

Report on Financial Statements and
Federal Award Expenditures in
Accordance with Uniform Guidance
and State of New Jersey Award
Expenditures in Accordance with State
of New Jersey Department of Treasury
Circular 2015-08

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

June 30, 2023 and 2022

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GRANT THORNTON LLP

2001 Market Street, Suite 700
Philadelphia, PA 19103

D +1 215 561 4200

F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Stockton University

Report on the financial statements**Opinions**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Stockton University (the "University"), a component unit of the State of New Jersey, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's discussion of analysis, included on pages 6 through 19 and the schedules of proportionate share of net pension liability, schedules of employer contributions, and schedules of proportionate share of other postemployment benefits liability on pages 61 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state of New Jersey Awards, as required by the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, as of and for the year ended June 30, 2023, on pages 65 through 67, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Grant Thornton LLP

Philadelphia, Pennsylvania
February 8, 2024

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years ended June 30, 2023 and 2022

INTRODUCTION

Stockton University (the "University" or "Stockton") is proud to present its comparative financial statements for fiscal years 2023 and 2022, and its changes in financial position for the fiscal years then ended with fiscal year 2021 data presented for comparative purposes. This section of the University's financial statements presents the discussion and analysis of the University's financial performance. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follow this section.

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

UNIVERSITY OVERVIEW

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

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

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

FINANCIAL STATEMENTS

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

SUMMARY OF NET POSITION

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

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

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

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

Effective July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* ("GASB 68"), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement 68* ("GASB 71"). These standards require all state and local governmental employers providing defined benefit pensions to recognize their proportionate share of the actuarially determined amount of the unfunded pension benefit obligation as a liability. As required from the data provided by the State of New Jersey, the University recorded its portion of the pension liabilities and expenses from the New Jersey State-administered retirement system. The unfunded pension liability will change each year, resulting from the changes in plan assumptions about economic and demographic factors, differences between actual and expected experience, and differences between actual and expected investment earnings. The net pension liability was measured each fiscal year end with the latest measurement as of June 30, 2022, a one-year lag from the University's year-end reporting date (note: GASB 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year).

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

Effective July 1, 2017, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The primary objective of this statement is to improve accounting and financial reporting for other postemployment benefits ("OPEB"). This statement replaced the requirements of Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. It established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This statement also identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The State is legally required to pay for the OPEB benefit coverage for eligible retirees of the University. Since the University does not contribute directly to the plan, there is no total OPEB liability, deferred outflows of resources, or deferred inflows of resources to record. Under the GASB 75 special funding situation, the University is required to record in its financial statements, as an expense and corresponding revenue, its proportionate share of the OPEB expense allocated to the State of New Jersey and include its proportionate share of the collective total OPEB liability in its respective notes to the financial statements. The total OPEB liability is measured each fiscal year end with the latest measurement as of June 30, 2022, a one-year lag from the University's year-end reporting date.

As a result of the requirements in reporting for GASB 68 and GASB 75, the University has recorded its proportionate share of the net pension liability, pension expense, deferred outflows, and deferred inflows of resources in the June 30, 2023 and 2022 financial statements for GASB 68 and its proportionate share of expense and corresponding revenue for GASB 75 in the June 30, 2023 and 2022 financial statements. The note disclosures regarding the pension and OPEB benefits include a discussion of applicable net pension liability and pension and OPEB expense. Finally, as part of required supplemental information, the University has included certain schedules of data. These accounting changes did not impact the University's funding requirements for the pension and OPEB plans.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

The following reflects the impact of GASB 68 and 75 on the University's financials at June 30, 2022:

	Excluding GASB 68 and 75	Recognition of GASB 68	Recognition of GASB 75	Including GASB 68 and 75
Statement of net position at June 30, 2022:				
Deferred outflows of				
resources - pension related	\$ -	\$ 40,906,775	\$ -	\$ 40,906,775
Net pension liability	-	183,537,578	-	183,537,578
Deferred inflows of resources -				
pension related	-	35,166,444	-	35,166,444
Net position - unrestricted	126,550,440	(177,797,247)	-	(51,246,807)
Total net position	231,677,022	(177,797,247)	-	53,879,775
Statement of revenues, expenses, and changes in net position for the year ended June 30, 2022:				
Operating expenses				
Instruction	62,224,699	567,470	-	62,792,169
Research	1,580,862	-	-	1,580,862
Public service	7,637,210	54,529	-	7,691,739
Academic support	18,070,797	1,145,118	-	19,215,915
Student services	20,501,163	506,940	-	21,008,103
Institutional support	32,667,261	3,167,999	-	35,835,260
Operation and maintenance of plant	23,036,237	1,417,768	-	24,454,005
Student aid	26,410,753	-	-	26,410,753
Auxiliary enterprises	19,999,005	381,707	-	20,380,712
Depreciation and amortization	20,541,441	-	-	20,541,441
OPEB expense	-	-	2,833,482	2,833,482
Total operating expenses	\$ 232,669,428	\$ 7,241,531	\$ 2,833,482	\$ 242,744,441

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

A summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Assets			
Current assets	\$ 38,164,042	\$ 32,386,960	\$ 28,862,502
Capital assets	480,701,485	483,590,347	494,957,381
Other non-current assets	125,269,682	132,333,834	141,757,270
	Total assets	644,135,209	648,311,141
	644,135,209	648,311,141	665,577,153
Deferred outflow of resources			
Pension related	39,915,823	40,906,775	40,283,651
Loss on refunding debt	8,469,137	8,998,458	9,527,779
	Total deferred outflows of resources	48,384,960	49,811,430
	48,384,960	49,905,233	49,811,430
Liabilities			
Current liabilities	43,033,312	42,494,743	36,997,402
Noncurrent liabilities	560,299,554	563,651,585	574,143,507
	Total liabilities	603,332,866	611,140,909
	603,332,866	606,146,328	611,140,909
Deferred inflows of resources			
Pension related	16,708,512	35,166,444	45,612,302
Other long-term debt related	1,816,800	1,889,472	1,998,480
Lease related	1,203,729	1,067,996	1,246,993
Gain on refunding debt	55,299	66,359	77,419
	Total deferred inflows of resources	19,784,340	48,935,194
	19,784,340	38,190,271	48,935,194
Net position			
Net investment in capital assets	108,092,130	94,281,263	101,058,516
Restricted for:			
Debt service and debt service reserves	11,285,219	10,845,319	9,040,619
Unrestricted	(49,974,386)	(51,246,807)	(54,786,655)
	Total net position	\$ 69,402,963	\$ 55,312,480
	\$ 69,402,963	\$ 53,879,775	\$ 55,312,480

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

Total assets for the University decreased by \$4,175,932 in fiscal year 2023. This decrease is related to decreases in capital assets of \$2,888,862 and investments of \$9,254,041 offset by increases in cash and cash equivalents of \$4,136,165, receivables of \$3,215,570, deposits held by bond trustees of \$322,499, and other current assets of \$292,737. The decrease in capital assets can be attributed to current year depreciation net of asset additions and retirements, while the decrease in investments can be attributed to the use of short-term investments for operational and capital needs during the fiscal year. Total assets for the University decreased by \$17,266,012 in fiscal year 2022. This decrease is related to decreases in capital assets of \$11,367,034, investments of \$9,234,876, and cash and cash equivalents of \$517,892 offset by increases in receivables of \$2,313,581, deposits held by bond trustees of \$1,220,929, and other current assets of \$319,280. The decrease in capital assets can be attributed to current year depreciation net of asset additions and retirements, while the decrease in investments can be attributed to poor investment performance during the fiscal year.

The decrease in deferred outflows of \$1,520,273 is primarily attributable to changes related to GASB 68 pensions and includes the fiscal year 2023 contribution made on behalf of the University after the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other components of the pension related deferred outflows include changes in assumptions and the University's proportionate share of the liability from the previous year that will be recognized as a component of pension expense in future years.

Total liabilities decreased by \$2,813,462 in fiscal year 2023. This decrease is due to decreases in bonds payable of \$7,659,157, other long-term debt of \$4,094,157, leases payable of \$1,614,815, U.S. government grants refundable of \$289,220, and unearned revenue of \$450,264 offset by increases in accounts payable and accrued expenses of \$1,026,152, compensated absences of \$11,386, net pension liability of \$9,736,776 and subscriptions payable of \$519,837. The decline in bonds payable and other long-term debt reflects the annual repayment of current debt obligations. Total liabilities decreased by \$4,994,581 in fiscal year 2022. This decrease is due to the decreases in bonds payable of \$5,749,158, other long-term debt of \$5,958,392, leases payable of \$662,873, compensated absences of \$455,352, U.S. government grants refundable of \$271,118, and due to component units of \$14,475 offset by increases in accounts payable and accrued expenses of \$1,535,285, net pension liability of \$3,015,679, subscriptions payable of \$2,997,060 and unearned revenue of \$568,763. The decline in bonds payable and other long-term debt reflects the annual repayment of current debt obligations.

The decrease in deferred inflows of \$18,405,931 is mainly attributable to changes related to GASB 68 pensions. These deferred inflows are related to the net difference between projected and actual investment earnings on pension plan investments and changes in the share of the University's net pension liability. These deferred inflows will be recognized as a component of pension expense in future years.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Operating revenues are received for providing goods and services to the various customers and constituents of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided in exchange. For example, State of New Jersey appropriations are nonoperating because they are provided

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

by the Legislature to the University without the Legislature directly receiving commensurate goods and services in exchange for those revenues. Amounts awarded to the University from the Federal government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and American Rescue Plan (ARP) Act are also classified as nonoperating revenues. In accordance with GASB 75, OPEB expenses are recorded as operating expenses, while the corresponding revenue is recorded as nonoperating revenue.

The statements of revenues, expenses, and changes in net position present the University's results of operations. A summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Operating revenues			
Net student revenues	\$ 117,364,691	\$ 124,821,159	\$ 116,295,050
Governmental grants	31,762,114	29,657,796	26,620,099
Other	9,558,145	9,885,638	4,059,077
	158,684,950	164,364,593	146,974,226
Operating expenses	237,623,203	242,744,441	209,667,228
	(78,938,253)	(78,379,848)	(62,693,002)
Non-operating and other revenues (expenses):			
State of New Jersey appropriations	77,292,078	64,073,082	54,971,278
State of New Jersey OPEB	(5,901,822)	2,833,482	4,955,592
Pell grants	18,766,713	17,817,334	18,133,206
Federal grants	7,306,763	21,217,938	29,749,764
Investment return, net	9,064,175	(14,198,110)	23,026,894
Capital grant revenue	-	2,940	264,178
Disposal of capital assets, net	42,853	(2,005,224)	(19,422)
Interest on capital related debt	(11,810,288)	(12,482,858)	(12,894,591)
Other non-operating expenses, net	(299,031)	(311,441)	(638,778)
	94,461,441	76,947,143	117,548,121
	15,523,188	(1,432,705)	54,855,119
Net position - beginning of year (2022 restated for adoption of GASB 96)	53,879,775	55,312,480	457,361
Net position - end of year	\$ 69,402,963	\$ 53,879,775	\$ 55,312,480

REVENUES

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

OPERATING REVENUES

Operating revenues for the years ended June 30, 2023, 2022 and 2021 totaled \$158,684,950, \$164,364,593, and \$146,974,226, respectively. For the year ended June 30, 2023, student revenues net of scholarships were \$117,364,691, governmental grants were \$31,762,114, and other revenue totaled \$9,558,145. For the year ended June 30, 2022, student revenues net of scholarships were \$124,821,159, governmental grants were \$29,657,796, and other revenue totaled \$9,885,638. For the year ended June 30, 2021, student revenues net of scholarships were \$116,295,050, governmental grants were \$26,620,099, and other revenue totaled \$4,059,077.

Student revenues, which includes tuition and fees and auxiliary enterprises, are the primary source of operating revenue for the University. Tuition and fee revenues decreased from fiscal year 2021 to fiscal year 2022 by approximately 2%. Tuition and fees decreased from fiscal year 2022 to fiscal year 2023 by less than 1%. Auxiliary activities, related to housing, increased from fiscal year 2021 to fiscal year 2022 by 126%. The 2022 increase was driven by a return to normal campus operations with students returning to housing coupled with the movement of student meal plan revenue and expense to the University's books and records upon dissolution of Stockton Affiliated Services, Inc. ("SASI") effective June 30, 2021. Auxiliary activities increased from fiscal year 2022 to fiscal year 2023 by approximately 10%. The 2023 increase was driven by increased housing occupancy coupled with housing rent increases.

Operating revenues for 2023, 2022 and 2021 were as follows (in thousands):

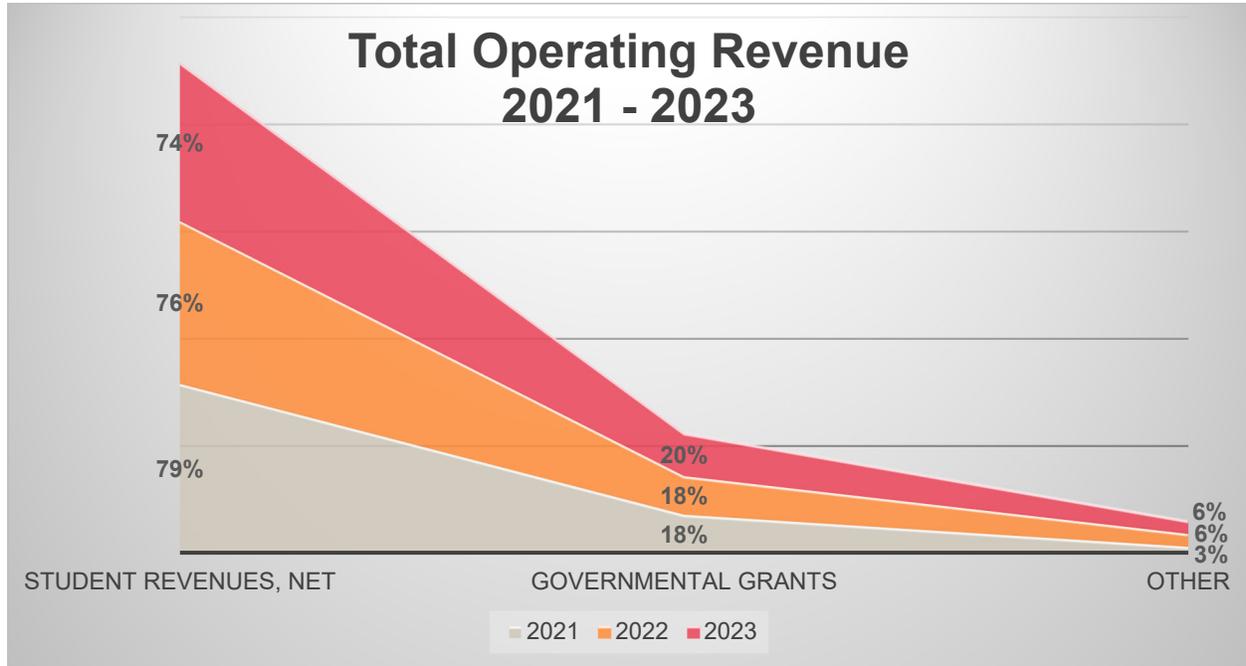
	2023	%	2022	%	2021	%
		Total		Total		Total
Student revenues, net	\$ 117,365	74%	\$ 124,821	76%	\$ 116,295	79%
Governmental grants	31,762	20	29,658	18	26,620	18
Other	9,558	6	9,886	6	4,059	3
Total operating revenues	\$ 158,685	100%	\$ 164,365	100%	\$ 146,974	100%

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

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



NONOPERATING AND OTHER REVENUES (EXPENSES)

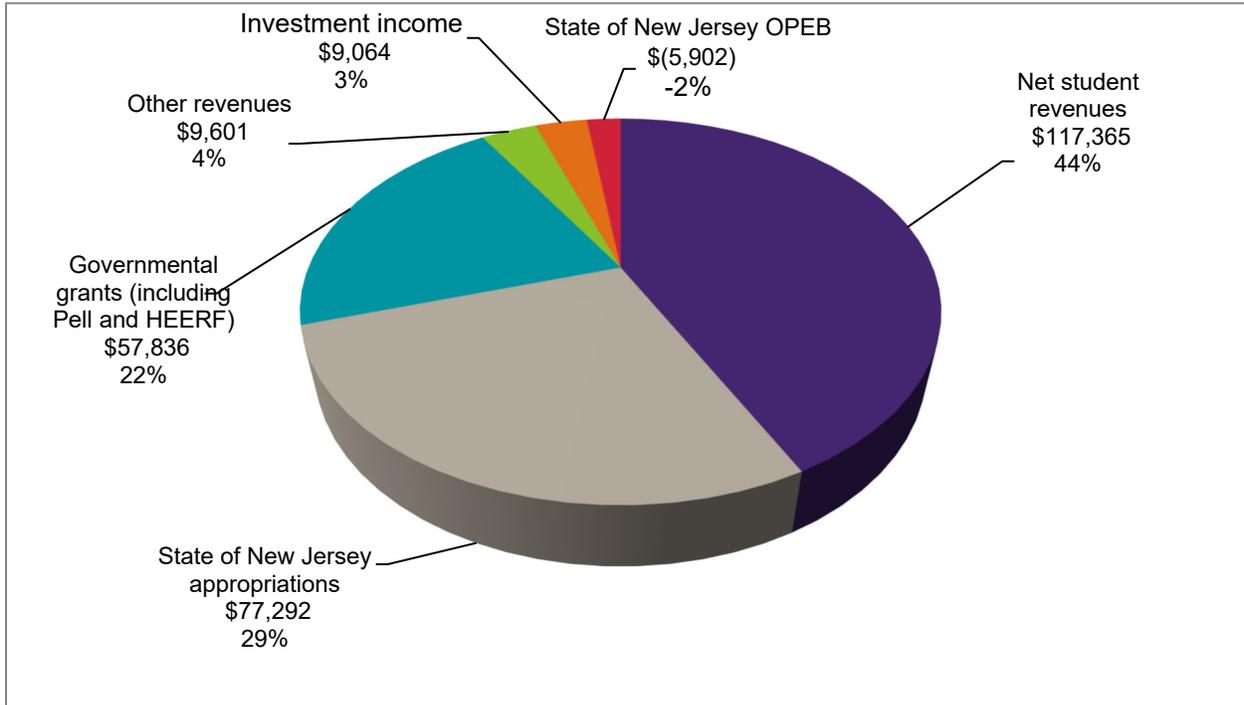
Net nonoperating and other revenues (expenses) for the years ended June 30, 2023, 2022 and 2021 totaled \$94,461,441, \$76,947,143, and \$117,548,121, respectively. The primary source of nonoperating revenue was the State of New Jersey appropriation, including fringe benefits, of \$77,292,078, \$64,073,082, and \$54,971,278, respectively, for the years ended June 30, 2023, 2022 and 2021. The other components of net nonoperating revenues were Pell grant revenues of \$18,766,713, \$17,817,334, and \$18,133,206, investment return (loss), net of \$9,064,175, (\$14,198,110), and \$23,026,894, and interest expense on capital related debt of (\$11,810,288), (\$12,482,858), and (\$12,894,591) for the years ended June 30, 2023, 2022 and 2021, respectively. Included in other revenues for the years ended June 30, 2023, 2022 and 2021 was capital grant revenue of \$0, \$2,940, and \$264,178, respectively. In compliance with GASB 75, the University recorded nonoperating OPEB (expense) revenue from the State of New Jersey of (\$5,901,822), \$2,833,482, and \$4,955,592 for the years ended June 30, 2023, 2022 and 2021, respectively. Also, for the years ended June 30, 2023, 2022, and 2021, the University recorded Federal Higher Education Emergency Relief funding of \$7,306,763, \$21,217,938, and \$29,749,764, respectively.

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

Categories of both operating, nonoperating, and other revenues that support the University's core activities in 2023 are as follows (in thousands of dollars):



OPERATING EXPENSES

Operating expenses are defined as expenses paid by the University to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2023, 2022, and 2021, the University incurred operating expenses totaling \$237,623,203 (\$236,032,384 excluding the effects of GASB 68 and GASB 75), \$242,744,441 (\$232,669,428 excluding the effects of GASB 68 and GASB 75), and \$209,667,228 (\$216,699,573 excluding the effects of GASB 68 and GASB 75), respectively. Operating revenues for these periods totaled \$158,684,950, \$164,364,593, and \$146,974,226, respectively, causing a loss from operations of (\$78,938,253) (loss of \$77,347,434 excluding the effects of GASB 68 and GASB 75), (\$78,379,848) (loss of \$68,304,835 excluding the effects of GASB 68 and GASB 75), and (\$62,693,002) (loss of \$69,725,347 excluding the effects of GASB 68 and GASB 75), respectively, prior to State appropriations, State OPEB revenue, and other nonoperating revenue.

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

A summary of operating expenses for the years ended June 30, 2023, 2022, and 2021 is as follows (in thousands):

	2023	% of Total	2022	% of Total	2021	% of Total
Instruction	\$ 64,870	27%	\$ 62,792	26%	\$ 59,989	29%
Research	2,184	1	1,581	1	1,068	1
Public service	8,586	4	7,692	3	6,499	3
Academic support	21,055	9	19,216	8	19,478	9
Student services	23,677	10	21,008	9	18,918	9
Institutional support	35,840	15	35,835	15	30,143	14
Operation and maintenance of plant	26,657	11	24,454	10	21,008	10
Student aid	13,718	6	26,411	11	19,503	9
Auxiliary enterprises	23,879	10	20,381	8	9,694	5
Depreciation and amortization	23,059	10	20,541	8	18,411	9
OPEB expense	(5,902)	-3	2,833	1	4,956	2
 Total operating expenses	 <u>\$ 237,623</u>	 <u>100%</u>	 <u>\$ 242,744</u>	 <u>100%</u>	 <u>\$ 209,667</u>	 <u>100%</u>

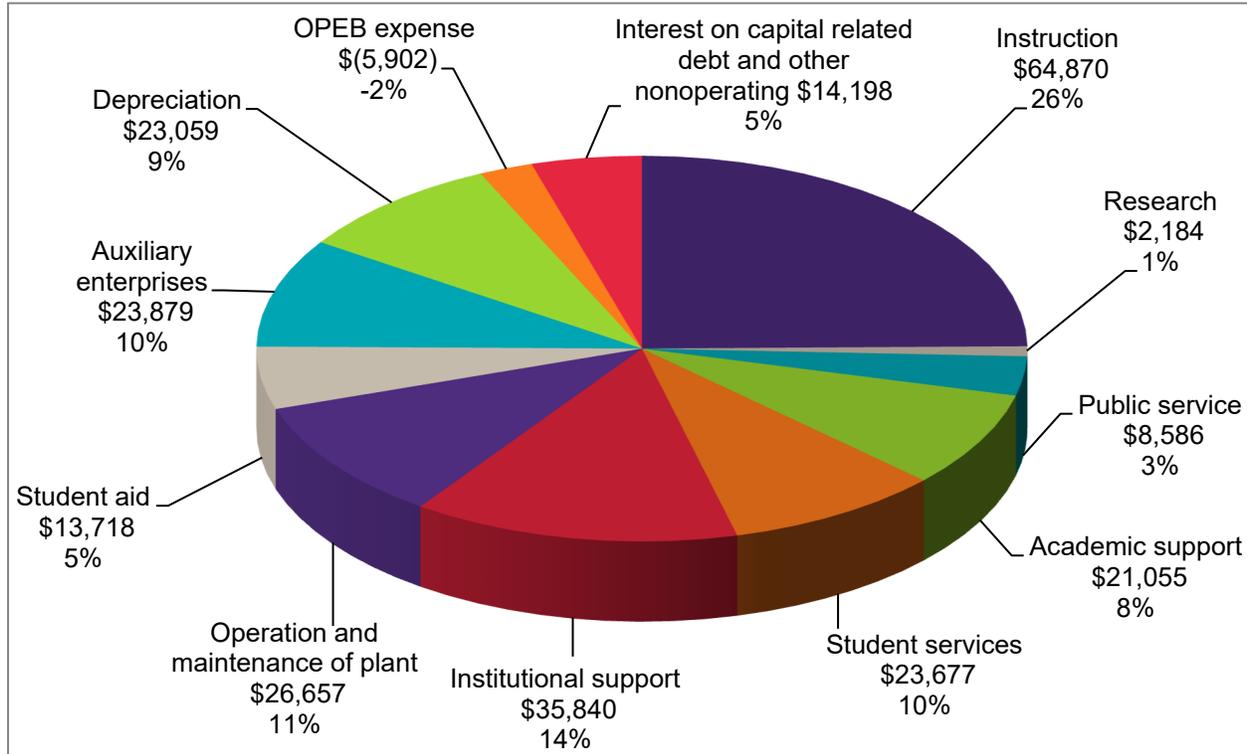
Based on the amounts reported above, expenses have remained fairly consistent for each of the categories over the past years. In complying with GASB 75, the University recorded OPEB benefit of (\$5,901,822) for the year ended June 30, 2023; and OPEB expense of \$2,833,482, and \$4,955,592 for the years ended June 30, 2022 and June 30, 2021, respectively.

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

Categories of both operating and nonoperating expenses related to Stockton's core activities in 2023 are as follows (in thousands of dollars):



CHANGE IN NET POSITION

The University had an increase in net position of \$15,523,188 in fiscal year 2023, a decrease in net position of \$1,432,705 in fiscal year 2022, and an increase in net position of \$54,855,119 in fiscal year 2021. The changes in net position are the result of the operating revenue, operating expense, nonoperating revenue and expense, and other revenue activity that took place during the respective fiscal year.

CAPITAL ASSETS AND DEBT ACTIVITIES

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

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

Years ended June 30, 2023 and 2022

ECONOMIC OUTLOOK

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

Stockton is among the Top 100 Public National Universities, according to the 2024 U.S. News & World Report College Rankings. Stockton ranked No. 84 out of 227 public colleges and universities in the nation and No. 159 out of 436 in the Best National Universities list. This is Stockton's second year in a row in the national rankings. Previously, Stockton was included on the top 10 Best Regional Universities-North.

Stockton also vaulted 49 spots to No. 26 this year among the Top Performers on Social Mobility – National Universities. This category highlights schools that actively and effectively enroll and graduate large proportions of economically disadvantaged students awarded with Pell grants. Similarly, The New York Times released its College-Access Index which ranks Stockton No. 11 out of the nation's 286 most-selective colleges for its share of first-year, first-time students receiving Pell grants.

Stockton was also named as a 2024 "Best Regional College" by The Princeton Review. Stockton is included on Forbes' 2023 list of "Best Value Colleges" and Money Magazine's 2023 list of "Best Public Colleges". The Military Times ranked Stockton 15th in the Mid-Atlantic in its 2022 rankings of "Best Colleges for Veterans".

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

On average, Stockton receives more than 12,000 applications. 1,529 new freshmen were enrolled for fall 2023. In addition, Stockton typically enrolls about 1,000 transfer students annually, most entering as juniors from area community colleges. Stockton also enrolls about 500 graduate students annually.

REQUESTS FOR INFORMATION

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

STATEMENTS OF NET POSITION

June 30,

	<u>2023</u>		<u>2022</u>	
	<u>Stockton University</u>	<u>Discretely Presented Component Units</u>	<u>Stockton University</u>	<u>Discretely Presented Component Units</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 12,007,158	\$ 1,019,802	\$ 7,870,993	\$ 1,057,316
Receivables				
Students, less allowance of \$1,922,596 in 2023 and \$1,316,237 in 2022	1,219,696	-	702,384	-
Perkins Loans, less allowance of \$75,626 in 2023 and \$143,760 in 2022	223,709	-	215,521	-
Federal government	1,666,978	-	2,550,997	-
State of New Jersey	2,611,247	-	1,173,693	-
Due from component units	369,157	-	422,529	-
Lease receivables	167,519	-	152,619	-
Other receivables	7,446,226	848,080	5,107,411	752,792
Total receivables	13,704,532	848,080	10,325,154	752,792
Investments	10,596,201	2,490,099	12,627,399	2,199,712
Other current assets	1,856,151	70,285	1,563,414	163,331
Total current assets	38,164,042	4,428,266	32,386,960	4,173,151
Noncurrent assets				
Investments	111,142,680	50,684,936	118,365,523	46,253,885
Deposits held by bond trustees	11,160,900	-	10,838,401	-
Perkins Loans, less allowance of \$137,242 in 2023 and \$474,884 in 2022	405,972	-	711,940	-
Note receivable from component unit	1,441,700	-	1,441,700	-
Lease receivables	1,118,430	-	976,270	-
Other receivables	-	6,268,188	-	5,181,063
Capital assets, net	480,701,485	101,235	483,590,347	106,275
Total noncurrent assets	605,971,167	57,054,359	615,924,181	51,541,223
Total assets	644,135,209	61,482,625	648,311,141	55,714,374
Deferred outflows of resources				
Pension related	39,915,823	-	40,906,775	-
Loss on refunding debt	8,469,137	-	8,998,458	-
Total deferred outflows of resources	\$ 48,384,960	\$ -	\$ 49,905,233	\$ -

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

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

STATEMENTS OF NET POSITION - CONTINUED

June 30,

	2023		2022	
	Stockton University	Discretely Presented Component Units	Stockton University	Discretely Presented Component Units
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 20,123,943	\$ 42,762	\$ 19,097,791	\$ 90,257
Due to University	-	369,157	-	422,529
Unearned revenue	5,278,762	735,819	5,729,026	676,564
Compensated absences	4,079,060	-	4,020,066	-
Leases payable	305,350	-	310,076	-
SBITAs payable	2,168,239	-	1,584,470	-
Bonds payable	8,139,157	-	7,659,157	-
Other long-term debt	2,938,801	-	4,094,157	-
	<u>43,033,312</u>	<u>1,147,738</u>	<u>42,494,743</u>	<u>1,189,350</u>
Noncurrent liabilities				
Compensated absences	652,532	-	700,140	-
U.S. government grants refundable	1,119,332	-	1,408,552	-
Net pension liability	193,274,354	-	183,537,578	-
Leases payable	324,438	-	1,934,527	-
SBITAs payable	1,348,658	-	1,412,590	-
Bonds payable	200,965,668	-	209,104,825	-
Other long-term debt	162,614,572	3,325,467	165,553,373	3,296,466
	<u>560,299,554</u>	<u>3,325,467</u>	<u>563,651,585</u>	<u>3,296,466</u>
Total liabilities	<u>603,332,866</u>	<u>4,473,205</u>	<u>606,146,328</u>	<u>4,485,816</u>
Deferred inflows of resources				
Pension related	16,708,512	-	35,166,444	-
Other long-term debt related	1,816,800	-	1,889,472	-
Lease related	1,203,729	-	1,067,996	-
Gain on refunding debt	55,299	-	66,359	-
	<u>19,784,340</u>	<u>-</u>	<u>38,190,271</u>	<u>-</u>
Net position				
Net investment in capital assets	108,092,130	-	94,281,263	-
Restricted:				
Nonexpendable	-	34,346,194	-	31,615,300
Expendable:				
Scholarships	-	22,795,734	-	19,926,360
Debt service and debt service reserves	11,285,219	-	10,845,319	-
Unrestricted	(49,974,386)	(132,508)	(51,246,807)	(313,102)
Total net position	<u>\$ 69,402,963</u>	<u>\$ 57,009,420</u>	<u>\$ 53,879,775</u>	<u>\$ 51,228,558</u>

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30,

	2023		2022	
	Stockton University	Discretely Presented Component Units	Stockton University	Discretely Presented Component Units
Operating revenues				
Student revenues:				
Tuition and fees	\$ 141,850,920	\$ -	\$ 142,184,812	\$ -
Auxiliary enterprises	36,695,415	-	33,415,340	-
Less: scholarship allowances	<u>(61,181,644)</u>	<u>-</u>	<u>(50,778,993)</u>	<u>-</u>
Net student revenues	117,364,691	-	124,821,159	-
Federal grants and contracts	6,643,951	-	6,941,336	-
State and local grants and contracts	25,118,163	694,464	22,716,460	686,696
Nongovernmental grants and contracts	1,357,517	-	1,201,686	-
Lease revenues	241,746	-	178,997	-
Other auxiliary enterprises revenues	3,859,574	-	3,234,590	-
Other operating revenues	4,099,308	240,713	5,270,365	313,804
In-kind contributions	<u>-</u>	<u>1,134,611</u>	<u>-</u>	<u>1,159,309</u>
Total operating revenues	158,684,950	2,069,788	164,364,593	2,159,809
Operating expenses				
Instruction	64,869,871	-	62,792,169	-
Research	2,184,081	-	1,580,862	-
Public service	8,585,750	-	7,691,739	-
Academic support	21,055,278	-	19,215,915	-
Student services	23,677,243	-	21,008,103	-
Institutional support	35,840,030	2,485,528	35,835,260	2,317,748
Operation and maintenance of plant	26,656,911	-	24,454,005	-
Student aid	13,717,784	1,398,752	26,410,753	1,284,248
Auxiliary enterprises	23,879,379	-	20,380,712	-
Depreciation and amortization	23,058,698	-	20,541,441	-
OPEB (benefit) expense	(5,901,822)	-	2,833,482	-
In-kind expense	<u>-</u>	<u>1,134,611</u>	<u>-</u>	<u>1,159,309</u>
Total operating expenses	237,623,203	5,018,891	242,744,441	4,761,305
Operating loss	(78,938,253)	(2,949,103)	(78,379,848)	(2,601,496)
Nonoperating revenues (expenses)				
State of New Jersey appropriations	42,486,000	-	32,658,000	-
State of New Jersey appropriations - fringe benefits	34,806,078	-	31,415,082	-
State of New Jersey - OPEB	(5,901,822)	-	2,833,482	-
Pell grants	18,766,713	-	17,817,334	-
Federal grants	7,306,763	-	21,217,938	-
Gifts and contributions	-	1,363,121	-	1,711,566
Investment return, net	9,064,175	4,635,950	(14,198,110)	(6,232,689)
Gain (loss) on disposal of capital assets	42,853	-	(2,005,224)	-
Interest on capital related debt	(11,810,288)	-	(12,482,858)	-
Other nonoperating expense	<u>(299,031)</u>	<u>-</u>	<u>(311,441)</u>	<u>-</u>
Total nonoperating revenues (expenses), net	94,461,441	5,999,071	76,944,203	(4,521,123)
Other revenues				
Capital grant revenue	-	-	2,940	-
Additions to permanent endowments	<u>-</u>	<u>2,730,894</u>	<u>-</u>	<u>1,126,186</u>
Total other revenues	-	2,730,894	2,940	1,126,186
INCREASE (DECREASE) IN NET POSITION	<u>15,523,188</u>	<u>5,780,862</u>	<u>(1,432,705)</u>	<u>(5,996,433)</u>
Net position - beginning of year, as restated for adoption of GASB 96	<u>53,879,775</u>	<u>51,228,558</u>	<u>55,312,480</u>	<u>57,224,991</u>
Net position - end of year	<u>\$ 69,402,963</u>	<u>\$ 57,009,420</u>	<u>\$ 53,879,775</u>	<u>\$ 51,228,558</u>

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

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

Years ended June 30,

	2023	2022
Cash flows from operating activities		
Student revenue	\$ 120,265,249	\$ 128,453,284
Grants and contracts	32,566,096	30,373,449
Payments to suppliers	(72,664,788)	(78,503,156)
Payments for employee salaries and benefits	(156,096,113)	(150,678,279)
Other receipts	11,731,306	12,953,320
Net cash flows used in operating activities	(64,198,250)	(57,401,382)
Cash flows from noncapital financing activities		
Receipts from State of New Jersey appropriations	69,744,766	56,727,071
Pell grants	18,766,713	17,817,334
Federal grants	7,306,763	21,217,938
Payments made for other nonoperating expenses	(299,031)	(311,441)
Net cash flows provided by noncapital financing activities	95,519,211	95,450,902
Cash flows from capital and related financing activities		
Principal paid on capital debt	(10,349,146)	(10,303,381)
Purchases of capital assets	(20,922,493)	(8,303,054)
Gain (loss) on sale of capital assets	42,853	(2,005,224)
Other long-term debt	(72,672)	(109,008)
Interest paid on capital debt	(12,829,196)	(13,774,854)
Leases	(959,245)	2,155,189
Change in deposits held by bond trustees	(322,499)	(1,220,929)
Net cash flows used in capital and related financing activities	(45,412,398)	(33,561,261)
Cash flows from investing activities		
Proceeds from sales of investments	53,385,286	68,798,987
Purchases of investments	(38,625,849)	(76,987,987)
Earnings from investments	3,468,165	3,182,849
Net cash flows provided by (used in) investing activities	18,227,602	(5,006,151)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,136,165	(517,892)
Cash and cash equivalents as of beginning of year	7,870,993	8,388,885
Cash and cash equivalents as of end of year	\$ 12,007,158	\$ 7,870,993
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (78,938,253)	\$ (78,379,848)
Adjustments to reconcile operating loss to net cash used in operating activities:		
State-paid fringe benefit expense	7,547,312	7,346,012
OPEB (benefit) expense	(5,901,822)	2,833,482
Depreciation and amortization	23,058,698	20,541,441
Change in assets and liabilities:		
Receivables	(3,124,955)	(2,270,660)
Other assets	(292,737)	(319,284)
Accounts payable and accrued expenses	1,911,809	1,058,485
Unearned revenue	(450,264)	568,763
Compensated absences	11,386	(455,352)
Deferred outflows/inflows of resources related to pensions	(17,466,980)	(11,068,982)
Net pension liability	9,736,776	3,015,679
U.S. government grants refundable	(289,220)	(271,118)
Net cash used in operating activities	\$ (64,198,250)	\$ (57,401,382)
Supplemental disclosure of noncash capital financing activity		
Change in capital asset additions in accounts payable	\$ (752,657)	\$ 871,353

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

The Foundation is a legally separate, tax-exempt component unit of the University. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University in support of its programs. The Board of Directors of the Foundation, which consists of at least five and no more than 40 persons, is self-perpetuating and consists of qualified persons elected by majority vote of the Board of Directors of the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds investments that are used exclusively for the benefit, support, and promotion of the University for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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NARTP was established in accordance with N.J.S.A. 18A:64-26, et seq. in September 2013. NARTP is a legally separate, tax-exempt 501(c)(3) organization. NARTP's purpose is to conduct research and development and to promote concept and product development using emerging technologies in a laboratory and operational environment. NARTP is a focal point for interaction and innovation among researchers, academia, government, and private industry in developing the next generation air traffic control system, which is critical to the nation's aviation system. Because of its relationship with the University, NARTP is considered a component unit of the University and is discretely presented in the University's financial statements. On July 27, 2023, NARTP and the University entered into a Reorganization Agreement whereby NARTP agreed to take such action as necessary or appropriate to reorganize NARTP as a separate not-for-profit organization and nullify NARTP's status as an auxiliary organization of the University and the University agreed, subject to the approval of its Board of Trustees, to forgive the outstanding principal balance and accrued and unpaid interest on its loan to NARTP. On September 20, 2023, the University's Board of Trustees approved and authorized the forgiveness of the outstanding principal balance and accrued and unpaid interest on its loan to NARTP effective September 30, 2023. In addition, the University's Board of Trustees approved the assignment to NARTP of all of the University's interests in and to the aviation and research technology park pursuant to a General Assignment, and the transfer to NARTP of all accounts and assets of NARTP that are held or maintained by the University.

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

Basis of Presentation

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

Use of Estimates

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

Cash and Cash Equivalents

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

The University invests a certain portion of its cash in the State of New Jersey Cash Management Fund, which permits the overnight sweep of available cash balances directly into a common fund for short-term investments. This is an interest-bearing account from which funds are available upon demand.

Investments and Deposits Held with Trustees

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

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

Capital Assets

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

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

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

Library book purchases are expensed annually.

Lease Receivables

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

Right-of-Use Assets

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

Leases Payable, Net

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

SBITAs Payable, Net

Subscription-based information technology (SBITA) liabilities represent the University's obligation to make subscription payments arising from information technology subscriptions other than short term

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subscriptions. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments over the remaining subscription term. Present value of subscription payments are discounted based on a borrowing rate determined by the University. Short-term subscriptions, those with a maximum period of 12 months, are expensed as incurred.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets that are applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets that are applicable to a future reporting period. Deferred inflows and deferred outflows of resources include differences between expected or projected results related to the University's proportionate share of net pension liability and contributions made to the pension systems subsequent to the measurement date. Deferred outflows and inflows of resources also include gains and losses resulting from refinancing of debt, which represents the difference between the reacquisition price and the net carrying amount of the old debt and are amortized over the life of the related debt. Deferred inflows also include an amount recorded as a result of the University utilizing a portion of the Atlantic County Improvement Authority's Series 2016A Bonds towards the Atlantic City Academic project and amounts related to leases due to the adoption of GASB Statement No. 87, *Leases*.

Net Pension and Other Postretirement Liabilities

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

Classification of Net Position

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

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

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Classification of Revenues and Expenses

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

Interest expense is reported as a non-operating activity.

Revenue Recognition

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

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

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

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

Risk Management

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

Recently Adopted Accounting Standard

The University's financial statements and notes for fiscal 2023 and 2022 as presented herein reflect the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as of July 1, 2021. Under Statement No. 96, a government is required to recognize a right-to-use subscription asset and a corresponding subscription liability. This Statement improves financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting

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for transactions that meet the definition. As a result of this adoption, the opening net position as of July 1, 2021 was increased by \$191,206. See Note 13 for additional information.

Pending Accounting Standard

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

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

Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents:		
Cash (bank accounts)	\$ 11,922,691	\$ 7,789,503
New Jersey Cash Management Fund	84,467	81,490
Total	\$ 12,007,158	\$ 7,870,993

Cash balances maintained by banks amounted to \$14,780,113 and \$11,444,467 as of June 30, 2023 and 2022, respectively, of which \$250,000 are Federal Deposit Insurance Corporation insured. Bank balances in excess of insured amounts of \$14,530,113 and \$11,194,467 as of June 30, 2023 and 2022, respectively, were collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

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

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June 30, 2023 and 2022

Investments

Investments, at fair value, consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Money market accounts	\$ 10,393,994	\$ 14,149,445
U.S. Treasury and agency obligations	1,508,088	361,699
Corporate bonds	1,571,235	1,524,622
U.S. government bonds	318,581	387,972
Stocks	3,906,159	3,286,623
Mutual funds	86,585,530	96,726,082
Alternative investments	17,455,294	14,556,479
Total	\$ 121,738,881	\$ 130,992,922

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

The University's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the sale of the investment or collateral securities that are in the possession of the outside party. As of June 30, 2023 and 2022, the University's investments were either insured, registered, or held by the University's investment custodian in the University's name and, accordingly, not subject to custodial credit risk.

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

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

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

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June 30, 2023 and 2022

The following tables present the University's credit and interest rate risk on its fixed-income investments as of June 30, 2023 and 2022:

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

Investment Type	June 30, 2022 Investment Maturities (in Years)				
	S&P Ratings	Fair Value	Less than 1	1 to 2	Greater than 2
U.S. Treasury and agency obligations	AA to Aa	\$ 361,699	\$ -	\$ -	\$ 361,699
Corporate bonds	AA to Ba	1,524,622	-	-	1,524,622
U.S. government bonds	AA to Aa	387,972	-	-	387,972
Total		<u>\$ 2,274,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,274,293</u>

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

The levels of the fair value hierarchy are as follows:

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

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

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

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

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

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

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The following table sets forth, by level, the University's investments at fair value within the fair value hierarchy as of June 30, 2022:

	Fair Value	Level 1	NAV
Investments by fair value level			
U.S. Treasury and agency obligations	\$ 361,699	\$ 361,699	\$ -
U.S. government bonds	387,972	387,972	-
Debt mutual funds	60,526,776	60,526,776	-
Money market accounts	14,149,445	14,149,445	-
Domestic corporate bonds	1,469,667	1,469,667	-
Foreign corporate bonds	54,955	54,955	-
Total debt securities	76,950,514	76,950,514	-
Other securities			
Equity mutual funds	36,199,306	36,199,306	-
Domestic stocks	1,300,166	1,300,166	-
Foreign stocks	1,986,457	1,986,457	-
Total investments, by fair value level	116,436,443	116,436,443	-
Investments measured at NAV			
Hedge funds – diversifying	3,083,273	-	3,083,273
Other limited partnerships	11,473,206	-	11,473,206
Total investments, measured at NAV	14,556,479	-	14,556,479
Total investments, measured at fair value	<u>\$ 130,992,922</u>	<u>\$ 116,436,443</u>	<u>\$ 14,556,479</u>

The following table lists investments measured at NAV by major investment category as of June 30, 2022 as follows:

	2022 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge funds - diversifying	\$ 3,083,273	\$ -	Quarterly	60 to 65 days
Other limited partnerships	11,473,206	-	N/A	N/A
Total investments, measured at NAV	<u>\$ 14,556,479</u>	<u>\$ -</u>		

Deposits Held by Bond Trustees

Deposits held by bond trustees include restricted funds held by board-approved trustees. Deposits held by bond trustees are carried in the accompanying financial statements at fair value, as determined by quoted market prices, and consist primarily of cash and cash equivalents. As of June 30, 2023 and 2022, deposits held by bond trustees included the following:

	2023	2022
Cash and cash equivalents - cash held by trustees	<u>\$ 11,160,900</u>	<u>\$ 10,838,401</u>

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

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

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

As of June 30, 2023 and 2022, deposits held by bond trustees were composed of funds held for the following purposes:

	<u>2023</u>	<u>2022</u>
Debt service and debt service reserves	<u>\$ 11,160,900</u>	<u>\$ 10,838,401</u>

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June 30, 2023 and 2022

NOTE 3 - CAPITAL ASSETS

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Capital asset activity for the year ended June 30, 2022 consisted of the following:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Adjustments</u>	<u>June 30, 2022</u>
Land	\$ 13,589,118	\$ 400,575	\$ (1,110,570)	\$ 12,879,123
Construction in progress	72,280,090	3,794,695	(6,925,650)	69,149,135
Works of art	<u>722,555</u>	<u>1,074,603</u>	<u>-</u>	<u>1,797,158</u>
Total nondepreciable assets	86,591,763	5,269,873	(8,036,220)	83,825,416
Depreciable assets:				
Land improvements	20,234,134	-	-	20,234,134
Buildings and improvements	453,744,753	1,130,401	(1,676,736)	453,198,418
Leasehold improvements	81,544,149	-	-	81,544,149
Infrastructure	28,663,930	4,384,735	-	33,048,665
Equipment	44,439,305	2,537,460	(1,613,175)	45,363,590
Right to use asset - building	2,800,186	-	-	2,800,186
Right to use asset - equipment	413,680	-	-	413,680
Right to use asset - subscriptions	<u>4,838,885</u>	<u>-</u>	<u>-</u>	<u>4,838,885</u>
Total depreciable assets	636,679,022	8,052,596	(3,289,911)	641,441,707
Less accumulated depreciation/amortization:				
Land improvements	10,138,039	643,376	-	10,781,415
Buildings and improvements	155,189,887	10,951,652	(803,143)	165,338,396
Leasehold improvements	7,927,903	2,718,138	-	10,646,041
Infrastructure	16,861,798	698,281	-	17,560,079
Equipment	32,872,570	3,020,825	(1,536,041)	34,357,354
Right to use asset - building	322,961	322,961	-	645,922
Right to use asset - equipment	161,361	563,230	-	724,591
Right to use asset - subscriptions	<u>-</u>	<u>1,622,978</u>	<u>-</u>	<u>1,622,978</u>
Total accumulated depreciation/ amortization	<u>223,474,519</u>	<u>20,541,441</u>	<u>(2,339,184)</u>	<u>241,676,776</u>
Depreciable assets, net	<u>413,204,503</u>	<u>(12,488,845)</u>	<u>(950,727)</u>	<u>399,764,931</u>
Capital assets, net	<u>\$ 499,796,266</u>	<u>\$ (7,218,972)</u>	<u>\$ (8,986,947)</u>	<u>\$ 483,590,347</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2023 and 2022, accounts payable and accrued expenses consisted of the following:

	2023	2022
Accounts payable, construction	\$ 1,225,961	\$ 1,978,618
Accounts payable, other	5,437,026	4,553,508
Accrued salaries, fringe benefits and withholdings	8,674,175	7,645,884
Accrued interest on bonds payable and other long-term debt	4,786,781	4,919,781
Total	\$ 20,123,943	\$ 19,097,791

NOTE 5 - STATE PAID FRINGE BENEFITS

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance and FICA taxes) on behalf of University employees. Such benefits amounted to \$34,806,078 and \$31,415,082 for the years ended June 30, 2023 and 2022, respectively, and are included in both the State of New Jersey appropriations revenue and operating expenses in the accompanying financial statements.

NOTE 6 - RETIREMENT PROGRAMS

General Information about Pension Plans

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

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

Defined Benefit Plans

Public Employees' Retirement System

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. The current employee contribution rate is 7.5% of base salary. Employer contributions are based on an actuarially determined rate, which was 29.2% and 27.8% of annual covered payroll for the years ended June 30, 2023 and 2022, respectively. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State's contribution on behalf of the University ("State Contribution") to PERS for the years ended June 30, 2023 and 2022 was \$7,259,688 and \$5,793,372, respectively, which is recognized as a deferred outflow of resources in the statements of net position.

Police and Firemen's Retirement System

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

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

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The current employee contribution rate is 10.0% of base salary. Employer contributions are based on an actuarially determined rate, which was 83.2% and 78.9% of annual covered payroll for the years ended June 30, 2023 and 2022, respectively. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The State contribution to PFRS for the years ended June 30, 2023 and 2022 was \$462,248 and \$491,738, respectively, which is recognized as a deferred outflow of resources in the statements of net position.

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

Net pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded to reflect the provisions of GASB 68 are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2022 ("Measurement Date"). The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and net pension expense related to PERS and PFRS, at and for the fiscal year ended June 30, 2023, are as follows:

	PERS	PFRS	Total
Proportionate share of the net pension liability (\$)			
2022	\$ 181,610,259	\$ 11,664,095	\$ 193,274,354
2021	172,451,219	11,086,359	183,537,578
2020	171,147,251	9,374,648	180,521,899
2019	164,700,547	10,173,510	174,874,057
2018	164,511,244	17,849,912	182,361,156
2017	186,353,409	9,167,389	195,520,798
2016	199,651,829	6,341,900	205,993,729
2015	157,129,973	6,709,530	163,839,503
2014	129,367,998	6,515,401	135,883,399

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Proportionate share of the net pension liability (%)

2022	0.811%	0.270%
2021	0.797%	0.273%
2020	0.770%	0.218%
2019	0.716%	0.242%
2018	0.694%	0.412%
2017	0.727%	0.209%
2016	0.679%	0.135%
2015	0.662%	0.156%
2014	0.643%	0.183%

Deferred outflows of resources	\$ 35,626,676	\$ 4,289,147	\$ 39,915,823
Deferred inflows of resources	\$ 15,170,615	\$ 1,537,897	\$ 16,708,512
Net pension expense	\$ 5,454,039	\$ 2,038,602	\$ 7,492,641

The University's proportionate share of each respective plan's net pension liability was based on the State contribution to the respective plans from July 1, 2013 to June 30, 2022 relative to the total contributions from all participating employers.

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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

	PERS	PFRS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 4,191,306	\$ -	\$ 4,191,306
Changes of assumptions	351,919	14,765	366,684
Changes in proportionate share	17,840,753	3,213,198	21,053,951
Contributions subsequent to the measurement date	13,565,938	1,728,896	15,294,834
Total	<u>\$ 35,949,916</u>	<u>\$ 4,956,859</u>	<u>\$ 40,906,775</u>
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 595,804	\$ 399,554	\$ 995,358
Changes of assumptions	24,441,249	879,482	25,320,731
Net differences between projected and actual investment earnings on pension plan investments	5,423,618	288,236	5,711,854
Changes in proportionate share	2,378,210	760,291	3,138,501
Total	<u>\$ 32,838,881</u>	<u>\$ 2,327,563</u>	<u>\$ 35,166,444</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the Measurement Date of \$13,640,026 for PERS and \$1,582,820 for PFRS will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense in the statement of revenues, expenses, and changes in net position as follows:

	PERS	PFRS	TOTAL
Years ending:			
2024	\$ (575,774)	\$ 245,150	\$ (330,624)
2025	3,065,893	278,788	3,344,681
2026	2,820,151	204,800	3,024,951
2027	1,426,901	397,839	1,824,740
2028	78,864	45,777	124,641
2029	-	(3,924)	(3,924)
	6,816,035	1,168,430	7,984,465
Contributions paid subsequent to measurement date	13,640,026	1,582,820	15,222,846
	<u>\$ 20,456,061</u>	<u>\$ 2,751,250</u>	<u>\$ 23,207,311</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Actuarial Assumptions

The University's net pension liability at the Measurement Date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

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

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>PERS and PFRS</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rates

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

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

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

	<u>PERS</u>		<u>PFRS</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
1% decrease	6.00%	\$ 207,231,554	6.00%	\$ 13,573,556
Current discount rate	7.00%	181,610,259	7.00%	11,664,095
1% increase	8.00%	159,862,997	8.00%	10,073,712

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Defined Contribution Pension Plans

Alternate Benefit Program Information

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

ABP provides retirement and death benefits for or on behalf of the full-time professional employees and faculty members participating in this retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. ABP provides the choice of seven investment carriers, all of which are privately operated defined contribution retirement plans. The University assumes no liability for ABP members other than payment of contributions.

Participating University employees are required to contribute 5% of total base salary and may contribute a voluntary additional contribution of salary up to the maximum federal statutory limit, on a pretax basis. Employer contributions are 8% of base salary up to \$175,000. During the year ended June 30, 2023, ABP employer and employee contributions were \$5,130,105 and \$3,206,316, respectively, which were based on participating employee salaries of \$64,126,313. During the year ended June 30, 2022, ABP employer and employee contributions were \$5,308,113 and \$3,317,571, respectively, which were based on participating employee salaries of \$66,351,413. Employer contributions to ABP paid by the State of New Jersey are reflected in the accompanying financial statements as State of New Jersey appropriations revenue and as expenses.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS

General Information about Postemployment Plans Other than Pensions

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

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

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

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June 30, 2023 and 2022

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

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

Total OPEB Liability and OPEB expense

As of June 30, 2023 and 2022 the State recorded a liability of \$203,615,065 and \$246,821,258, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the "University's share"). The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2023 and 2022, the University's share was 3.660662% and 3.632054% of the special funding situation, respectively, and 0.974814% and 0.989103% of the Plan, respectively.

For the years ended June 30, 2023 and 2022, the University recognized OPEB benefit of (\$5,901,822) and OPEB expense of \$2,833,482, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized (expense) revenue related to the support provided by the State of (\$5,901,822) and \$2,833,482, respectively.

Actuarial Assumptions and Other Inputs - the State's liability associated with the University at June 30, 2023 and 2022 was determined by an actuarial valuation as of June 30, 2021 and 2020, which was rolled forward to the measurement dates of June 30, 2022 and 2021, respectively.

Discount rate	3.54% - June 30, 2022 2.16% - June 30, 2021
Salary increases	2.75% - 16.25%

The discount rate is based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on age or years of service.

June 30, 2022 Measurement Period

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

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

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Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2023 through 2024 are reflected. For PPO the trend is initially 6.36% in fiscal year 2025, increasing to 14.35% in fiscal year 2026 and 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 4.5% long-term trend rate after seven years.

June 30, 2021 Measurement Period

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

Certain actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies of the State of New Jersey's defined benefit pension plans, including PERS (July 1, 2014 through June 30, 2018), ABP (using the experience of the Teacher's Pension and Annuity Fund - July 1 2015 through June 30, 2018), and PFRS (July 1, 2013 through June 30, 2018).

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.65% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.79% in fiscal year 2024, increasing to 13.79% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 5.98% in fiscal year 2024, increasing to 15.49% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.5% long-term trend rate after seven years.

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June 30, 2023 and 2022

NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM DEBT

Bonds payable and other long-term debt as of June 30, 2023 and 2022 consisted of the following:

	Interest Rate	2023	2022
Bonds payable:			
New Jersey Educational Facilities Authority bonds			
Series 2016A	3.00 - 5.00%	\$ 184,640,000	\$ 190,940,000
Unamortized premium, net		24,464,825	25,823,982
Total		209,104,825	216,763,982
Less: current portion		(8,139,157)	(7,659,157)
Bonds payable, noncurrent portion		\$ 200,965,668	\$ 209,104,825
Other long-term debt:			
Higher education equipment leasing fund	5.00%	\$ -	\$ 225,038
Higher education capital improvement fund	3.00 - 5.25%	8,140,432	9,764,963
Series 2015E	2.83%	8,930,198	10,481,862
Series 2020A	2.14%	5,375,000	5,565,000
Casino Reinvestment Development Authority Loan	3.00%	10,275,500	10,275,500
Atlantic County Improvement Authority Stockton			
University AC Campus (Phase 1)	4.21%	77,925,000	78,360,000
Atlantic County Improvement Authority Stockton			
University AC Campus (Phase 2)	4.00 - 5.00%	54,550,000	54,550,000
Dam restoration loan	2.00%	96,351	119,264
Total		165,292,481	169,341,627
Unamortized premium, net		260,892	305,903
Total		165,553,373	169,647,530
Less: current portion		(2,938,801)	(4,094,157)
Other long-term debt, noncurrent portion		\$ 162,614,572	\$ 165,553,373

Bonds Payable

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

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

Other Long-Term Debt

Galloway Campus

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

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

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

During 2014, the University entered into a lease agreement with the Authority, along with other colleges and universities. Under the terms of the agreement, the Authority issued Series 2014 Revenue Bonds to provide funding for the Higher Education Equipment Leasing Fund. The University was allocated \$7,595,000 of the total proceeds of the bond issue to be used for the Science Building Teaching Laboratory Equipment and the Education Technology Project. The terms of the agreement require one-quarter of the total allocation, or \$1,652,956, to be repaid in annual rental payments equal to the University's allocable share of the Series 2014 Bonds through 2023. The financing included a premium of \$241,699 which is amortized as a component of interest expense over the life of the bond.

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

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payments equal to the University's allocable share of the Series 2016B Bonds and related program expenses through 2036.

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

On February 12, 2020, the University issued \$5,935,000 of Tax-Exempt Series 2020A Revenue Refunding Bonds issued through the Authority. The 2020A issuance was issued as a direct loan with a fixed interest rate of 2.14% and a final maturity of February 1, 2035. The transaction structure is a direct placement with T.D. Bank, N.A. Proceeds from this transaction financed the University's acquisition of a 42-room residence facility located approximately 2 miles from the University's main campus in Galloway Township.

Atlantic City Campus

On September 22, 2016, the Atlantic County Improvement Authority ("ACIA") issued \$78,980,000 of its Revenue Notes, Series 2016A. The proceeds of the notes were loaned by ACIA to Island Campus Redevelopment Urban Renewal Associates LLC (the "Landlord"), whose sole and managing member is the Atlantic City Development Corporation ("ACDevco"), pursuant to a Loan Agreement dated September 30, 2016 to finance a portion of the costs of the development and construction in connection with the establishment of the University's new Atlantic City campus. The Landlord is leasing the property to the University pursuant to the Master Lease Agreement dated September 30, 2016. At the end of the term, title to the property will be transferred to the University upon payment of the outstanding amounts due on the ACIA's notes and on ACDevco's equity contribution. Leasehold improvements capitalized under this agreement totaled \$81,080,000 with the related accumulated depreciation of \$13,288,111 and \$10,585,444 at June 30, 2023 and 2022, respectively. The University is the guarantor, and obligor under this financed purchase agreement, for the Atlantic County Improvement Authority's issuance on September 22, 2016, General Obligation Lease Revenue Series 2016A Bonds consisting of \$26,950,000 Serial Bonds and \$18,905,000 3.25% Term Bonds, \$22,650,000 4.00% Term Bonds, and \$10,475,000 5.00% Term Bonds. The Serial Bonds bear interest at rates between 2.125-5.00%, with the average being 4.40%. They are due annually each July 1 through 2036. The Term Bonds fully mature July 1, 2048.

In September 2018, the University utilized \$2,180,246 of the bond funds towards the Atlantic City Academic project which is recorded as a deferred inflow of financial resources. This deferred inflow is amortized and recognized as a component of interest expense over the lease term. The balance of the deferred inflow was \$1,816,800 and \$1,889,472 at June 30, 2023 and 2022, respectively.

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

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\$17,495,000 4.00% Term Bonds. The Serial Bonds bear interest at rates between 4.00-5.00%, with the average being 4.66%. They are due annually each July 1 through 2041. The Term Bonds fully mature July 1, 2047 and July 1, 2053, respectively.

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

Payments Due on Bonds Payable and Other Long-Term Debt

Payments due on bonds payable and other long-term debt excluding net unamortized premiums, and deferred gains and losses totaling \$18,128,679 subsequent to June 30, 2023 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,677,881	\$ 15,002,514	\$ 24,680,395
2025	11,740,706	14,547,136	26,287,842
2026	12,362,847	14,023,316	26,386,163
2027	13,081,216	13,469,970	26,551,186
2028	13,806,176	12,885,402	26,691,578
2029-2033	77,270,563	55,630,389	132,900,952
2034-2038	94,673,592	35,144,721	129,818,313
2039-2043	58,215,700	18,523,829	76,739,529
2044-2054	59,103,800	11,309,098	70,412,898
Total	<u>\$ 349,932,481</u>	<u>\$ 190,536,375</u>	<u>\$ 540,468,856</u>

NOTE 9 - LINE OF CREDIT

The University has available a \$50,000,000 revolving priority credit line with Wells Fargo Advisors which has no expiration and had no outstanding balance as of June 30, 2023 and 2022. Interest is payable monthly at a rate of 6.21% of the priority credit line outstanding, if any. The credit line is available for all purposes, with the exception of the purchase of additional securities, is fully collateralized by the investments of the University, and is due on demand. Interest expense was \$0 for the years ended June 30, 2023 and 2022.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 10 - LONG-TERM LIABILITIES

Activity in long-term liabilities for the years ended June 30, 2023 and 2022 are as follows:

	July 1, 2022	Additions	Current Reductions	June 30, 2023	Current Portion
Compensated absences	\$ 4,720,206	\$ 4,031,452	\$ (4,020,066)	\$ 4,731,592	\$ 4,079,060
Net pension liability	183,537,578	9,736,776	-	193,274,354	-
U.S. government grants refundable	1,408,552	-	(289,220)	1,119,332	-
Leases payable	2,244,603	248,608	(1,863,423)	629,788	305,350
Subscriptions payable	2,997,060	3,254,376	(2,734,539)	3,516,897	2,168,239
Bonds payable, net	216,763,982	-	(7,659,157)	209,104,825	8,139,157
Other long-term debt, net	169,647,530	-	(4,094,157)	165,553,373	2,938,801
Total	<u>\$ 581,319,511</u>	<u>\$ 17,271,212</u>	<u>\$ (20,660,562)</u>	<u>\$ 577,930,161</u>	<u>\$ 17,630,607</u>
	July 1, 2021	Additions	Current Reductions	June 30, 2022	Current Portion
Compensated absences	\$ 5,175,558	\$ 3,908,706	\$ (4,364,058)	\$ 4,720,206	\$ 4,020,066
Net pension liability	180,521,899	3,015,679	-	183,537,578	-
U.S. government grants refundable	1,679,670	-	(271,118)	1,408,552	-
Leases payable, net	2,907,476	79,667	(742,540)	2,244,603	310,076
Subscriptions payable	4,812,124	227,278	(2,042,342)	2,997,060	1,584,470
Bonds payable, net	222,513,140	-	(5,749,158)	216,763,982	7,659,157
Other long-term debt, net	175,605,922	-	(5,958,392)	169,647,530	4,094,157
Total	<u>\$ 593,215,789</u>	<u>\$ 7,231,330</u>	<u>\$ (19,127,608)</u>	<u>\$ 581,319,511</u>	<u>\$ 17,667,926</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 11 - DISCRETELY PRESENTED COMPONENT UNITS

The following displays condensed combining information, which is presented in total in the accompanying statements of net position for the University's discretely presented component units as of June 30, 2023 and 2022:

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

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June 30, 2023 and 2022

	2022		
	Foundation	NARTP	Total
Current assets:			
Cash and cash equivalents	\$ 502,065	\$ 555,251	\$ 1,057,316
Other receivables	710,581	42,211	752,792
Investments	2,199,712	-	2,199,712
Other current assets	50,137	113,194	163,331
Noncurrent assets:			
Investments	46,253,885	-	46,253,885
Other receivables	5,181,063	-	5,181,063
Capital assets, net	-	106,275	106,275
Total assets	<u>\$ 54,897,443</u>	<u>\$ 816,931</u>	<u>\$ 55,714,374</u>
Accounts payable and other current liabilities	\$ 31,872	\$ 734,949	\$ 766,821
Due to University	96,667	325,862	422,529
Long-term liabilities to University	-	3,296,466	3,296,466
Total liabilities	<u>\$ 128,539</u>	<u>\$ 4,357,277</u>	<u>\$ 4,485,816</u>
Net position:			
Restricted - nonexpendable	\$ 31,615,300	\$ -	\$ 31,615,300
Restricted - expendable	19,926,360	-	19,926,360
Unrestricted	3,227,244	(3,540,346)	(313,102)
Total net position	<u>\$ 54,768,904</u>	<u>\$ (3,540,346)</u>	<u>\$ 51,228,558</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following displays condensed combining information, which is presented in total in the accompanying statements of revenues, expenses, and changes in net position for the University's discretely presented component units for the years ended June 30, 2023 and 2022:

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

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June 30, 2023 and 2022

	2022		
	Foundation	NARTP	Total
Operating revenues:			
Grants	\$ -	\$ 686,696	\$ 686,696
Other	313,804	-	313,804
In-kind contributions	1,089,748	69,561	1,159,309
Total operating revenues	1,403,552	756,257	2,159,809
Operating expenses:			
Institutional support	1,633,936	683,812	2,317,748
Student aid	1,284,248	-	1,284,248
In-kind expense	1,089,748	69,561	1,159,309
Total operating expenses	4,007,932	753,373	4,761,305
Operating (loss) income	(2,604,380)	2,884	(2,601,496)
Non-operating revenues (expenses):			
Gifts and contributions	1,711,566	-	1,711,566
Investment income	(6,232,689)	-	(6,232,689)
	(4,521,123)	-	(4,521,123)
Other revenues:			
Additions to permanent endowments	1,126,186	-	1,126,186
Change in net position	(5,999,317)	2,884	(5,996,433)
Net position - beginning of year	60,768,221	(3,543,230)	57,224,991
Net position - end of year	<u>\$ 54,768,904</u>	<u>\$ (3,540,346)</u>	<u>\$ 51,228,558</u>

The following amounts are presented in the statements of net position of the respective entities as due to the University as of June 30, 2023 and 2022:

	2023		
	Foundation	NARTP	Total
Due to the University:			
Services provided	\$ 1,636	\$ -	\$ 1,636
Interest on loan	-	367,521	367,521
Total due to the University	<u>\$ 1,636</u>	<u>\$ 367,521</u>	<u>\$ 369,157</u>
	2022		
	Foundation	NARTP	Total
Due to the University:			
Institutional support	\$ 79,404	\$ -	\$ 79,404
Services provided	17,263	-	17,263
Interest on loan	-	325,862	325,862
Total due to the University	<u>\$ 96,667</u>	<u>\$ 325,862</u>	<u>\$ 422,529</u>

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June 30, 2023 and 2022

The Foundation provided support of \$2,595,830 and \$2,497,200 to the University for scholarships, academic, faculty, and facilities support for the years ended June 30, 2023 and 2022, respectively. The University provided in-kind finance and administrative services to the Foundation of \$1,027,753 and \$1,050,248 for the years ended June 30, 2023 and 2022, respectively.

The University issued a line of credit to NARTP in the amount of \$1,500,000. During the year ended June 30, 2020, NARTP's \$100,000 University advance due to the University as of June 30, 2019, was added to the outstanding loan balance from the University. As of both June 30, 2023 and 2022, a note receivable in the amount of \$1,441,700 was reflected in the financial statements of the University relating to this line of credit. The University charges interest on the outstanding principal balance from the date advanced until the full amount of principal has been paid at a fixed rate equal to 2.85% for the years ended June 30, 2023 and 2022, respectively. The interest rate will be reviewed and changed by the University, at its sole discretion, to a rate equal to 150 basis points plus the thirty-year U.S. Treasury Note rate at the time of the interest review. Per the agreement, interest payments on the outstanding principal balance shall be deferred until the earlier of one year following the issuance of a certificate of occupancy for the first building for tenant occupancy in NARTP or April 10, 2024. Interest expense on the line of credit totaled \$41,659 for the years ended June 30, 2023 and 2022.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Compensated Absences

The University recorded a liability for compensated absences in the amount of \$4,731,592 and \$4,720,206 for the years ended June 30, 2023 and 2022, respectively. The liability is calculated based upon employees' accrued vacation leave as of year-end, as well as an estimated vested amount for accrued sick leave.

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

Litigation

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

Grants

The University receives support from federal government and State of New Jersey grant programs, primarily student financial assistance. Entitlement to these resources requires compliance with terms of the grant agreements and applicable regulations, including the expenditure of the resources for allowable purposes. Substantially all grants are subject to financial and compliance audits by the respective sponsors. As of June 30, 2023 and 2022, the University believes that adjustments, if any, as a result of such audits would not have a material adverse effect on the University's financial statements.

Construction Contracts

The University has outstanding construction commitments in the amount of \$2,179,177 as of June 30, 2023. These commitments are primarily related to projects on the Galloway campus. It is expected that all of the funding for these projects will be allocated from unrestricted resources.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Power Purchase Agreements

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

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

NOTE 13 – LEASES & SUBSCRIPTIONS

The University adopted GASB Statement No. 87, *Leases*, for its June 30, 2022 financial statements. The University is a lessee for non-cancellable leases of building and equipment assets. A lease liability and an intangible right-to-use asset with initial, individual undiscounted payments of the term of the lease value of \$5,000 or more is recognized. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the intangible right-to-use asset is amortized on a straight-line basis over its useful life. The University uses an estimated incremental borrowing rate as the discount rate for leases. The borrowing rate varies from 0.9% to 5.65% depending on the length of the lease as of June 30, 2023 and 2022.

The tables below represent the schedule of maturity for current lessee and lessor arrangements as of June 30, 2023:

Lessee Maturity Schedule

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 305,350	\$ 20,606	\$ 325,956
2025	247,427	8,296	255,723
2026	37,798	2,202	40,000
2027	39,213	787	40,000
	<u>\$ 629,788</u>	<u>\$ 31,891</u>	<u>\$ 661,679</u>
Total			

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Lessor Maturity Schedule

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 167,519	\$ 40,817	\$ 208,336
2025	179,285	33,447	212,732
2026	179,524	27,701	207,225
2027	179,398	22,433	201,831
2028	189,529	17,035	206,564
2029-2034	145,162	53,275	198,437
2035-2040	15,819	46,573	62,392
2041-2046	19,143	43,249	62,392
2047-2052	23,167	39,225	62,392
2052-2071	187,403	99,598	287,001
Total	<u>\$ 1,285,949</u>	<u>\$ 423,353</u>	<u>\$ 1,709,302</u>

The University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for its June 30, 2023 financial statements. Fiscal year 2022 balances and activities were restated to reflect this adoption. The University is a subscriber for non-cancellable contracts of another party's information technology (IT). A subscription liability and an intangible asset with initial, individual undiscounted payments of the term of the lease value of \$5,000 or more is recognized. At the commencement of a contract, the subscription liability is measured at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of subscription payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the intangible asset is amortized on a straight-line basis over its useful life. The University uses an estimated incremental borrowing rate as the discount rate for subscriptions. The borrowing rate varies from 0.9% to 5.65% depending on the length of the subscription as of June 30, 2023 and 2022.

STOCKTON UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The table below represents the schedule of maturity for current subscription contracts as of June 30, 2023:

Subscription Maturity Schedule

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,168,239	\$ 123,112	\$ 2,291,351
2025	891,589	53,822	945,411
2026	216,966	19,117	236,083
2027	240,103	10,017	250,120
	<u>\$ 3,516,897</u>	<u>\$ 206,068</u>	<u>\$ 3,722,965</u>
Total			

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

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

June 30, 2023

Public Employees' Retirement System (PERS)

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

Police and Firemen's Retirement System (PFRS)

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

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Employer Contributions* - Unaudited

June 30, 2023

Public Employees' Retirement System (PERS)

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

Police and Firemen's Retirement System (PFRS)

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

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

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

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

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

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

SUPPLEMENTARY INFORMATION

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		07/01/22-06/30/23	\$ 514,763
Federal Work Study Program (FWS)	84.033		07/01/22-06/30/23	545,546
Federal Perkins Loan Program (FPL) - Federal Capital Contributions	84.038		07/01/22-06/30/23	849,577
Federal Pell Grant Program (PELL), including administrative costs of \$17,905	84.063		07/01/22-06/30/23	18,766,713
Federal Direct Student Loans (Direct Loan)	84.268		07/01/22-06/30/23	47,833,804
Teacher Education Assistance for College & Higher Education Grants (TEACH Grants)	84.379		07/01/22-06/30/23	6,128
Total Student Financial Assistance Cluster				<u>68,516,531</u>
Research and Development Cluster:				
U.S. Department of Agriculture:				
Acer Access Development Program	10.174		09/30/19-09/29/24	141,045
U.S. Department of Commerce:				
National Oceanic & Atmospheric Administration (NOAA):				
Coastal Zone Management Estuarine Research Reserves	11.420		10/01/20-09/30/22	4,533
Passed-through the New Jersey Sea Grant Consortium:				
Sea Grant Support (Combining eDNA with Acoustic and Video Data to Assess the Ecology of Submerged Coastal Structures)	11.417	6228-0008	02/01/22-01/31/23	10,188
U.S. Department of Defense:				
Passed-through Rochester Institute of Technology:				
Basic, Applied, and Advanced Research in Science and Engineering (Army Educational Outreach Program High School Apprenticeships)	12.630	N/A	7/01/20-12/31/22	3,281
U.S. Fish and Wildlife Service:				
Passed-through McMillen Jacobs:				
Aquatics Resources Management (Swan Cove Pool Restoration Project)	15.244	N/A	09/12/19-12/31/22	829
Passed-through NJ DEP Division of Fish & Wildlife:				
Wildlife Restoration and Basic Hunter Education (Ecological Forestry and the Lenape Farms Unit)	15.611	FG20-015	05/01/19-06/30/23	30,406
U.S. Department of the Interior:				
Coastal (Data Collection and Design Work for Nature-Based Solutions to Marsh and Shoreline Habitat Degradation in New Jersey Back Bays)				
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES) (Protected Species Observer Training Program)	15.423		01/04/22-01/03/24	44,934
U.S. Department of Justice:				
National Institute of Justice Research, Evaluation, and Development Project Grants (Research and Evaluation of Policing)				
Criminal and Juvenile Justice and Mental Health Collaboration Program (The Justice and Mental Health Collaboration Program)	16.560		01/01/22-12/31/24	286,968
Mental Health Collaboration Program	16.745		01/03/22-09/30/23	5,642
U.S. Department of Health and Human Services:				
National Institutes of Health (NIH):				
Biomedical Research and Research Training (Control of Histone Methylation During Differentiation)	93.859		09/01/21-08/31/24	70,650
National Science Foundation:				
Geosciences (MRI - Acquisition of High Resolution Multibeam Sonar for Coastal Ocean Research)	47.050		09/01/21-08/31/24	6,005
Geosciences (Collaborative Research: Tidally rectified flows in multiple inlet/lagoon systems Consequences for transport and residence times)	47.050		08/15/22-07/31/25	38,746
U.S. Environmental Protection Agency:				
Passed-through Barnegat Bay Partnership Ocean County College:				
National Estuary Program (Barnegat Bay Partnership Implementation)	66.456	N/A	03/01/21-12/31/22	1,501
National Estuary Program (Barnegat Bay Integrated Submerged Aquatic Vegetation Program)	66.456	BIL-FFY2022	03/16/23-06/31/24	38,439
Total Research and Development Cluster				<u>687,572</u>
Other Federal Assistance:				
U.S. Department of Commerce:				
National Oceanic & Atmospheric Administration (NOAA):				
Congressionally Identified Awards and Projects (New Jersey Coastal Resiliency Education Support Fund)	11.469		01/01/23-12/31/24	20,878
U.S. Department of Homeland Security:				
Passed-through NJ Department of Environmental Protection:				
Hazard Mitigation Grant	97.039	BA20-029/BA22-035	11/30/19-06/14/23	192,604
National Endowment for the Humanities:				
Passed-through California State University, Dominguez Hills:				
Promotion of the Humanities Federal/State Partnership (The Letters of American Novelist Catharine Maria Sedgwick (1789-1867): An Online Edition)	45.129	2020-04	01/01/20-12/31/22	50,767
U.S. Department of Health and Human Services:				
Passed-through Atlantic County Department of Human Services:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (Educational Programs and Lectures, Alzheimer Caregivers)	93.044	K22.287	01/01/22-12/31/23	65,034
Passed-through Cape May County Department of Human Services:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (Educational Programs and Lectures)	93.044	C1-172	01/01/22-12/31/23	11,652
Passed-through Ocean County Office of Senior Services:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers (Educational Programs and Lectures)	93.044	090	01/01/22-12/31/23	17,280
Total Aging Cluster				<u>93,966</u>

See notes to Schedules of Expenditures of Federal and State of New Jersey Awards.

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2023

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Federal Expenditures
Other Federal Assistance (continued):				
Passed-through Cape Assist: Substance Abuse and Mental Health Services, Projects of Regional and National Significance (Strategic Prevention Framework Project)	93.243	SP082672-0	08/31/20-08/30/23	\$ 73,007
Passed-through The Family Resource Network: Developmental Disabilities Basic Support and Advocacy Grants (Get FIT @ Stockton)	93.630	N/A	01/22/21-06/30/23	67,422
Passed-through NJ Department of Children and Families: Community-Based Child Abuse Prevention Grants (Collaborative Safety)	93.590	23AAAS	07/01/22-06/30/23	28,500
Foster Care Title IV-E (Child Welfare Education Institute (CWEI) - BCWEP Program)	93.658	23AAAS	07/01/22-06/30/23	206,198
Foster Care Title IV-E (Child Welfare Education Institute (CWEI) - MCWEP Program)	93.658	23AAAS	07/01/22-06/30/23	538,284
Foster Care Title IV-E (People's Gathering Fall Conference)	93.658	23EFAP	07/01/22-12/31/22	90,318
Children's Justice Grants to States (NJFCAN Conference/Collaborative Safety)	93.643	23AAAS	07/01/22-06/30/23	57,076
John H. Chafee Foster Care Program for Successful Transition to Adulthood (Foster and Adoptive Family Services)	93.674	N/A	07/01/21-06/30/23	26,491
Child Abuse and Neglect State Grants (Leadership, Supervision & Coaching Initiatives)	93.669	22EDAS	04/01/22-06/30/23	287,981
Medicaid Cluster: Medical Assistance Program (REIT Conference)	93.778	23AAAS	07/01/22-06/30/23	219,005
Passed-through Rowan University: COVID-19: PPHF Geriatric Education Centers (Geriatrics Workforce Enhancement Program COVID)	93.969	60080-6	07/01/20-06/30/24	2,153
Total U.S. Department of Health and Human Services				<u>1,690,401</u>
U.S. Department of Transportation: National Highway Traffic Safety Administration (NHTSA): Passed-through NJ Department of Law and Public Safety Division of Highway Traffic Safety: Alcohol Impaired Driving Countermeasures Incentive Grants I (Stay Safe and Graduate)	20.601	AL-22-45-06-01	10/01/20-09/30/22	1,386
U.S. Department of Education: Rehabilitation Services Vocational Rehabilitation Grants to States Passed-through NJ Commission for the Blind & Visually Impaired: Rehabilitation Training Continuing Education (State Vocational Rehabilitation Unit In-Service Training)	84.126	N/A	07/01/21-06/30/22	280,486
TRIO Dissemination Partnership Grants (G.O.A.L.S. GEAR UP)	84.344	22YR3-809170-0012 / 23YR4-809170-0012	08/23/21-08/22/23	271,016
COVID-19: Governor's Emergency Education Relief (GEER) II Fund	84.425C		06/01/21-09/30/23	503,241
COVID-19: HEERF Institutional Portion	84.425F		05/04/20-06/30/23	6,095,455
COVID-19: HEERF Strengthening Institutions	84.425M		05/04/20-06/30/23	1,211,308
Total Education Stabilization Fund				<u>7,810,004</u>
Total U.S. Department of Education				<u>8,388,634</u>
U.S. Department of Defense: Passed-through Department of Navy: Basic and Applied Scientific Research (Acquisition Workforce Tuition Assistance Program)	12.300	N/A	07/01/21-06/30/22	15,828
Passed-through NJ Department of Military & Veteran's Affairs: National Guard Military Operations and Maintenance (O&M) Projects (Collaborative Environmental Internship Program)	12.401	N/A	10/01/20-09/30/23	386,214
U.S. Department of Housing and Urban Development: Passed-through Housing Authority and Urban Redevelopment Agency of the City of Atlantic City: Choice Neighborhoods Planning Grants (Neighborhood Transformation Plan)	14.892	9493-08-21	01/01/21-12/31/22	8,463
U.S. Department of Veterans Affairs: Post - 9/11 Veterans Educational Assistance	64.028		07/01/22-06/30/23	1,116,708
Veteran Readiness and Employment	64.116		07/01/22-06/30/23	166,189
VA Health Professional Scholarship Program Physician Scholarship	64.U01		07/01/22-06/30/23	12,217
U.S. Department of Labor: WIOA Cluster: Passed-through Atlantic Cape May Workforce Investment Board: Trade Adjustment Assistance	17.245	N/A	07/01/21-06/30/22	19,875
U.S. Small Business Administration: Passed-through Rutgers, The State University of NJ: Small Business Development Center (New Jersey Small Business Development Centers (NJSBDC))	59.037	1799/2496	01/01/21-12/31/23	112,418
National Endowment for the Arts: Passed-through Mid Atlantic Arts: Promotion of the Arts Partnership Agreements (ArtsCONNECT)	45.025	2023-2947	07/01/21-06/30/23	7,500
Total Other Federal Assistance				<u>12,409,087</u>
Total Expenditures of Federal Awards				<u>\$ 81,394,185</u>

See notes to Schedules of Expenditures of Federal and State of New Jersey Awards.

STOCKTON UNIVERSITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF EXPENDITURES OF STATE OF NEW JERSEY AWARDS

Year Ended June 30, 2023

Grantor Department Program Title	Account Number	Program Amount	Grant Period	Current Year Expenditures	Total Disbursements
Student Financial Assistance:					
N.J. Higher Education Student Assistance Authority:					
New Jersey College Loans to Assist State Students	N/A	\$ 2,606,305	07/01/22-06/30/23	\$ 2,606,305	\$ 2,606,305
Tuition Aid Grant	100-074-2405-007	18,885,458	07/01/22-06/30/23	18,885,458	18,885,458
New Jersey STARS II	100-074-2405-313	263,058	07/01/22-06/30/23	263,058	263,058
NJ BEST	100-074-2405-316	94,500	07/01/22-06/30/23	94,500	94,500
Law Enforcement Memorial	100-074-2405-312	23,563	07/01/22-06/30/23	23,563	23,563
N.J. Commission on Higher Education:					
Educational Opportunity Fund Article III Summer FY2022 - Atlantic City	100-074-2401-001	155,208	06/01/22-08/31/22	83,901	155,005
Educational Opportunity Fund Article III Summer FY2022 - Galloway	100-074-2401-001	385,893	06/01/22-08/31/22	204,478	371,552
Educational Opportunity Fund Article III Academic Year - Atlantic City	100-074-2401-001	283,225	07/01/22-06/30/23	283,225	283,225
Educational Opportunity Fund Article III Academic Year - Galloway	100-074-2401-001	538,600	07/01/22-06/30/23	538,600	538,600
Educational Opportunity Fund Article III Summer FY2023 - Atlantic City	100-074-2401-001	155,923	06/01/23-08/31/23	4,598	4,598
Educational Opportunity Fund Article III Summer FY2023 - Galloway	100-074-2401-001	373,929	06/01/23-08/31/23	17,079	17,079
Educational Opportunity Fund Graduate Grants	100-074-2401-001	26,925	07/01/22-06/30/23	26,925	26,925
Total Student Financial Assistance				<u>23,031,690</u>	<u>23,269,868</u>
Other State of N.J. Assistance:					
N.J. Department of Environmental Protection:					
N.J. Beach Profile 2022	100-042-4895-043	940,709	02/01/22-08/15/23	664,006	887,359
SAV Habitat Suitability Modeling & Restoration	100-042-4850-099	225,000	03/01/20-02/28/23	44,962	149,740
Barnegat Bay Oyster Reefs	100-042-4850-099	300,000	03/01/20-02/28/23	85,595	228,988
NJ Food Asset Inventory and Mapping	752-042-4900-005	161,433	09/01/21-08/31/23	75,449	75,449
N.J. Department of Transportation:					
Dredged Material Management System Part II	480-078-6300-CTB	249,039	04/28/21-02/28/24	53,036	144,205
Turbidity, SAV, and Benthic Organism Monitoring at Boot Island & Sunflower Island	480-078-6300-CTB	110,335	12/16/20-12/16/23	45,070	90,287
Evaluate Beach Creek/Hereford Inlet Dredging Discharge Monitoring - Task 11	480-078-6300-CTB	24,270	03/03/22-03/02/23	14,241	18,958
Evaluate Beach Creek/Hereford Inlet Dredging Discharge Monitoring - Task 12	480-078-6300-CTB	94,832	03/03/22-03/02/23	47,742	58,707
N.J. Department of Human Services: Division of Youth and Family Services:					
Passed-through Rutgers University: NJ Child Welfare Training Consortium	100-016-1600-047	450,000	07/01/22-06/30/23	404,210	404,210
N.J. Department of Agriculture:					
Hemp Farming Fund	100-010-3320-119	300,000	01/01/23-12/31/23	300,000	300,000
N.J. Department of Children & Families:					
Child Welfare Education Institute (CWEI) - BCWEP	100-016-1600-047	78,028	07/01/22-06/30/23	78,028	78,028
Passed-through Kean University: Racial Disparities in Maternal and Infant Health in NJ	100-074-2505-001	79,840	06/01/22-12/31/22	59,385	65,434
N.J. Department of Health: Division of Mental Health and Addiction Services:					
Passed-through John Brooks Recovery Center: Project Kickstart - MAT at Atlantic County Jail	100-054-7700-165	10,000	06/01/20-06/30/23	7,000	8,830
Supporting Students in Recovery FY22	100-054-7700-232	275,000	10/01/21-09/30/22	19,890	19,890
Supporting Students in Recovery FY23	100-054-7700-232	275,000	10/01/22-09/30/23	9,093	9,093
N.J. Department of Health: Office of Tobacco Free, Nutrition and Fitness:					
NJ CUITIS	DCHS20TPC001	8,000	09/19/19-06/30/23	8,000	8,000
N.J. Department of Education:					
Expanding Professional Learning Grant	100-034-5061-049	20,000	02/23/22-04/15/23	15,559	19,834
CS Expand PL Comp 2022	100-034-5063-349	333,313	06/01/22-03/31/23	292,272	310,628
CS Expand PL Comp 2023	100-034-5063-349	444,445	04/01/23-03/31/24	84,285	84,285
Some College, No Degree	100-074-2400-082	25,714	01/30/23-06/30/23	18,162	18,162
N.J. Department of State:					
Passed through Rowan University: Finances and Future Health	100-074-2416-012	22,000	03/22/23-04/15/24	8,031	8,031
N.J. Historical Commission:					
Jewish Farming in Southern Jersey	100-074-2540-105	24,500	01/01/23-12/31/23	15,361	15,361
N.J. Department of Law and Public Safety:					
SFY21 Body-Worn Camera	100-066-1020-495	77,444	01/01/21-12/31/25	74,804	74,804
N.J. Higher Education Services:					
Educational Opportunity Fund Article IV-Academic Year	100-074-2401-002	334,408	07/01/22-06/30/23	334,408	334,408
Educational Opportunity Fund Article IV-Academic Year-Atlantic City	100-074-2401-002	177,121	07/01/22-06/30/23	151,581	151,581
Educational Opportunity Fund Article IV-Summer 2022-Atlantic City	100-074-2401-002	11,500	06/01/22-08/31/22	6,744	11,500
Educational Opportunity Fund Article IV-Summer 2022-Galloway	100-074-2401-002	29,801	06/01/22-08/31/22	15,145	29,801
Educational Opportunity Fund Article IV-Summer 2023-Atlantic City	100-074-2401-002	10,583	06/01/23-08/31/23	3,849	3,849
Educational Opportunity Fund Article IV-Summer 2023-Galloway	100-074-2401-002	27,425	06/01/23-08/31/23	4,821	4,821
Educational Opportunity Fund Art & STEM Resource Corners	100-074-2401-002	18,800	07/01/22-06/30/23	16,768	16,768
NJSCA 09 CSP Co Sponsored Project - State of the Arts	100-074-2530-032	250,000	07/01/22-06/30/23	250,000	250,000
NJSCA 09 CSP Co Sponsored Project - Noyes Museum	100-074-2530-032	50,000	07/01/22-06/30/23	50,000	50,000
General Program Support - Noyes Museum	100-074-2530-032	59,400	07/01/22-06/30/23	59,400	59,400
General Program Support - Noyes Museum	100-074-2530-032	59,379	07/01/21-10/15/22	59,379	59,379
05 CAI Creative Aging Initiative	100-074-2530-032	10,000	01/01/23-12/31/23	4,944	4,944
College Bound Atlantic City	100-074-2400-012	366,025	08/23/21-08/22/23	180,700	311,472
College Bound Fall Activity FY22	100-074-2400-012	160,057	08/01/21-08/31/22	68,588	141,373
College Bound Fall Activity FY23	100-074-2400-012	71,800	08/01/22-08/31/23	31,354	31,354
National Council for Community & Education Partnerships/Gear UP Conference	100-074-2400-012	18,071	08/01/22-08/31/23	6,480	6,480
New Jersey Career Accelerator Internship	100-062-4545-384	13,614	04/04/22-08/31/22	10,085	10,085
N.J. Higher Education Administration:					
Grants-In-Aid Appropriations to Senior Public Colleges and Universities	100-074-2480-001	42,486,000	07/01/22-06/30/23	42,486,000	42,486,000
Fringe Benefits Other Than FICA For Senior Public Colleges and Universities	100-094-9410-134	22,128,661	07/01/22-06/30/23	22,128,661	22,128,661
FICA (Social Security Tax) For Senior Public Colleges and Universities	100-094-9410-137	7,547,312	07/01/22-06/30/23	7,547,312	7,547,312
Employer Contributions - Alternate Benefit Program	100-082-2155-017	5,130,105	07/01/22-06/30/23	5,130,105	5,130,105
Total Other State of N.J. Assistance				<u>80,970,505</u>	<u>81,847,576</u>
Total Expenditures of State of New Jersey Awards				<u>\$ 104,002,195</u>	<u>\$ 105,117,444</u>

See notes to Schedule of Expenditures of Federal and State of New Jersey Awards.

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE OF NEW JERSEY AWARDS**

June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The accompanying Schedule of Expenditures of State of New Jersey Awards has been prepared in accordance with the requirements of the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The purpose of these schedules is to present the respective expenditures of Federal and State programs, under the accrual basis of accounting, of Stockton University (the "University") for the year ended June 30, 2023. For purposes of the respective schedules, Federal and State of New Jersey awards include any assistance provided by a Federal or State agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriations, loan and loan guarantees, and other noncash assistance. Because the schedules present only a selected portion of the activities of the University, they are not intended to, and do not, present either the net position of the University at June 30, 2023 or its changes in net position and cash flows for the year then ended. Accordingly, some amounts presented in the respective schedules may differ from amounts presented in, or used in the preparation of, the University's June 30, 2023 financial statements.

NOTE 2 - DIRECT LOAN PROGRAM AND NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS

Loans made by the University to eligible students under the State of New Jersey College Loans to Assist State Students Program and the Federal Direct Loan Program during the year ended June 30, 2023 were as follows:

Federal Direct Student Loans	<u>\$ 47,833,804</u>
New Jersey College Loans to Assist State Students	<u>\$ 2,606,305</u>

The University is responsible only for the performance of certain administrative duties with respect to the Direct Loan Program and the New Jersey College Loans to Assist State Students Program and has no responsibility to collect these loans. Accordingly, these loans are not included in the University's financial statements. It is not practicable to determine the balance of loans outstanding to students of the University under these programs as of June 30, 2023.

NOTE 3 - FEDERAL PERKINS LOANS

The Federal Perkins Loan expenditures presented in the accompanying Schedule of Expenditures of Federal Awards of \$849,577 represent the total balance of loans outstanding under the Perkins Program. No new loans were made from the loan fund as the program has been discontinued by the Federal Government.

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE OF NEW JERSEY AWARDS - CONTINUED**

June 30, 2023

NOTE 4 - SUBRECIPIENT AWARDS

The University passed through the following Federal awards to subrecipients during the year ended June 30, 2023:

<u>Federal Program</u>	<u>Subrecipient</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Expenditures</u>
National Institute of Justice Research, Evaluation, and Development Project Grants (Research and Evaluation of Policing)	Akova, Ferit	16.560	\$ 17,463
Hazard Mitigation Grant	American Littoral Society	97.039	<u>37,701</u>
			<u>\$ 55,164</u>

NOTE 5 - INDIRECT COSTS

The University utilizes a negotiated indirect cost rate and has not elected to use the 10% de minimis cost rate, as provided by §200.414 Indirect Cost (F&A) of the Uniform Guidance.

GRANT THORNTON LLP

2001 Market Street, Suite 700
Philadelphia, PA 19103

D +1 215 561 4200

F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Stockton University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the business-type activities and the aggregate discretely presented component units of Stockton University (the “University”), a component unit of the State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and have issued our report thereon dated February 8, 2024.

Report on internal control over financial reporting

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

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

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

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,

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

Purpose of this report

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

Grant Thornton LLP

Philadelphia, Pennsylvania
February 8, 2024

GRANT THORNTON LLP

2001 Market Street, Suite 700
Philadelphia, PA 19103

D +1 215 561 4200
F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE OF NEW JERSEY PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY DEPARTMENT OF TREASURY CIRCULAR 2015-08

Board of Trustees
Stockton University

Report on compliance for each major federal and State of New Jersey program

Opinion on each major federal and state program

We have audited the compliance of Stockton University (the "University"), a component unit of the State of New Jersey, with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* and the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, that could have a direct and material effect on each of the University's major federal and state programs for the year ended June 30, 2023. The University's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for opinion on each major federal and state program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("US GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* ("NJ Circular 2015-08"). Our responsibilities under those standards, the Uniform Guidance, and NJ Circular 2015-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

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

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 2015-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 2015-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ Circular 2015-08, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on internal control over compliance

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

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

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

As described in our Report on Compliance for Each Major Federal and State Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ Circular 2015-08. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
February 8, 2024

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2023

Identification of major programs:

<u>Program or Cluster Title</u>	<u>Federal Assistance Listing Number or NJ State Identifying Number</u>
Federal:	
Student Financial Assistance Cluster	84.007, 84.033, 84.038 84.063, 84.268, 84.379
Education Stabilization Fund	84.425
Post - 9/11 Veterans Educational Assistance	64.028
Foster Care_Title IV-E	93.658
State of New Jersey:	
Grants-In-Aid Appropriations to Senior Public Colleges and Universities	100-074-2480-001
Fringe Benefits Other Than FICA For Senior Public Colleges and Universities	100-094-9410-134
FICA (Social Security Tax) For Senior Public Colleges and Universities	100-094-9410-137
Employer Contributions - Alternate Benefit Program	100-082-2155-017
Dollar threshold used to distinguish between Type A and Type B programs:	Federal: \$750,000 State: \$3,000,000
Auditee qualified as a low-risk auditee for both federal and State of New Jersey awards?	<u> X </u> yes <u> </u> no

Section II - Financial Statement Findings

No matters required to be reported.

Section III - Federal and State of New Jersey Award Findings and Questioned Costs

No matters required to be reported.

STOCKTON UNIVERSITY
(A Component Unit of The State of New Jersey)

SUMMARY OF PRIOR YEAR FINDINGS

Year ended June 30, 2023

No matters required to be reported.