0 million grant primarily supported University Hall and renovations to Preakness Hall and Hunziker Wing.
- Capital grants totaled \$1.0 million in 2025 and \$1.0 million in 2024.

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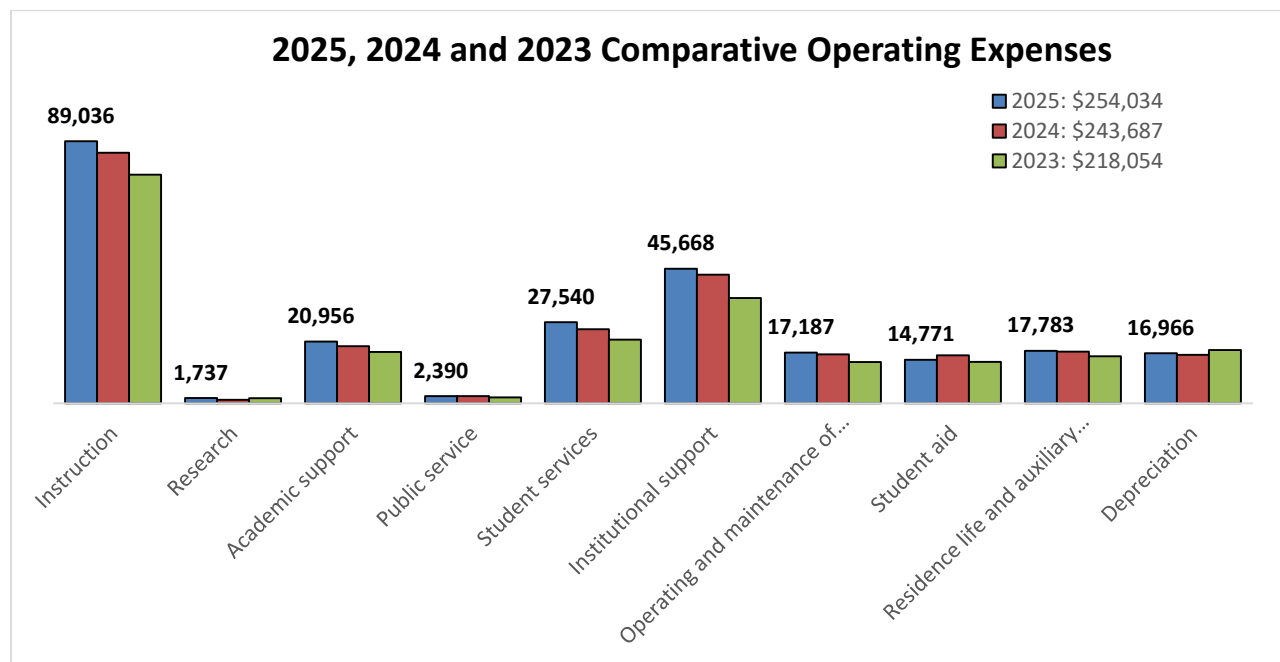
Management's Discussion and Analysis (Unaudited)
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Expenses

Operating Expenses

Operating expenses are reported by function and reflect the cost of delivering instruction, research and support services.

- Total operating expenses were \$254.0 million in 2025, an increase of \$10.3 million from 2024.
- The increase reflects contractual salary adjustments and inflationary cost pressures.
- GASB 68 and GASB 75 adjustments provided a net benefit of \$12.7 million and \$15.7 million in 2025 and 2024, respectively.
- Operating expenses, excluding the impacts of GASB 68 and GASB 75, remained proportionately consistent across the three fiscal years, with fiscal year 2025 composed of salaries (44.5%), fringe benefits (27.5%), supplies and services (21.7%) and depreciation (6.3%).



Nonoperating Expense

Nonoperating expenses primarily reflect interest on capital debt and investment adjustments.

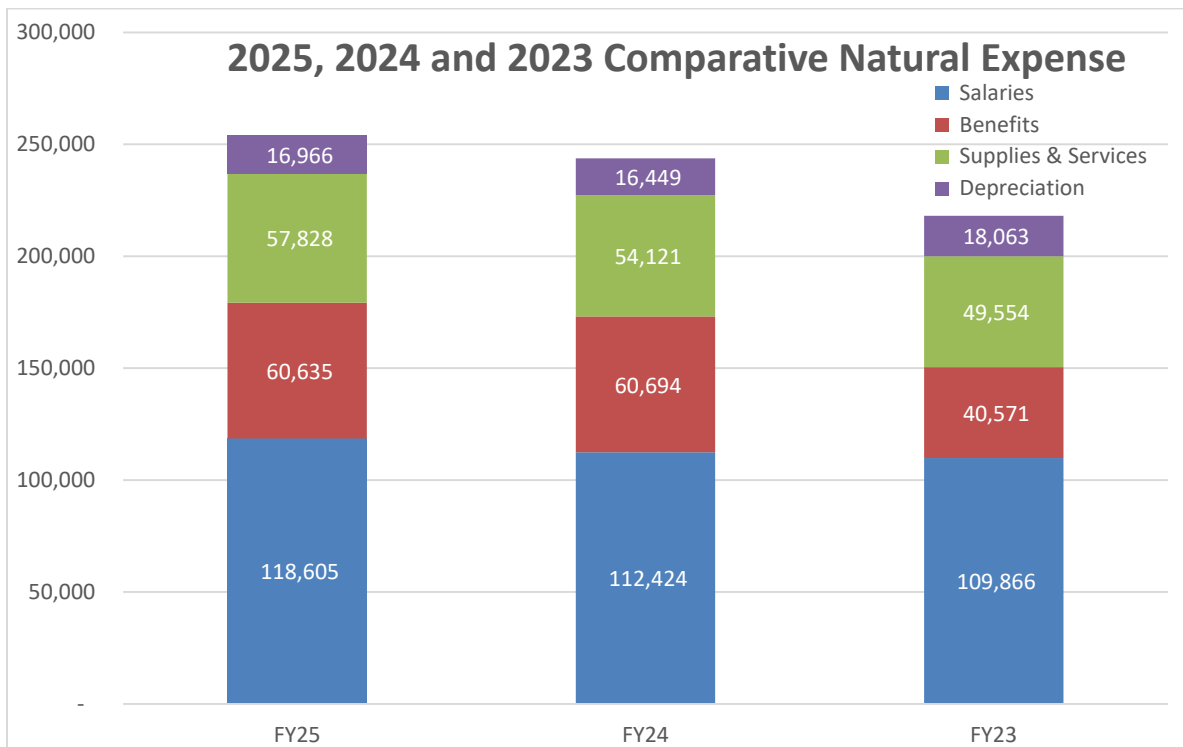
- Interest on capital debt totaled \$5.6 million, \$5.4 million and \$5.6 million for 2025, 2024 and 2023.
- Unrealized investment gain during 2025 reflect market valuation changes driven by interest rate fluctuations. These gains are not expected to be realized, as the University's investment portfolio is structured so that all bonds are held to maturity.

**William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
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Functional Operating Expenses

	2025	2024	2023
	(In Thousands)		
Instruction	\$ 95,030	\$ 92,470	\$ 82,307
Research	1,810	1,254	1,738
Academic support	22,267	20,872	19,111
Public service	2,481	2,553	2,052
Student services	29,108	26,994	23,500
Institutional support	48,059	46,702	39,560
Operation and maintenance of plant	17,995	17,668	17,251
Student aid	14,774	16,259	14,019
Residence life and auxiliary	18,287	18,159	16,840
Depreciation	16,966	16,449	18,063
Total operating expenses	266,777	259,380	234,441
GASB 68 impact	(8,512)	(8,510)	(10,975)
GASB 75 impact	(4,231)	(7,183)	(5,412)
	\$ 254,034	\$ 243,687	\$ 218,054



William Paterson University of New Jersey
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Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Capital Assets and Debt Activities

Capital Assets Overview

At June 30, 2025, the University's investment in capital assets totaled \$363.5 million, net of accumulated depreciation of \$328.6 million. Debt related to these assets was \$176.4 million. During fiscal year 2025, capital additions totaled \$6.5 million for building and improvements and equipment.

Major Capital Projects

- In April 2023, WP was awarded \$43.0 million in capital funding through OSHE and NJEFA.
- The allocation includes \$40.0 million for the renovation and expansion of the Sports and Recreation Center, \$2.3 million for technology infrastructure improvements, and \$0.6 million for student-focused technology initiatives.
- Construction on the Sports and Recreation Center expansion is expected to begin in fiscal year 2026. The 88,000 sq. ft. addition will include a Wellness Center, academic labs, natatorium and new athletic facilities.
- WP continues to prioritize residence hall renewal and deferred maintenance projects, supplemented by capital gifts and institutional funds.

Debt and Financial Outlook

- Total capital-related debt remained \$176.4 million at June 30, 2025.
- The University manages debt within statutory limits and maintains favorable financial ratios.
- Priorities include strengthening liquidity, supporting strategic capital initiatives and reducing reliance on one-time State funding.

A summary of the University's capital assets at June 30, 2025, 2024 and 2023 follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	(In Thousands)		
Land	\$ 7,256	\$ 7,256	\$ 7,256
Construction in progress	14,028	12,078	18,304
Infrastructure	19,601	19,601	19,601
Buildings and improvements	591,018	590,197	575,748
Equipment	55,134	49,496	48,135
Right of use asset	1,752	1,752	1,752
Subscription asset	2,616	2,615	-
Artwork	697	691	691
	<u>692,102</u>	<u>683,686</u>	<u>691</u>
Total			
Less accumulated depreciation	<u>(328,629)</u>	<u>(311,035)</u>	<u>(294,009)</u>
Total capital assets, net	<u>\$ 363,473</u>	<u>\$ 372,651</u>	<u>\$ (293,318)</u>

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Conclusion

Despite stagnating base State appropriations, enrollment pressures and the residual impacts of the COVID-19 pandemic, the University continues to manage expenses prudently, allocate resources strategically and pursue new revenue opportunities. Leadership remains committed to maintaining affordability and quality while serving an underserved student population.

The University's financial stability reflects:

- Strategic planning and fiscal discipline, allowing WP to adapt to demographic and economic shifts.
- Prudent reserve management, ensuring flexibility to meet operational and strategic needs.
- Focus on mission alignment, keeping resources directed toward student success.

The financial health of William Paterson University remains closely tied to that of the State of New Jersey.

- State appropriations were \$52.3 million in fiscal year 2025 and \$46.9 million in fiscal year 2024, supplemented by \$7.5 million in one-time funding each year.
- WP continues to advocate for incorporating these temporary funds into its permanent base appropriation.
- Inflationary cost increases over the past 30 years have outpaced growth in base State support, despite modest gains in Outcomes-Based Allocation (OBA) funding.

The University's long-term strategy emphasizes:

- Diversifying revenues through enrollment growth, WP Online expansion and new international recruitment initiatives.
- Enhancing alternative income sources, including cellular tower leases, conference and facility rentals and noncredit programming.
- Maintaining affordability, with tuition and fee increases averaging only 2.3% over the past decade, often below inflation and the Higher Education Price Index (HEPI).

Financial sustainability is also supported by:

- Strong investment income performance, driven by external advisors managing operating cash portfolios.
- Continued growth in philanthropic support, with the WP Foundation doubling its endowment over the past five years.
- Ongoing Board oversight through Key Performance Indicators aligned with external rating agency standards.

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

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Requests for Information

Questions concerning any information contained in this report or request for additional information can be addressed to the Controller's Office, William Paterson University, 300 Pompton Road, Wayne New Jersey, 07470.

Complete financial statements for William Paterson University of New Jersey Foundation, Inc., the University's component unit, can also be obtained from the Controller's Office.

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflow of Resources		
Current assets:		
Cash and cash equivalents	\$ 33,453,178	\$ 12,443,612
Restricted deposits held by bond trustees	12,565,189	14,629,047
Investments	47,457,461	50,099,161
	<u>93,475,828</u>	<u>77,171,820</u>
Receivables:		
Students, less allowance for doubtful accounts of \$4,818,276 in 2025 and \$7,012,315 in 2024	9,342,804	10,644,782
Loans, net	242,219	288,685
State of New Jersey	14,868,749	17,375,247
Gifts, grants and contracts	3,759,851	2,297,103
Leases	843,676	891,310
Other receivables	5,147,099	5,971,143
Due from component unit	18,616	1,378,331
	<u>34,223,014</u>	<u>38,846,601</u>
Total receivables	<u>34,223,014</u>	<u>38,846,601</u>
Prepaid expenses	314,483	329,112
	<u>314,483</u>	<u>329,112</u>
Total current assets	128,013,325	116,347,533
Noncurrent assets:		
Capital assets, net	363,472,834	372,651,067
	<u>363,472,834</u>	<u>372,651,067</u>
Total assets	491,486,159	488,998,600
Deferred outflows of resources:		
Advance bond refunding	2,816,170	3,031,419
Pensions	14,869,922	19,985,654
	<u>17,686,092</u>	<u>23,017,073</u>
Total deferred outflows of resources	<u>17,686,092</u>	<u>23,017,073</u>
Total assets and deferred outflows of resources	<u>509,172,251</u>	<u>512,015,673</u>
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Accounts payable and accrued expenses	21,809,467	16,989,344
Subscription liability	679,321	627,467
Compensated absences	4,101,725	3,935,095
Bonds payable	9,660,000	9,270,000
Other long-term debt	346,603	329,101
Unearned revenue	11,193,186	10,066,089
	<u>47,790,302</u>	<u>41,217,096</u>
Total current liabilities	<u>47,790,302</u>	<u>41,217,096</u>
Noncurrent liabilities:		
Subscription liability	732,323	1,411,638
Bonds payable	142,240,817	153,015,073
Other long-term debt	13,756,792	14,103,395
Compensated absences	1,757,882	1,740,395
U.S. government grants refundable	595,166	595,166
Net pension liability	116,109,327	133,040,276
	<u>275,192,307</u>	<u>303,905,943</u>
Total noncurrent liabilities	<u>275,192,307</u>	<u>303,905,943</u>
Total liabilities	322,982,609	345,123,039
Deferred inflows of resources:		
Lease receivable	843,676	891,310
Pensions	25,695,897	22,392,933
	<u>26,539,573</u>	<u>23,284,243</u>
Total deferred inflows of resources	<u>26,539,573</u>	<u>23,284,243</u>
Net Position		
Net investment in capital assets	209,152,559	208,969,845
Restricted for debt service	9,660,000	9,270,000
Unrestricted (deficit)	(59,162,490)	(74,631,454)
	<u>\$ 159,650,069</u>	<u>\$ 143,608,391</u>
Total net position	<u>\$ 159,650,069</u>	<u>\$ 143,608,391</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Student revenues:		
Student tuition and fees	\$ 123,982,551	\$ 112,472,732
Residence life	15,960,588	14,243,125
Less scholarship allowances	<u>(50,599,382)</u>	<u>(44,074,992)</u>
Net student revenues	89,343,757	82,640,865
Federal grants and contracts	27,966,827	24,091,359
State, local and other grants and contracts	28,014,659	26,044,796
Auxiliary enterprises	<u>2,873,991</u>	<u>2,346,917</u>
Total operating revenues	<u>148,199,234</u>	<u>135,123,937</u>
Operating Expenses		
Instruction	89,035,755	85,097,611
Research	1,737,036	1,167,606
Academic support	20,956,053	19,387,473
Public service	2,390,083	2,424,145
Student services	27,540,209	25,126,323
Institutional support	45,668,237	43,674,029
Operating and maintenance of plant	17,186,506	16,613,061
Student aid	14,770,903	16,250,480
Residence life and auxiliary enterprises	17,782,888	17,498,427
Depreciation	<u>16,966,083</u>	<u>16,449,218</u>
Total operating expenses	<u>254,033,753</u>	<u>243,688,373</u>
Net operating loss	<u>(105,834,519)</u>	<u>(108,564,436)</u>
Nonoperating Revenues (Expenses)		
State of New Jersey appropriations	52,261,000	46,932,000
State of New Jersey paid fringe benefits	71,715,390	75,545,778
Change in State of New Jersey OPEB	(4,231,377)	(7,183,855)
Private gifts	1,728,972	1,402,170
Investment income	2,561,775	1,879,639
Net unrealized investment gain	1,617,843	1,489,387
Interest on capital asset-related debt	(5,576,234)	(5,421,088)
Other nonoperating revenues, net	<u>708,133</u>	<u>549,865</u>
Net nonoperating revenues, net	<u>120,785,502</u>	<u>115,193,896</u>
Income before other revenues	14,950,983	6,629,460
Capital Contributions		
Capital grants and gifts	<u>1,090,695</u>	<u>1,045,994</u>
Increase in net position	16,041,678	7,675,454
Net Position, Beginning	<u>143,608,391</u>	<u>135,932,937</u>
Net Position, Ending	<u>\$ 159,650,069</u>	<u>\$ 143,608,391</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, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Student tuition and fees	\$ 74,685,147	\$ 68,919,916
Federal, state and local grants and contracts	57,829,593	48,366,327
Payments to suppliers	(39,259,418)	(31,629,119)
Payments to employees	(118,382,441)	(108,002,913)
Payments for employee benefits	(8,129,637)	(8,126,130)
Payments for student aid	(14,417,165)	(15,124,279)
Residence life	15,960,588	14,243,125
Auxiliary enterprises	2,873,991	2,346,917
Net cash used in operating activities	<u>(28,839,342)</u>	<u>(29,006,156)</u>
Cash Flows From Noncapital Financing Activities		
State of New Jersey appropriations	54,656,904	47,416,178
Private gifts	1,728,972	1,402,170
Other receipts	708,133	549,865
Net cash provided by noncapital financing activities	<u>57,094,009</u>	<u>49,368,213</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on asset related capital debt	(10,813,063)	(9,314,600)
Purchase of capital assets	(5,791,765)	(8,860,027)
Capital appropriations, grants and gifts received	3,597,193	1,045,994
Interest payments on capital asset-related debt	(5,383,803)	(5,614,624)
Increase (decrease) in restricted deposits held by bond trustees	2,063,858	(785,201)
Proceeds from lease arrangements	(167,366)	-
Net cash used in capital and related financing activities	<u>(16,494,946)</u>	<u>(23,528,458)</u>
Cash Flows Provided by Investing Activities		
Proceeds from sales of investments	12,749,200	43,679,575
Purchases of investments	(7,678,973)	(40,469,231)
Interest, dividends and realized gains	4,179,618	3,369,026
Net cash provided by investing activities	<u>9,249,845</u>	<u>6,579,370</u>
Net increase in cash and cash equivalents	21,009,566	3,412,969
Cash and Cash Equivalents, Beginning	<u>12,443,612</u>	<u>9,030,643</u>
Cash and Cash Equivalents, Ending	<u>\$ 33,453,178</u>	<u>\$ 12,443,612</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Net operating loss	\$ (105,834,519)	\$ (108,564,436)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Provision for doubtful accounts	2,194,039	(500,977)
State appropriations paid fringe benefits	77,609,618	67,877,745
Change in State of New Jersey OPEB	(4,231,377)	(7,183,855)
Depreciation expense	16,966,083	16,449,218
Net unrealized investment gain	(1,617,843)	(1,489,387)
Changes in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
Receivables	(67,532)	21,247,326
Deferred inflow of resources	3,302,964	(664,583)
Accounts payable and accrued expenses	(4,385,093)	(4,647,632)
Compensated absences	166,630	(125,824)
Unearned revenue	(1,127,097)	(3,942,204)
Net pension liability	(16,930,949)	(11,452,818)
Deferred outflow of resources	5,115,734	3,991,271
Net cash used in operating activities	<u>\$ (28,839,342)</u>	<u>\$ (29,006,156)</u>
Supplemental Disclosure of Noncash Financing Activities		
Purchases of property and equipment in accounts payable	<u>\$ 2,623,546</u>	<u>\$ 723,348</u>
Issuance of debt in receivables from the State of New Jersey	<u>\$ -</u>	<u>\$ 13,375,002</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,525,905	\$ 7,191,073
Investments	52,104,452	46,000,752
Promises to give, net	894,078	1,046,133
Interest receivable	100,299	78,593
Prepaid expenses and other assets	3,109	2,459
	<u>59,627,843</u>	<u>54,319,010</u>
Total assets	<u>\$ 59,627,843</u>	<u>\$ 54,319,010</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 216,609	\$ 38,771
Grants payable	531,619	742,416
Annuities payable	150,006	257,445
Scholarships payable	-	1,359,715
Deferred revenue	600	2,350
	<u>898,834</u>	<u>2,400,697</u>
Total liabilities	<u>898,834</u>	<u>2,400,697</u>
Net Assets		
Without donor restrictions	11,222,561	9,775,451
With donor restrictions	47,506,448	42,142,862
	<u>58,729,009</u>	<u>51,918,313</u>
Total net assets	<u>58,729,009</u>	<u>51,918,313</u>
Total liabilities and net assets	<u>\$ 59,627,843</u>	<u>\$ 54,319,010</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Changes in Net Assets Without Donor Restrictions		
Support:		
Contributions	\$ 1,519,644	\$ 1,380,754
Fundraising events	47,275	27,300
Miscellaneous	32,598	72,397
Investment return	<u>1,708,262</u>	<u>1,884,125</u>
Total support	3,307,779	3,364,576
Net assets released from restrictions	<u>2,881,392</u>	<u>2,312,928</u>
Total support and other changes	<u>6,189,171</u>	<u>5,677,504</u>
Expenses:		
Scholarships and grants	1,944,779	1,547,180
Campus activities	1,290,023	1,133,609
Capital campaigns	75,245	6,087
Community activities	13,436	-
Management and development	481,851	288,509
Fundraising	<u>936,727</u>	<u>915,035</u>
Total expenses	<u>4,742,061</u>	<u>3,890,420</u>
Change in net assets without donor restrictions	<u>1,447,110</u>	<u>1,787,084</u>
Changes in Net Assets With Donor Restrictions		
Contributions	3,840,566	3,260,763
Fundraising events	36,419	30,718
Miscellaneous	90,234	40,146
Investment return	<u>4,277,759</u>	<u>3,887,799</u>
Total	8,244,978	7,219,426
Net assets released from restrictions	<u>(2,881,392)</u>	<u>(2,312,928)</u>
Change in net assets with donor restrictions	<u>5,363,586</u>	<u>4,906,498</u>
Change in net assets	6,810,696	6,693,582
Net Assets, Beginning	<u>51,918,313</u>	<u>45,224,731</u>
Net Assets, Ending	<u>\$ 58,729,009</u>	<u>\$ 51,918,313</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 6,810,696	\$ 6,693,582
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions with donor restrictions held as endowments	(2,032,412)	(1,875,738)
Realized gain on sale of investments	(1,577,904)	(1,002,841)
Unrealized gain on investments	(3,221,839)	(3,940,997)
Bad debt expense	(254,500)	(83,506)
Change in operating assets and liabilities:		
Promises to give	406,555	297,363
Interest receivable	(21,706)	(25,209)
Prepaid expenses and other assets	(650)	1,287
Accounts payable and accrued expenses	177,838	(168,199)
Grants payable	(210,797)	742,416
Annuities payable	(107,439)	9,680
Scholarship payable	(1,359,715)	1,359,715
Deferred revenue	(1,750)	(17,780)
	<u>(1,393,623)</u>	<u>1,989,773</u>
Net cash (used in) provided by operating activities		
Cash Flows From Investing Activities		
Purchase of investments	(12,601,949)	(10,687,970)
Proceeds from disposition of investments	11,297,992	6,544,435
	<u>(1,303,957)</u>	<u>(4,143,535)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Contributions with donor restrictions held as endowments	2,032,412	1,875,738
	<u>(665,168)</u>	<u>(278,024)</u>
Net decrease in cash and cash equivalents		
Cash and Cash Equivalents, Beginning	<u>7,191,073</u>	<u>7,469,097</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,525,905</u>	<u>\$ 7,191,073</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, 2025 and 2024

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 three doctoral degree programs. Additionally, the University offers one post baccalaureate undergraduate certificate, 19 undergraduate certificates and 48 graduate certificate programs. The University is comprised of five colleges: Arts and Communication, Humanities and Social Sciences; Business; Education; and Science and Health. For the fall semester of the 2024 - 2025 and 2023 - 2024 academic years, approximately 6,647 and 6,552, respectively, part-time and full-time undergraduate students attended the University and approximately 3,295 and 2,876, 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.

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

Notes to Financial Statements
June 30, 2025 and 2024

As of June 30, 2025 and 2024, the University has a receivable from component unit on the statements of net position of \$18,616 and \$1,378,331, respectively, from the Foundation. For the years ended June 30, 2025 and 2024, the University recognized private gifts and other contract revenue of \$2,792,843 and \$2,448,164, 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.

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 financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the University are described below.

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 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.

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

Notes to Financial Statements
June 30, 2025 and 2024

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.

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.

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

Notes to Financial Statements
June 30, 2025 and 2024

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 \$843,676 and \$891,310 as of June 30, 2025 and 2024, respectively.

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 \$6,975,642 at June 30, 2025 and \$6,323,619 at June 30, 2024.

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 \$4,084,929 at June 30, 2025 and \$3,695,699 at June 30, 2024.

Other miscellaneous deposits included in unearned revenue total \$132,615 at June 30, 2025 and \$46,771 at June 30, 2024.

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.

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Notes to Financial Statements
June 30, 2025 and 2024

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 operating 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.

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 \$120,394 and \$37,519 in sick leave payments for employees who retired during the years ended June 30, 2025 and 2024, respectively.

Adoption of New Accounting Standards

In June 2022, the GASB issued Statement No.101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented July 1, 2024. Adoption of the new standard did not have a material impact on fiscal year 2024-2025 opening balances.

New Accounting Pronouncements

The GASB has approved the following:

- 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.

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Reclassification

State of New Jersey paid fringe benefits and operating expenses amounts have been reclassified on the statements of revenues, expenses and changes in net position for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. The University was presenting actual costs of the fringe benefits from the State net of revenue, and these have been reclassified to show a gross presentation. All periods presented have been reclassified to show comparative results.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Bank balances and cash on hand	\$ 30,956,190	\$ 10,531,400
Money market accounts	982,392	503,460
State of New Jersey Cash Management Fund	<u>1,514,596</u>	<u>1,408,752</u>
Total	<u>\$ 33,453,178</u>	<u>\$ 12,443,612</u>

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, 2025 and 2024 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 \$30.8 million in 2025 and \$10.8 million in 2024 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 \$1.0 and \$0.5 million in 2025 and 2024, 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 \$1.5 as of June 30, 2025 and 2024, 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.

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Notes to Financial Statements
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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>2025</u>	<u>2024</u>
Project and construction fund	\$ 1,207	\$ 2,243,318
Debt service fund for principal and interest	12,424,112	12,385,729
Excess rental pledge	133,203	-
Rebate	6,667	-
	<u>\$ 12,565,189</u>	<u>\$ 14,629,047</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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Money market accounts	\$ 141,077	\$ 1,207
U.S. treasury bills and government obligations	12,424,112	14,627,840
Total	<u>\$ 12,565,189</u>	<u>\$ 14,629,047</u>

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.

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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, 2025 and 2024:

Investment Type	Fair Value	
	2025	2024
Mutual funds	\$ 14,692,366	\$ 18,825,000
Corporate bonds	8,521,634	8,666,437
U.S. government bonds	14,663,979	13,487,712
U.S. agency bonds	6,794,368	6,696,383
Asset-backed securities	2,785,114	2,423,629
Grand total	<u>\$ 47,457,461</u>	<u>\$ 50,099,161</u>

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.

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

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 and asset-backed securities.

The following table summarizes the University's investments measured by the hierarchy levels as of June 30, 2025 and 2024:

Investment Type	Investments Measured at Fair Value at June 30, 2025			
	Level 1	Level 2	Level 3	Fair Value
Mutual funds	\$ 14,692,366	\$ -	\$ -	\$ 14,692,366
Corporate bonds	-	8,521,634	-	8,521,634
U.S. government bonds	-	14,663,979	-	14,663,979
U.S. agency bonds	-	6,794,368	-	6,794,368
Asset-backed securities	-	2,785,114	-	2,785,114
Total	\$ 14,692,366	\$ 32,765,095	\$ -	\$ 47,457,461

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

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, 2025 and 2024:

Investment Type	Fair Value	2025			
		Less Than 1	1 - 5	6 - 10	10+
Mutual funds	\$ 14,692,366	\$ 14,692,366	\$ -	\$ -	\$ -
Corporate bonds	8,521,634	534,899	3,285,377	4,626,991	74,367
U.S. government bonds	14,663,979	1,791,977	8,589,620	4,282,382	-
U.S. agency bonds	6,794,368	182,033	3,701,028	1,391,572	1,519,735
Asset-backed securities	2,785,114	-	2,583,863	201,251	-
Total	\$ 47,457,461	\$ 17,201,275	\$ 18,159,888	\$ 10,502,196	\$ 1,594,102

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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	<u>\$ 50,099,161</u>	<u>\$ 20,134,218</u>	<u>\$ 16,031,854</u>	<u>\$ 11,908,067</u>	<u>\$ 2,025,022</u>

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.

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, 2025 and 2024:

Investment Type	Quality Rating	2025	2024
Mutual funds	NR	\$ 14,692,366	\$ 18,825,000
Corporate bond	AAA - BB+	8,521,634	8,666,437
U.S. government bonds	AA+	14,663,979	13,487,712
U.S. agency bonds	AAA - AA+	6,794,368	6,696,383
Asset-backed securities	AAA - AA	2,785,114	2,423,629
Total		<u>\$ 47,457,461</u>	<u>\$ 50,099,161</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, 2025 and 2024, 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.

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6. Capital Assets

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

	Beginning Balance, July 1, 2024	Acquisition and Other Increases	Dispositions and Other Decreases	Ending Balance, June 30, 2025
Depreciable assets:				
Infrastructure	\$ 19,600,904	\$ -	\$ -	\$ 19,600,904
Buildings and improvements	590,197,280	820,780	-	591,018,060
Equipment	49,496,108	5,637,857	-	55,133,965
Right-of-use asset	1,752,184	-	-	1,752,184
Subscription asset	2,615,723	-	-	2,615,723
Total depreciable assets	<u>663,662,199</u>	<u>6,458,637</u>	<u>-</u>	<u>670,120,836</u>
Less accumulated depreciation on:				
Infrastructure	12,974,920	466,922	-	13,441,842
Buildings and improvements	251,012,884	14,773,976	-	265,786,860
Equipment	44,719,227	1,725,185	-	46,444,412
Right-of-use asset	1,752,184	-	-	1,752,184
Subscription asset	576,618	627,461	-	1,204,079
Total accumulated depreciation	<u>311,035,833</u>	<u>17,593,544</u>	<u>-</u>	<u>328,629,377</u>
Depreciable assets, net	<u>352,626,366</u>	<u>(11,134,907)</u>	<u>-</u>	<u>341,491,459</u>
Nondepreciable assets:				
Land	7,255,914	-	-	7,255,914
Artwork	690,880	6,500	-	697,380
Construction in progress	12,077,907	7,196,864	(5,246,690)	14,028,081
Total nondepreciable assets	<u>20,024,701</u>	<u>7,203,364</u>	<u>(5,246,690)</u>	<u>21,981,375</u>
Total capital assets, net	<u>\$ 372,651,067</u>	<u>\$ (3,931,543)</u>	<u>\$ (5,246,690)</u>	<u>\$ 363,472,834</u>

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	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
Total depreciable assets	645,236,082	18,426,117	-	663,662,199
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
Total accumulated depreciation	294,009,997	17,025,836	-	311,035,833
Depreciable assets, net	351,226,085	1,400,281	-	352,626,366
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
Total nondepreciable assets	26,251,720	8,200,118	(14,427,137)	20,024,701
Total capital assets, net	\$ 377,477,805	\$ 9,600,399	\$ (14,427,137)	\$ 372,651,067

As of June 30, 2025, estimated costs to complete the projects classified as construction in progress are approximately \$38,062,809. 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, 2025 and 2024, accounts payable and accrued expenses consist of the following:

	2025	2024
Vendors	\$ 9,841,738	\$ 6,775,594
Capital projects	2,623,546	723,348
Accrued salaries and benefits	6,470,061	6,423,849
Accrued interest	2,874,122	3,066,553
Total	\$ 21,809,467	\$ 16,989,344

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Notes to Financial Statements
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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, 2025 and 2024, the following obligations to the Authority are outstanding:

	Interest Rates	2025	2024	Current Portion June 30, 2025
New Jersey Educational Facility Authority:				
Series 2012 C Revenue				
Bonds, due serially to 2043	2.00 - 5.00 %	\$ 20,830,000	\$ 23,180,000	\$ 2,420,000
Series 2012 D Revenue				
Bonds, due serially to 2029	2.00 - 5.00	5,270,000	6,690,000	1,460,000
Series 2015 C Revenue				
Bonds, due serially to 2033	2.00 - 5.00	21,870,000	23,485,000	1,705,000
Series 2016 E Revenue				
Bonds, due serially to 2033	2.25 - 5.00	46,800,000	49,175,000	2,495,000
Series 2017 B Revenue				
Bonds, due serially to 2047	3.25 - 5.00	23,615,000	24,195,000	610,000
Series 2019 A Revenue				
Bonds, due serially to 2038	3.45	3,875,000	4,100,000	225,000
Series 2021 C Revenue				
Bonds, due serially to 2040	3.25 - 5.00	17,190,000	17,900,000	745,000
		<u>139,450,000</u>	<u>148,725,000</u>	<u>9,660,000</u>
Add amounts representing net premiums		<u>12,450,817</u>	<u>13,560,073</u>	<u>-</u>
Total		<u><u>\$ 151,900,817</u></u>	<u><u>\$ 162,285,073</u></u>	<u><u>\$ 9,660,000</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.

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Other Long-Term Debt

As of June 30, 2025 and 2024, the following other obligations from direct borrowings were outstanding:

	Interest Rates	2025	2024	Current Portion June 30, 2025
Higher Education CIF Series 2016 B, due serially to 2036	3.00 - 5.50	\$ 997,487	\$ 1,057,493	\$ 62,470
Higher Education CIF Series 2023 A, due serially to 2053	1.48 - 3.44	12,642,593	12,832,133	200,499
Higher Education ELF Series 2023 A, due serially to 2029	3.00 - 5.50	463,315	542,869	83,634
Total		\$ 14,103,395	\$ 14,432,495	\$ 346,603

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 (CIF). 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 (CIF). 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 (ELF). 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.

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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, 2025:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2026	\$ 10,006,603	\$ 6,446,082	\$ 16,457,685
2027	10,442,120	6,026,917	16,469,037
2028	10,890,666	5,588,247	16,478,913
2029	8,595,896	5,129,174	13,725,070
2030	8,141,091	4,811,186	12,952,277
2026 - 2030 subtotal	48,076,376	28,001,606	76,082,982
2031 - 2035	39,224,622	18,937,903	58,162,525
2036 - 2040	41,052,247	10,329,666	51,376,913
2041 - 2045	14,602,391	4,269,505	18,871,896
2046 - 2050	7,619,837	1,628,835	9,248,672
2051 - 2055	2,977,922	322,957	3,300,879
Total	<u>\$ 153,553,395</u>	<u>\$ 63,490,472</u>	<u>\$ 217,043,867</u>

9. Subscription Liabilities

The University entered into a subscription purchase agreement for use and application of enterprise resource planning software in June 2023. 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 2024.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2026	\$ 679,321	\$ 76,320	\$ 755,641
2027	732,323	38,431	770,754
Total	<u>\$ 1,411,644</u>	<u>\$ 114,751</u>	<u>\$ 1,526,395</u>

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10. Summary of Changes in Noncurrent Liabilities

Activity in noncurrent liabilities excluding net pension liability (Note 11) and other post-employment benefit (Note 12) for the years ended June 30, 2025 and 2024 is comprised of the following:

	June 30, 2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 162,285,073	\$ -	\$ 10,384,256	\$ 151,900,817	\$ 9,660,000
Other long-term debt	14,432,495	-	329,100	14,103,395	346,603
Subscription liability	2,039,105	-	627,461	1,411,644	679,321
Compensated absences	5,675,490	184,117	-	5,859,607	4,101,725
U.S. government grants refundable	595,166	-	-	595,166	-
Total	<u>\$ 185,027,329</u>	<u>\$ 184,117</u>	<u>\$ 11,340,823</u>	<u>\$ 173,870,629</u>	<u>\$ 14,787,649</u>
	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>

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

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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, 2025 and 2024, 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 \$8,929,111 and \$8,808,597 for the years ending June 30, 2025 and 2024, respectively.

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

At June 30, 2025 and 2024, the University reported a liability of \$103,231,215, and \$118,951,297, respectively for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2024, 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, 2024 to June 30, 2025. 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, 2025 and June 30, 2024, the University's proportion was 0.46563% and 0.52966%, respectively.

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For the year ended June 30, 2025, the University recognized pension credit of \$(8,360,676).
At June 30, 2025, 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	\$ 56,233	\$ 547,952
Differences between expected and actual experience	2,042,145	207,341
Changes in proportion	157,000	21,847,951
Net difference between projected and actual earnings on pension plan investments	340,002	-
University contributions subsequent to the measurement date (current year)	7,719,087	-
Total	\$ 10,314,467	\$ 22,603,244

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	\$ 13,913,347	\$ 18,842,718

The amount of \$7,719,087 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:	
2026	\$ (5,047,192)
2027	(4,799,187)
2028	(3,523,823)
2029	(4,156,238)
2030	(2,481,424)
Total	\$ (20,007,864)

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Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00 %	8.63 %
Non-U.S. developed market equity	12.75	8.85
International small cap equity	1.25	8.85
Emerging market equity	5.50	10.66
Private equity	13.00	12.40
Real assets	8.00	10.95
Real estate	3.00	8.20
High yield	4.50	6.74
Private credit	8.00	8.90
Investment grade credit	7.00	5.37
Cash equivalents	2.00	3.57
U.S. Treasuries	4.00	3.57
Risk mitigation strategies	3.00	7.10

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at of June 30, 2024. 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	\$ 118,434,692	\$ 103,231,215	\$ 90,321,267

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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, 2025 and 2024, 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 \$1,757,394 and \$1,868,315 for the years ending June 30, 2025 and 2024, respectively.

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

At June 30, 2025 and 2024, the University reported a liability of \$12,878,112 and \$14,088,979, respectively, for its proportionate share of the PFRS net pension liability. The PFRS net pension liability was measured as of June 30, 2024, 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, 2024 to June 30, 2025. 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, 2025 and June 30, 2024 the University's proportion was 0.2923% and 0.3185%, respectively.

For the year ended June 30, 2025, the University recognized pension credit of \$(151,577). At June 30, 2025, 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	\$ 6,657	\$ 121,726
Changes in proportion	2,252,236	2,849,297
Differences between expected and actual experiences	401,626	121,630
Net difference between projected and actual earnings on pension plan investments	137,542	-
University contributions subsequent to the measurement date (current year)	1,757,394	-
Total	\$ 4,555,455	\$ 3,092,653

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	\$ 6,072,307	\$ 3,550,215

The amount of \$1,757,394 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.

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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:	
2026	\$ 505,839
2027	234,933
2028	(507,981)
2029	(410,771)
2030	(129,467)
Thereafter	<u>12,855</u>
Total	<u>\$ (294,592)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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)	3.25-8.00
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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	24.00 %	6.90 %
U.S. small/mid cap equity	4.00	7.40
Non-U.S. developed large-cap equity	9.50	6.70
Non-U.S. developed small cap equity	2.00	7.50
Emerging markets large-cap equity	6.00	9.60
Emerging markets small-cap equity	1.50	9.60
U.S. treasury bond	7.00	4.10
U.S. corporate bond	5.00	5.90
U.S. mortgage-backed securities	5.00	4.40
Global multisector fixed income	6.00	6.50
Cash	2.00	3.40
Real estate core	3.00	5.10
Real estate non-core	4.00	6.50
Infrastructure	3.00	7.00
Private debt/credit	8.00	9.10
Private equity	10.00	10.10

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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	\$ 15,088,647	\$ 12,878,112	\$ 11,035,469

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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, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75 %
Wage	3.25
Salary increases (based on years of service)	2.75-5.65
Investment rate of return	7.00

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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, 2024) 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00 %	8.63 %
Non-U.S. developed market equity	12.75	8.85
International small cap equity	1.25	8.85
Emerging market equity	5.50	10.66
Private equity	13.00	12.40
Real estate	8.00	10.95
Real assets	3.00	8.20
High yield	4.50	6.74
Private credit	8.00	8.90
Investment grade credit	7.00	5.37
Cash equivalents	2.00	3.57
U.S. treasuries	4.00	3.57
Risk mitigation strategies	3.00	7.10

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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.

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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, 2024 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>
2024	\$ 58,828,334,396	\$ 49,492,072,325	\$ 41,629,174,739
2023	60,267,919,597	51,109,961,824	43,396,784,734

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 \$869,105 as of June 30, 2025 and \$1,602,520 as of June 30, 2024. 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 \$(3,170) and \$39,369 for the years ending June 30, 2025 and 2024, 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, 2025, ABP received employer and employee contributions of \$5,843,859 and \$3,661,760, respectively, which were based on participating employee salaries of \$72,457,722. 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. 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.

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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 \$130,840 and \$80,284 were made in fiscal years 2025 and 2024, 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, 2025 and 2024, the proportionate share of total OPEB liability attributable to the University was \$177,933,499 and \$179,538,925, respectively. The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2024 and 2023, the University's share was 2.824543% and 3.244356%, respectively.

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For the years ended June 30, 2025 and 2024, the University recognized an OPEB benefit of \$4,231,377 and \$7,183,855, 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 \$4,231,377 and \$7,183,855 for the years ended June 30, 2025 and 2024, respectively.

Actuarial assumptions and other inputs: The State's liability associated with the University at June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to the measurement date of June 30, 2024.

Inflation	3.65 %
Discount rate	3.93
Salary increases through 2026	2.00-16.25

The discount rate used to measure the total OPEB liability was 3.93%. 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 2024 through 2025 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.

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 \$233,254 and \$357,261 in 2025 and 2024, 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.

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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.

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 \$71,715,390 and \$75,545,778, for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, unrestricted net position consist of funds that have been designated as follows:

	<u>2025</u>	<u>2024</u>
Academic and other programs	\$ 17,508,887	\$ 10,514,342
Quasi-endowment	10,597,251	10,597,251
Capital programs:		
Renewal and replacement, nonauxiliary	10,767,757	12,771,944
Renewal and replacement, auxiliary	28,898,917	26,932,564
Net pension liability	<u>(126,935,302)</u>	<u>(135,447,555)</u>
Total	<u>\$ (59,162,490)</u>	<u>\$ (74,631,454)</u>

16. Risk Management

The University is exposed to various risks of loss. These risks are managed through a combination of self-funded programs administered by the State of New Jersey, and the purchase of commercial insurances.

State Self-Funded Programs

As an instrumentality of the State of New Jersey, the University's liability and employee benefit exposures are covered by self-funded programs maintained and administered by the State. These programs include tort liability, auto liability, trustee's and officer's liability, workers' compensation, unemployment, temporary and long-term disability, life insurance and employee retirement programs.

The University's liability is subject to all provisions of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.) and the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.), and is contingent upon the availability of appropriations. The Tort Claims Act provides for the payment of claims against the State or its employees for which the State is obligated to indemnify.

All State self-funded programs are statutory, with annual appropriations provided by the legislature.

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Notes to Financial Statements
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Commercial Insurance Policies

The University also purchases and funds commercial insurance for property, casualty and other specific risks, both independently and through a joint purchasing program with eight other State of New Jersey Public Colleges and Universities. These policies include:

- All-Risk Property Insurance, which provides coverage for buildings, plant, equipment and business interruption.
- Commercial Crime Insurance, which provides coverage for employee theft, computer fraud, funds transfer fraud, social engineering fraud and other related crime risks.
- Student Blanket Professional and General Liability Insurance, which provides coverage for students in curriculum-based practicums/internships. Faculty are also covered for claims arising from the supervision of students in associated activities.
- Athletic Accident/Intercollegiate Sports Insurance, which provides excess coverage for medical expenses incurred by NCAA student-athletes due to injuries sustained during participation in sanctioned intercollegiate sports.
- Executive Auto Liability Insurance, which provides liability, collision and comprehensive coverage for one executive vehicle.
- Fine Arts Insurance, which provides coverage for the University's fine arts collection and fine arts on loan to the University.

All insurance policies are renewed on an annual basis. There have been no significant reductions in the University's insurance coverage from the coverage in the prior year, and there have been no settlements in excess of insurance coverage in the past three years.

17. Subsequent Event

Subsequent events were evaluated through December 10, 2025, the date the financial statements were issued.

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

	2025		
	PERS	PFRS	TPAF
University's proportion of the net pension liability	0.4656297617 %	0.2929986800 %	
University's proportionate share of the net pension liability	\$ 103,231,215	\$ 12,878,112	\$ 869,105
University's covered-employee payroll	\$ 21,672,252	\$ 1,556,935	\$ -
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	476.33 %	827.15 %	- %
2024			
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 %

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

	2025	
	PERS	PFRS
Contractually required contribution	\$ 7,719,087	\$ 1,757,394
Contributions in relation to the contractually required contribution	(7,719,087)	(1,757,394)
Contribution deficiency (excess)	\$ -	\$ -
University's covered-employee payroll	\$ 21,672,252	\$ 1,556,935
Contributions as a percentage of covered-employee payroll	35.62%	112.88%
2024		
Contractually required contribution	\$ 8,197,721	\$ 1,868,315
Contributions in relation to the contractually required contribution	(8,197,721)	(1,868,315)
Contribution deficiency (excess)	\$ -	\$ -
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	(8,924,665)	(1,986,969)
Contribution deficiency (excess)	\$ -	\$ -
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	(9,642,998)	(2,299,810)
Contribution deficiency (excess)	\$ -	\$ -
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	(6,973,314)	(1,726,801)
Contribution deficiency (excess)	\$ -	\$ -
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	(5,582,296)	(1,024,020)
Contribution deficiency (excess)	\$ -	\$ -
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	(4,740,793)	(754,977)
Contribution deficiency (excess)	\$ -	\$ -
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	(2,500,000)	(750,000)
Contribution deficiency (excess)	\$ -	\$ -
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	(2,859,750)	(608,268)
Contribution deficiency (excess)	\$ -	\$ -
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	(1,972,328)	(359,837)
Contribution deficiency (excess)	\$ -	\$ -
University's covered-employee payroll	\$ 27,512,246	\$ 1,806,376
Contributions as a percentage of covered-employee payroll	7.17%	19.92%

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

	<u>2025</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>6,299,549,546</u>
Total OPEB liability	6,299,549,546
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>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	5,533,884,033
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	5,562,246,454
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	6,795,638,768
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	7,996,986,472
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	5,492,432,567
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	7,146,922,189
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%

* 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*.