

Basic Financial Statements and
Management's Discussion and
Analysis and Report of Independent
Certified Public Accountants

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

June 30, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Montclair State University

Report on the audit of the financial statements**Opinions**

We have audited the financial statements of the business-type activities of Montclair State University (the "University"), a component unit of the State of New Jersey, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2025 and 2024, 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.

We did not audit the financial statements of the discretely presented component unit, Montclair State University Foundation, which represents 100% of the assets and revenues of the discretely presented component unit as of June 30, 2025 and 2024 and for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the reports of the other auditors.

Basis for opinions

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

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

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

Required supplementary information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of university contributions, and the schedules of the proportionate share of the total other postemployment benefits (OPEB) liability, as listed in the foregoing table of contents, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Edison, New Jersey
December 17, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2025 and 2024

The objective of Management's Discussion and Analysis (MD&A) is to help readers of the Montclair State University (Montclair or the University) financial statements better understand the financial position and operating activities of the University, as of and for the year ended June 30, 2025, with selected comparative information for the years ended June 30, 2024 and 2023. Management prepared this discussion, and it should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2025, 2024 and 2023) in this discussion refer to the fiscal years (FY) ended June 30.

Montclair's financial report communicates financial information for Montclair State University and its foundation, Montclair State University Foundation (the "Foundation"), through three primary financial statements and notes to the financial statements - the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The Foundation's financial statements are presented discretely from Montclair. The MD&A discusses the business-type activities of Montclair and does not include the Foundation. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Montclair State University and Bloomfield College of Montclair State University

Montclair State University, established in 1908, has been a leading institution of higher education in New Jersey and is committed to serving the educational needs of the State. Its programs are characterized by academic rigor and advancement in the development of knowledge and its application.

In keeping with this commitment, Montclair completed a strategic merger with Bloomfield College, a private not-for-profit 501(c)(3) organization, located in Bloomfield, New Jersey to preserve the only Predominantly Black Institution in the state and to ensure student success. On June 30, 2024, Bloomfield College became the thirteenth constituent college of Montclair State University and is now known as Bloomfield College of Montclair State University ("Bloomfield"). The merger was finalized following all regulatory approvals and Bloomfield is now fully included as a business-type activity within the University's financial statements, ensuring continued academic excellence and institutional stability.

Bloomfield College, founded in 1868, was New Jersey's only institution of higher education designated by the Department of Education as a Predominantly Black, Hispanic-serving, and Minority-serving institution. Bloomfield College served a diverse population and prepared students for success in a multicultural and global society. While the entity called Bloomfield College no longer exists after the merger, Bloomfield continues to operate and serve these communities.

Situated on a 265-acre suburban campus, Montclair delivers the instructional and research resources of a large public university in a supportive, sophisticated and diverse academic environment. Montclair is designated as a Research Doctoral University by the Carnegie Classification of Institutions of Higher Education and is classified by the New Jersey Secretary of Higher Education as a doctoral degree-granting institution. The University has 13 degree-granting colleges and schools that serve more than 23,500 undergraduate and graduate students. The University has more than 300 doctoral, master's, and baccalaureate level programs.

The U.S. News & World Report 2026 Best Colleges ranked the University among the best universities in the country. The University has once again been recognized as a national leader in social mobility, a measure of how well schools enroll and graduate low-income students and bring them closer to achieving the American Dream, ranking at number 9 in the country, tied for number 2 in New Jersey and tied for number 5 among public institutions among 434 national universities in this increasingly important category. The University ranked number 84 among the nation's top public institutions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

The U.S. News & World Report 2025 Best Graduate Schools ranked the University programs among the nation's best graduate schools. Graduate education specialization in Elementary Teacher Education ranked number 21. Doctor of Audiology ranked number 61 and the Speech and Language Pathology master's program ranked number 105 overall and number 2 in New Jersey. Graduate programs in Education ranked number 108 overall and number 2 in New Jersey. The master's in Public Health program ranked number 168 overall, and the part-time MBA program ranked number 197, up ten spots from last year's ranking.

The Backstage Magazine ranked the University Theater/Acting program number 2 on the *Best Acting Schools in New Jersey* list, highlighting the University's rigorous curriculum and professional faculty.

The U.S. News & World Report 2025 Best Online Programs ranked the University among the nation's best online programs. Master of Arts in Educational Leadership program ranked number 14 in the nation and number 1 in New Jersey, online MBA program ranked number 100 in the nation, Master of Science in Business Analytics, Master of Science in Digital Marketing Analytics and Master of Science in Human Resources Analytics, ranked number 61 in the nation, up 10 spots from 2024. Master of Science in Information Technology ranked number 50 and Master of Science in Nursing ranked number 58 in the nation and number 2 in New Jersey improving nearly 20 spots from 2024.

The Wall Street Journal/College Pulse 2026 Best Colleges in the U.S. ranked the University number 1 in public institutions in New Jersey, number 67 overall out of 584 colleges and universities and number 1 in New Jersey for social mobility. For the first time the University was named among Top 30 public institutions in the nation.

Financial Highlights

New Accounting Standard

The University adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, effective for the fiscal year beginning July 1, 2024. This statement replaces GASB 16 and requires recognition of leave liabilities that are earned, accumulated over time, and are more likely than not to be used or paid. The University recognized compensated absences liability in the amount of \$18.7 million and \$16.6 million as of June 30, 2025 and 2024, respectively. The liability includes vacation, compensatory time, and other qualifying leave types. As a result of the retroactive application of GASB 101, fiscal year 2024 liabilities were restated and increased by approximately \$5.2 million, primarily due to expanded recognition of sick leave expected to be used or paid upon retirement.

Transfer of Bloomfield Endowment to Montclair Foundation

As part of the merger between Bloomfield and Montclair, the University finalized the transfer of \$19 million in institutional endowment funds to the Foundation. This followed approvals from both the New Jersey Office of Attorney General and Montclair's Board of Trustees, with the board approval granted on September 30, 2024.

This strategic move reflects the University's commitment to responsible financial stewardship and investment efficiency, allowing the funds to be managed within the Foundation's broader financial portfolio to support long-term growth. The endowment will continue to support Bloomfield, now a constituent college unit of the University.

Unrestricted Net Position Growth

Unrestricted net position increased by \$35.3 million in 2025, driven primarily by student revenues, state appropriations and Federal Pell grants. The University generated an additional \$39.7 million in student

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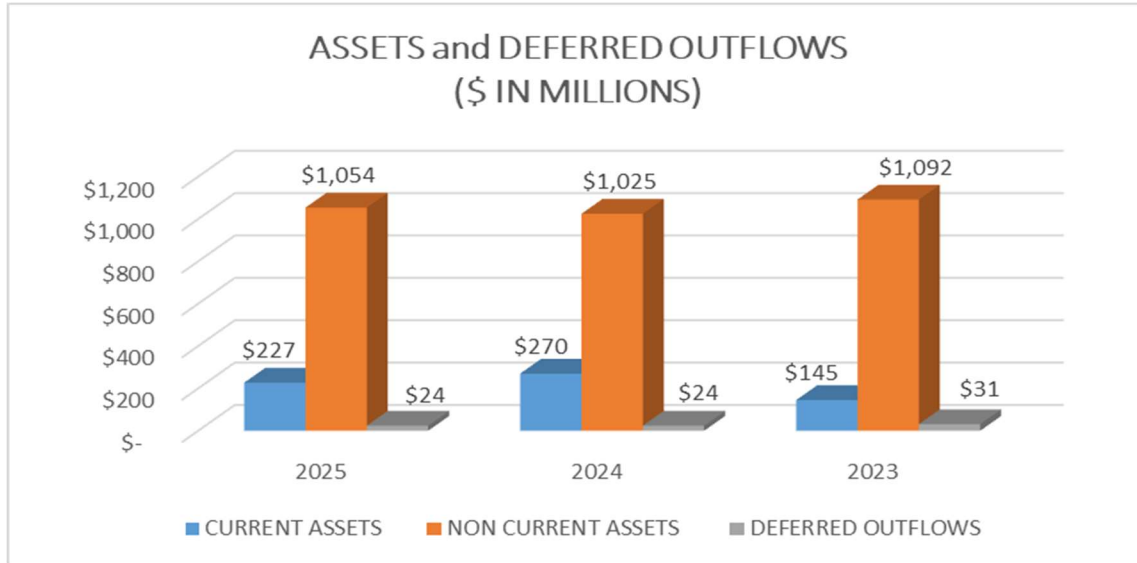
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

tuition and fees, resulting from increased enrollment during the 2024-2025 academic year and an increase in tuition and fee rates.

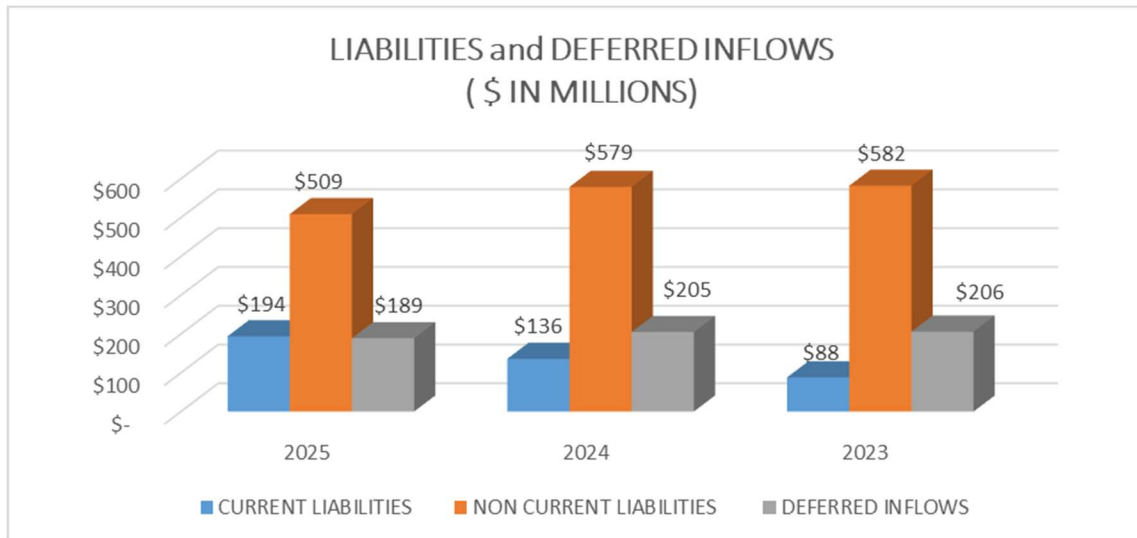
THE UNIVERSITY'S FINANCIAL POSITION

The University's composition of assets and deferred outflows as of June 30, 2025, 2024, 2023 is as follows:



Deferred outflows represent the consumption of net assets applicable to future reporting periods.

The University's composition of liabilities and deferred inflows as of June 30, 2025, 2024, 2023 is as follows:



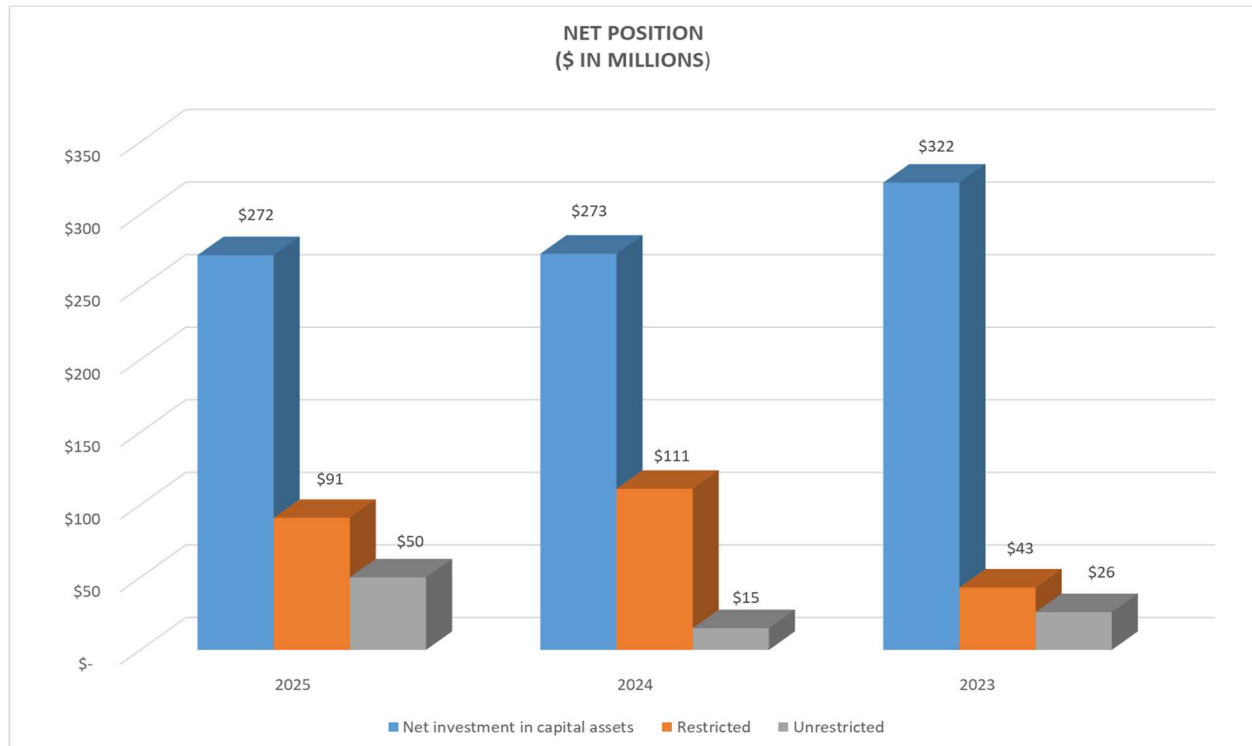
Deferred inflows represent the acquisition of net assets that are applicable to a future reporting period, for example pension and unearned revenue from concession arrangements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

The statement of net position presents the financial position of the University at the end of each year. The sum of assets and deferred outflows, less the sum of liabilities and deferred inflows, is the University's net position.



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

The major components of the assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2025, 2024 and 2023 are as follows (dollars in thousands):

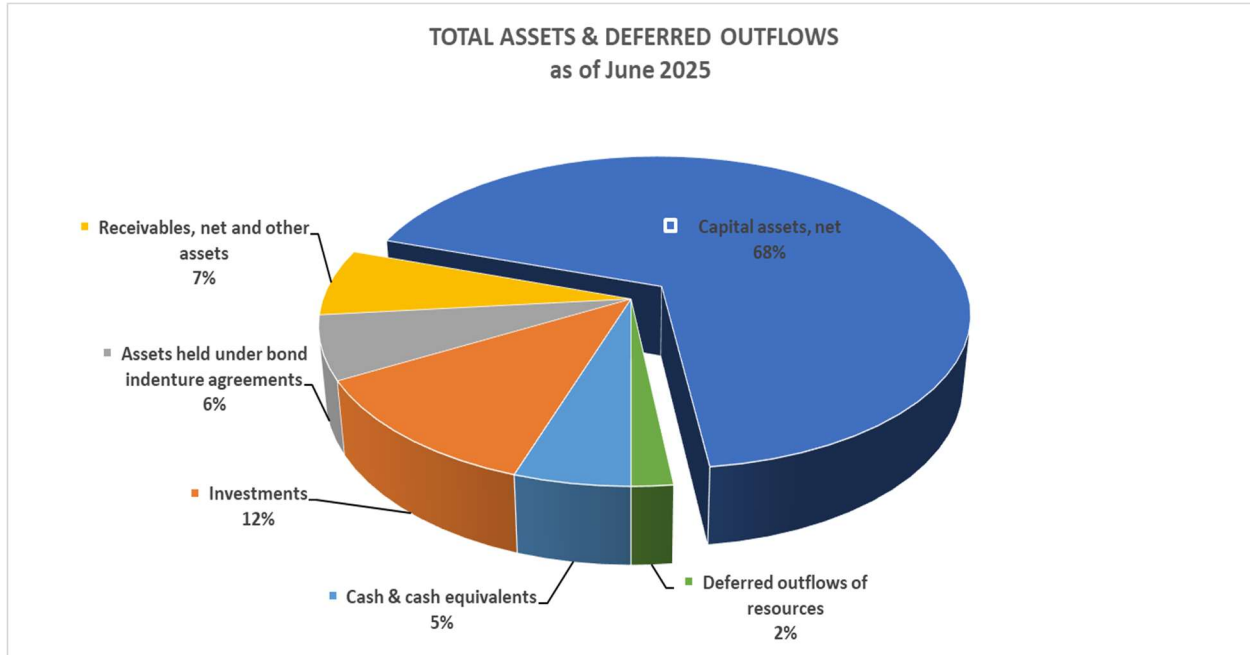
	2025	2024 (Restated)	2023
Assets			
Cash and cash equivalents (including restricted)	\$ 67,428	\$ 61,316	\$ 52,516
Investments	154,124	146,443	154,948
Assets held under bond indenture agreements	83,854	89,285	21,417
Accounts, loans and rent receivable, net	83,705	78,621	70,178
Capital assets, net	887,444	916,026	932,142
Other assets	4,634	3,781	5,626
Total assets	1,281,189	1,295,472	1,236,827
Deferred outflows of resources	24,112	23,842	31,312
Liabilities			
Bonds payable and other long-term debt	361,197	379,086	383,969
Lease liability	19,837	18,370	21,971
Subscription liability	24,775	26,048	23,707
Compensated absences	18,719	16,597	10,280
Accounts payable and accrued expenses	42,189	39,645	40,911
Net pension liability	171,499	171,925	174,695
Unearned tuition and grant revenues	56,439	56,895	10,918
Other liabilities	8,286	6,379	4,244
Total liabilities	702,941	714,945	670,695
Deferred inflows of resources	188,538	204,972	205,999
Net position			
Net investment in capital assets	272,156	273,148	322,233
Restricted nonexpendable	3,501	13,935	13,578
Restricted expendable	87,915	97,339	29,201
Unrestricted net position	50,250	14,975	26,433
Total net position	\$ 413,822	\$ 399,397	\$ 391,445

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Assets and Deferred Outflows



The University's total assets and deferred outflows of resources decreased to \$1.305 billion in 2025, from \$1.319 billion in 2024 and \$1.268 billion in 2023.

Total assets decreased \$14.3 million in 2025 due to decrease in capital assets related to depreciation expense outpacing capital assets additions.

Deferred outflows slightly increased by \$270 thousand in 2025 due to changes in the University's net pension liability.

Cash and Cash Equivalents

The University maintains cash balances sufficient to meet operating liquidity, fund capital investments, and support the financial profile of the University. In managing cash and cash equivalents, the University aims to generate earnings on those funds while managing risk and maintaining compliance with board approved investment guidelines. University cash and cash equivalents are held primarily in its operating bank account and in the State of New Jersey Cash Management Fund (CMF). The balance held in the State of New Jersey Cash Management Fund as of June 30, 2025 and 2024 was \$32.7 million and \$1.8 million, respectively, an increase of \$30.9 million in 2025 due to transfer from investments for operational cash needs. The average monthly balance held in University's operating and CMF bank accounts increased to \$83.1 million in 2025 from \$66.2 million in 2024.

Cash and cash equivalents also include a portion of the University's investment funds which are held in custody by PNC Institutional Asset Management (PNC) and managed by Pacific Investment Management Company, LLC (PIMCO). The cash and cash equivalents balance held in this account was \$453 thousand and \$27.5 million as of June 30, 2025 and 2024, respectively. Total cash and cash equivalents as of June 30, 2025 was \$6.1 million higher than as of June 30, 2024.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

To minimize the risk of loss in the event of a bank failure and as required by NJ State law, the University entered into a collateral pledge and security agreement with JPMorgan Cash Bank, N.A. (JPM), its primary operating bank, for funds held at the Federal Reserve Bank. Under this arrangement, deposits exceeding federally insured amounts are collateralized.

Investments

Additions to University investments primarily reflect additions to reserve funds or temporary investment of excess operating cash, which are invested in a fixed income portfolio managed by PIMCO in accordance with the investment policy statement established by the Board of Trustees. The overall objective of the investment portfolio is to provide current income while preserving capital and liquidity. The investment policy permits purchases of fixed income instruments including U.S. obligations, money market instruments, repurchase agreements, commercial paper, certificates of deposit, corporate bonds, and floating rate securities without interest rate caps that meet the approved criteria for quality, diversification, liquidity, and maturity. Investments as of June 30, 2025 were \$7.7 million higher than as of June 30, 2024 which is attributable to transfers of excess operating cash.

Assets Held Under Bond Indenture Agreements

The University has historically funded a significant portion of major capital improvements with public bonds issued through the New Jersey Educational Facilities Authority ("NJEFA"), whose mission is to help college and university clients obtain low-cost financing for the development of their facilities. Generally, the change in assets held is attributable to reimbursement drawdowns, new refundings, and the effect of changes in the market value of unspent invested proceeds. Assets held under bond indenture agreements decreased \$5.4 million in 2025 reflecting drawdowns of previously issued bond proceeds.

Accounts, Loans and Rent Receivables, Net

Receivables primarily include amounts due from students, state and federal government contracts and grants, private grants and contracts, and a variety of billings ranging from clinical services, fee for service arrangements, auxiliary enterprise contracts and lease agreements. Receivables fluctuate based on the timing of collections. Student accounts which are past due by 12 months, are reserved for at 50% and those past due by 24 months are reserved at 100%. All other receivables are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Accounts, loans and rent receivables, net as of June 30, 2025 were \$5.1 million higher than as of June 30, 2024 due to timing of collections and financial aid drawdowns.

The Perkins loans receivable balance was \$529 thousand as of June 30, 2025 and \$788 thousand as of June 30, 2024. Per federal regulations, Perkins loans are no longer being awarded and disbursed. The Federal Perkins Loan Program expired on September 30, 2017 and no new disbursements were permitted after June 30, 2018.

Capital Assets, Net

The University's capital spending during 2025 decreased by \$14.3 million from 2024 due to the completion of various projects in 2024. Capital assets, net as of June 30, 2025, were \$28.6 million lower than as of June 30, 2024. Assets increased \$29.7 million and accumulated depreciation and amortization increased \$58.3 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Renovations completed during fiscal 2025 included:

- The Student Center's Rathskeller underwent transformation into the 1908 Pizzeria. This new entertainment space is for campus community building and to enhance weekend and evening student life.
- The Village residential buildings have undergone numerous building renovations including new furniture, exterior improvements and new energy efficient light fixture upgrades.
- Montclair State University Police Department building has undergone exterior site improvements including reconstruction of the ADA accessible ramp and upgrades to retaining walls, sidewalk and crosswalk.
- Sprague Library had various sections of the roofing repaired or replaced to maintain the functionality of this crucial academic space.
- College Hall at Bloomfield had a fire protection system installed.

Construction in progress during fiscal 2025 included:

- Workday Student will become the University's new student information system in 2027. The move to a new system will benefit students and faculty alike by improving and streamlining processes such as recruiting, enrollment, student financials, registration and graduation.
- The University is developing a cutting-edge virtual reality lab that offers all students an immersive learning opportunity beyond traditional classroom settings.
- An Interdisciplinary Sciences building is being constructed to seize the capabilities of the University as a growing research institution, and it will accommodate students looking to major in the STEM fields.
- The University's website is undergoing new design and technical functionality improvements in order to better serve the campus community and take advantage of technological advances.

Renovations completed during fiscal 2024 included:

- Yogi Berra stadium renovations were completed including new turf, technology upgrades, and energy-saving LED lights that significantly reduce the stadium's environmental footprint.
- The former Cafe Diem space, adjacent to Sprague Library, has been renovated into a Starbucks venue, now serving the Montclair campus community.
- The Village had Blackboard Reader access controls installed on stairwells and elevators to ensure the safety of residents and staff.
- Campus wide improvements in updating all classrooms from analog to high-definition digital equipment were completed. This was essential in assuring all faculty could use current technologies in all classrooms.
- Montclair State University Police Department had structural repairs and interior renovations completed.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

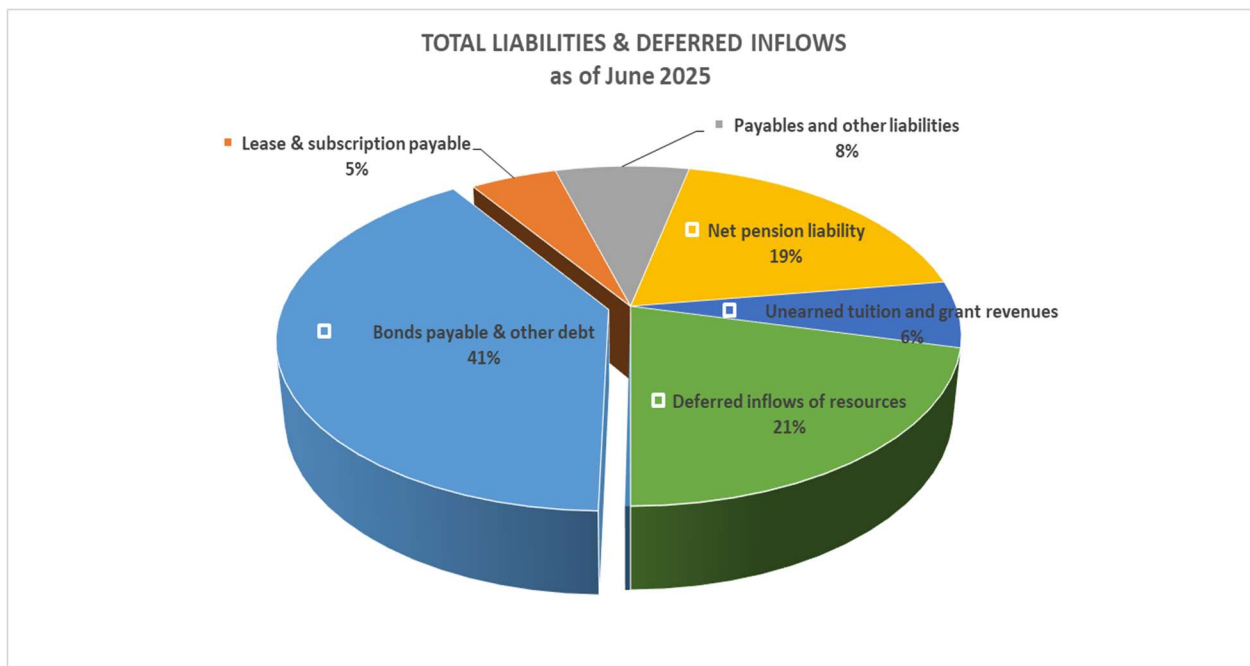
June 30, 2025 and 2024

- Various structural repairs were completed throughout campus including CarParc Diem roof repairs, Lot 17 sidewalk repairs, Bohn Hall roof repairs, Reid Hall roof repairs, Student Center stairs restoration, as well as Red Hawk Deck fire damage repairs.

Other Assets

Other assets include prepaid expenses of \$4.0 million, \$405 thousand in deposits and \$199 thousand in deferred compensation plan assets as of June 30, 2025. Other assets include prepaid expenses of \$3.2 million, \$407 thousand in deposits and \$144 thousand in deferred compensation plan assets as of June 30, 2024.

Liabilities and Deferred Inflows



The University's total liabilities and deferred inflows of resources decreased to \$891.5 million in 2025, from \$919.9 million in 2024 and \$876.7 million in 2023.

Total liabilities decreased \$12 million in 2025 due to a decrease in bonds payable and other debt. Deferred inflows of resources decreased \$16.4 million in 2025 due to changes in University's deferred inflow of pension resources and deferred service concession arrangement.

Bonds Payable and Other Long-Term Debt

University debt is used to partially finance the addition of new capital assets. Amounts outstanding at the end of 2025, 2024 and 2023 were \$361.2 million, \$379.1 million and \$384.0 million, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

The University's debt decreased \$17.9 million in 2025 due to \$16.9 million in principal payments and \$1.0 million in amortization. The table below shows the components of the \$17.9 million decrease in 2025, \$4.9 million decrease in 2024 and \$16.3 million increase in 2023 (dollars in thousands):

	2025	2024	2023
Beginning balance	\$ 379,086	\$ 383,969	\$ 367,709
Additions to outstanding debt	-	199,621	32,512
Refinancing and prepayments	-	(177,325)	-
Scheduled principal payments	(16,856)	(14,072)	(15,600)
Amortization of bond premium/discount - net	(1,033)	(13,107)	(652)
Net (decrease) increase in outstanding debt	(17,889)	(4,883)	16,260
Ending balance	<u>\$ 361,197</u>	<u>\$ 379,086</u>	<u>\$ 383,969</u>

As of June 30, 2025, the University had outstanding indebtedness in the form of annual rentals it assumed under certain leases and agreements with NJEFA of \$320.7 million.

The University is obligated to service debt with principal totaling \$20.9 million under several state programs that support capital improvements, environmental infrastructure, and education-related technologies.

The University is obligated to service \$16.5 million in lease principal payments primarily consisting of office space, dining space, and IT equipment.

The University is obligated to service \$17.9 million in software subscription principal payments related to numerous cloud-based ERP systems, data management tools, and educational software that assist the campus community.

The composition of the University's long-term debt as of June 30, 2025, 2024 and 2023 follows (dollars in thousands):

	2025	2024	2023
NJEFA Revenue Bonds	\$ 320,660	\$ 337,050	\$ 337,855
Private Placement Bond	-	-	26,234
Higher Education Capital Improvement Fund	20,898	21,364	2,218
Program Commercial Mortgage Loan	-	-	4,814
	<u>\$ 341,558</u>	<u>\$ 358,414</u>	<u>\$ 371,121</u>
Leases	<u>\$ 16,475</u>	<u>\$ 15,657</u>	<u>\$ 18,368</u>
Subscriptions	<u>\$ 17,867</u>	<u>\$ 20,036</u>	<u>\$ 18,475</u>

Fitch Ratings remained unchanged in 2024 as 'A+' rating on the University's outstanding revenue bonds with a stable rating outlook.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

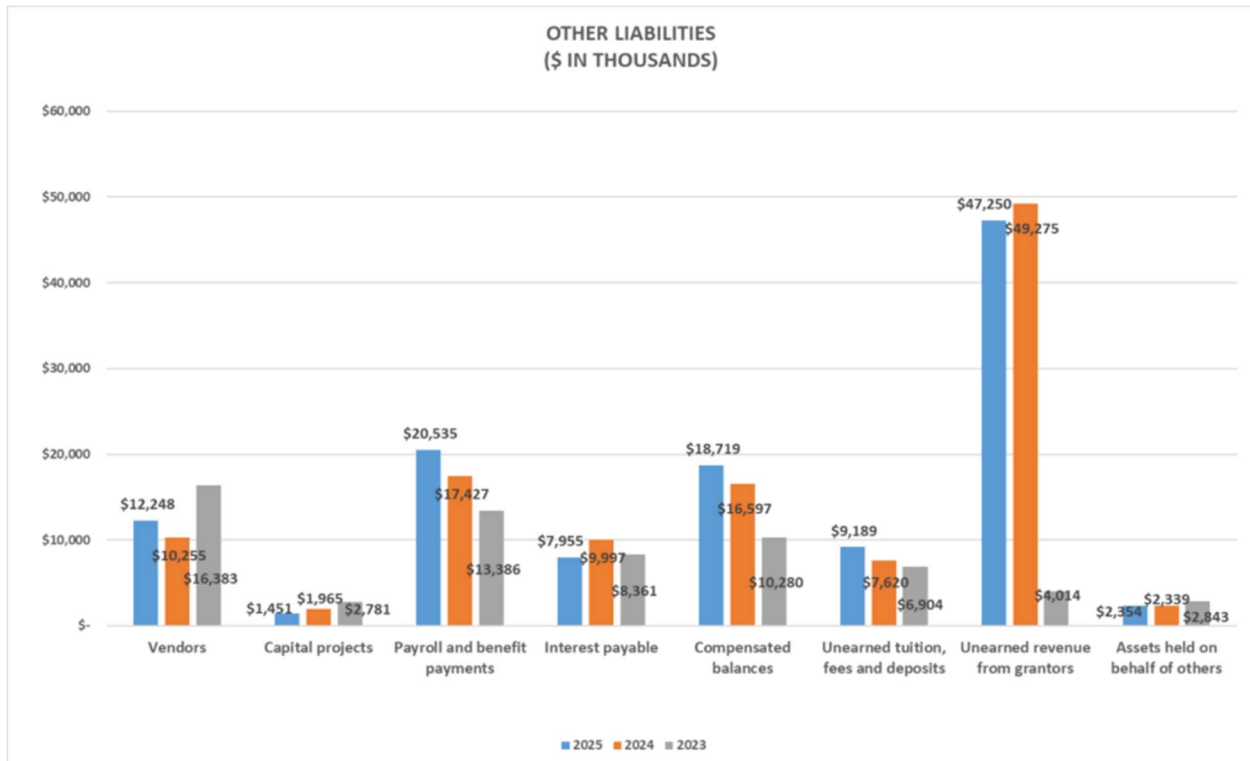
Net Pension Liability

The University records its proportionate share of the net pension liability and related pension activity as determined by the State of New Jersey, Division of Pensions and Benefits. The State of New Jersey contributes to the Public Employees' Retirement System (PERS), and the Police and Firemen's Retirement System (PFRS). Historically, the State of New Jersey has directly covered pension contributions on behalf of the University and there are no current changes to this legislation. The University's share of the net pension liability was \$171.5 million, \$171.9 million and \$174.7 million in 2025, 2024 and 2023, respectively. The liability reflects the present value of projected future payments to those already retired and those who will retire with benefits due. The decrease in the accumulated net pension liability for 2025 was primarily driven by the PFRS decrease in allocation percentage and asset performance better than expected. The actuarial valuation for 2025 is based on a measurement date as of June 30, 2024.

For each of the measurement date years 2025, 2024 and 2023, the portfolio's total investment rate of return was 7%.

Other Liabilities

Liabilities, other than those related to pensions and debt, consist of accounts payable and accrued expenses (due to vendors, capital projects, payroll and benefit payments and interest), compensated balances, unearned income, and assets held on behalf of others.



Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net assets that are applicable to a future reporting period. The deferred component is the recognition of inflows as revenues in relevant future periods. Deferred

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

inflows of resources are related to the University's service concession arrangements, gains on debt refundings, rent revenues and certain changes in net pension liability.

Deferred inflows of resources decreased by \$16.4 million in 2025, \$1.0 million in 2024 and \$19.4 million in 2023. The \$16.4 million decrease in 2025 is due primarily to a \$7.3 million decline in deferred service concession revenue, a \$6.8 million decrease in deferred inflow from pension resources associated with changes in University's proportion of the state-wide payroll, a \$1.3 million decrease in deferred inflow from rents and a \$996 thousand decrease in deferred inflow from debt refunding.

The University's share of net pension liability increased from 0.656% in 2024 to 0.675% (PERS) in 2025 and decreased from 0.558% in 2024 to 0.499% (PFRS) in 2025.

Net Position

Net position represents the residual interest in the University's assets and deferred outflows after all liabilities and deferred inflows are deducted. The University's net position as of June 30, 2025, 2024 and 2023 was \$413.8 million, \$399.4 million and \$391.4 million, respectively.

Net position is reported in the following categories: net investment in capital assets; restricted nonexpendable; restricted expendable; and unrestricted.

Net Investment in Capital Assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance acquisitions, construction or improvement of these capital assets. The University continues to invest in physical facilities to maintain campus infrastructure and to meet the needs for new and evolving academic programs. The amounts as of June 30, 2025, 2024 and 2023 were \$272.2 million, \$273.1 million and \$322.2 million, respectively.

Restricted - Nonexpendable

Restricted - nonexpendable net position is subject to externally imposed stipulations that must be maintained permanently by the University. It is comprised of endowments and restricted cash equivalents. The \$10.4 million decrease in 2025 in restricted nonexpendable is due to a transfer of Bloomfield's endowments to the Foundation. The amounts as of June 30, 2025, 2024 and 2023 were \$3.5 million, \$13.9 million and \$13.6 million, respectively.

Restricted - Expendable

Restricted - expendable net position is subject to externally imposed restrictions governing the use of certain assets. A portion of the net position may be spent only in accordance with the restrictions placed upon them and may include endowment income and gains, subject to the University's spending policy; support received from gifts, appropriations or capital grants, trustee-held investments; or other third-party receipts. The \$9.4 million decrease in 2025 in restricted expendable funds is due to a decrease in assets for scholarships related to transfer of Bloomfield's endowments to the Foundation and a decrease in assets held under bond indenture that reflects fundings for capital expenditures. The \$68.1 million increase in 2024 in restricted expendable funds is due principally to an increase in assets held under bond indenture. The amounts as of June 30, 2025, 2024 and 2023 were \$87.9 million, \$97.4 million and \$29.2 million, respectively.

Montclair State University
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Unrestricted

Under generally accepted accounting principles, net position components not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position was positive in 2025, 2024 and 2023. Positive results in 2025 are due primarily to increases in student revenues, state appropriations and Federal Pell grants which resulted in positive unrestricted net position of \$50.3 million. Positive results in 2024 are due primarily to increases in student revenues and grant and contract revenues which resulted in positive unrestricted net position of \$20.1 million. The amounts as of June 30, 2025, 2024 and 2023 were \$50.3 million, \$14.9 million and \$26.4 million, respectively.

However, as shown in the adjusted statement excluding the effect of the non-cash pension obligation, the unrestricted net position was \$209.0 million in 2025, \$181.3 million in 2024 and \$202.7 million in 2023.

The following represents an illustration of net position and unrestricted net position adjusted for the effects of the GASB 68 pension pronouncement* (dollars in thousands):

	2025	2024 (Restated)	2023
Net position from the financial statements			
Net investment in capital assets	\$ 272,156	\$ 273,148	\$ 322,233
Restricted	91,416	111,274	42,779
Unrestricted	50,250	14,975	26,433
Total net position - financial statements	<u>\$ 413,822</u>	<u>\$ 399,397</u>	<u>\$ 391,445</u>
Adjustment of unrestricted surplus above			
Unrestricted surplus	\$ 50,250	\$ 14,975	\$ 26,433
GASB 68 pension adjustment:			
Net pension liability	171,499	171,925	174,695
Deferred outflow of resources	(24,092)	(23,816)	(25,449)
Deferred inflow of resources	11,373	18,190	27,005
Total unrestricted net position (as adjusted)	<u>\$ 209,030</u>	<u>\$ 181,274</u>	<u>\$ 202,684</u>
Total net position (as adjusted)	<u>\$ 572,602</u>	<u>\$ 565,696</u>	<u>\$ 567,696</u>

* Since GASB 75 has no effect on Net Position.

RESULTS OF OPERATIONS

The statement of revenues, expenses and changes in net position is a presentation of the University's operating results and indicates whether the financial condition has improved or deteriorated. In accordance with the GASB requirements, certain significant revenues relied upon and budgeted for operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state appropriations, financial assistance, private gifts and investment income.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

A summarized comparison of the operating results for 2025, 2024 and 2023, arranged in a format that matches the revenue and expense supporting the core activities of the University follows (dollars in thousands):

	2025	2024 (Restated)	2023
Revenues			
Student revenues, net	\$ 267,229	\$ 246,565	\$ 234,784
State appropriations (general and fringe benefits)*	136,705	121,946	128,711
Federal Pell grants*	69,371	55,509	48,095
Pandemic-related financial assistance*	-	1,012	18,198
State paid other post-employment health benefits*	(9,056)	(13,023)	(8,934)
Grants and contracts	119,794	110,984	86,797
Educational activities	8,654	7,191	6,353
Auxiliary enterprises	26,402	23,950	19,736
Private gifts*	7,648	6,254	6,748
Investment income*	8,365	7,680	6,335
Recognition of deferred service concession revenue	7,343	7,343	7,343
Other revenues**	14,772	11,512	13,735
Revenues supporting core activities	657,227	586,923	567,901
Expenses			
Salaries and benefits	384,368	355,842	325,569
Services and fees	81,603	71,173	67,114
Financial aid excluding pandemic-related assistance	37,278	34,915	30,835
Pandemic-related financial assistance - student aid	-	-	2,268
Pension benefits	7,588	4,925	270
Post-employment health benefits	(9,056)	(13,023)	(8,934)
Utilities	22,228	21,530	20,691
Supplies and materials	13,224	12,754	11,946
Depreciation and amortization	65,367	63,571	61,242
Interest expense*	16,232	20,161	18,131
Other expenses**	13,356	14,379	14,745
Expenses associated with core activities	632,188	586,227	543,877
Income from core activities	25,039	696	24,024
Other nonoperating activities			
Net increase (decrease) in fair value of investments	2,625	2,647	(2,692)
Income before other changes in net position	27,664	3,343	21,332
Other changes in net position			
Capital gifts and grants	5,788	4,609	514
Gain on governmental combination	-	-	58,196
Transfer to Foundation	(19,027)	-	-
Increase in net position	14,425	7,952	80,042
Net position			
Beginning of year	399,397	391,445	311,403
End of year	\$ 413,822	\$ 399,397	\$ 391,445

* Represents nonoperating revenues or expenses.

** Other revenues consist of 34% of nonoperating revenues and other expenses consist of 2% of nonoperating expenses in 2025.

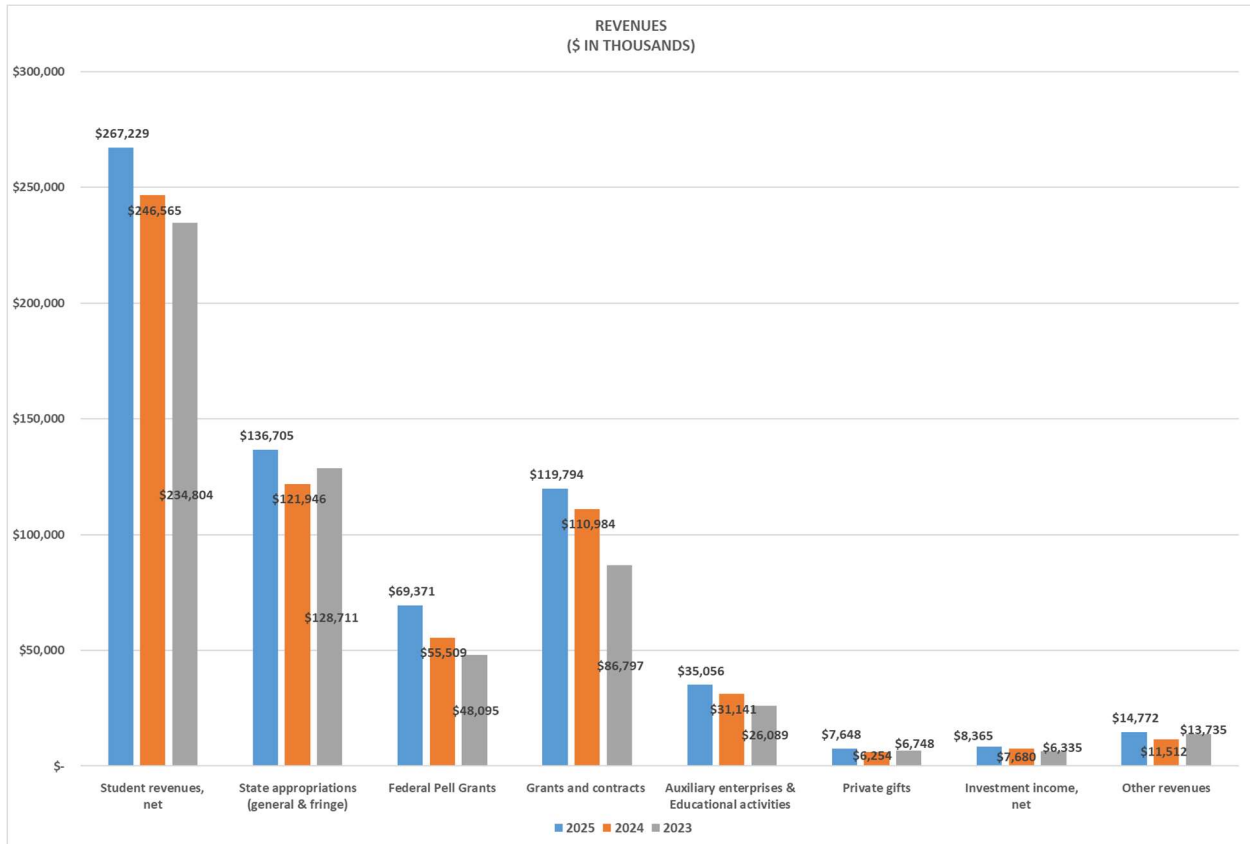
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Revenues Supporting Core Activities

Revenues supporting the University's core activities, including those classified on the financial statements as nonoperating revenues, were \$657 million, \$587 million and \$568 million in 2025, 2024 and 2023, respectively. These diversified sources of revenue increased by \$70 million in 2025, \$19 million in 2024 and \$26 million in 2023. The increase in 2025 primarily relates to student revenue, state appropriations and Federal Pell grants. The increase in 2024 primarily relates to student revenue and grants and contract revenue.



The State of New Jersey's appropriations in conjunction with student tuition and fees are core components that support the instructional mission of the University. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

Gifts to the University is one source of funding which can be unrestricted (to provide administrators with the flexibility to address immediate needs) or designated to support a specific college, program or other University initiative. Other significant revenues derive from educational activities and auxiliary enterprises such as student housing, food service operations and parking.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

CATEGORIES OF BOTH OPERATING AND NONOPERATING REVENUE THAT SUPPORTED THE UNIVERSITY'S CORE ACTIVITIES ARE AS FOLLOWS:

Student Revenues, Net

Student revenues are the largest component of operating revenues and are comprised of three main sources: tuition, fees, and room and board. Student revenues, net of scholarship allowances and bad debt expense, were \$267.2 million, \$246.6 million and \$234.8 million in 2025, 2024 and 2023, respectively. Student tuition and fees were \$369.0 million, \$329.3 million and \$309.2 million in 2025, 2024 and 2023, respectively. In fiscal 2025, \$39.7 million in additional student tuition and fees resulted from the University enrollment increase of 4% for academic year 2024-2025 and an average 7% increase in tuition and fee rates. In fiscal 2024, \$20.1 million in additional student tuition and fees resulted from the University enrollment increase of 5.8% for academic year 2023-2024 and an average 6.8% increase in tuition and fee rates.

Room and board revenues were \$61.5 million, \$58.5 million and \$54.4 million in 2025, 2024 and 2023, respectively, reflecting rate increases of 3% to 4% for room fees and 7.1% - 9.6% rate increase for board fees, with a slight decrease in occupancy and meal counts. Bad debt expense totaled \$4.2 million, \$2.3 million and \$1.1 million in 2025, 2024 and 2023, respectively.

The University places a high priority on scholarship assistance as part of its commitment to student access and affordability. Scholarship allowances, or financial aid, is the difference between the stated charge for tuition and fees and the amounts paid by students and third parties on behalf of the student, which are reported as offsets to revenue. These amounts totaled \$163.3 million in 2025, \$141.2 million in 2024 and \$128.9 million in 2023. Scholarships and fellowships are awarded to students and reported as an offset to their tuition and fees and room and board charges, and financial aid is based on the availability of funds.

State Appropriations

Appropriations from the State of New Jersey totaled \$136.7 million, \$121.9 million and \$128.7 million in 2025, 2024 and 2023, respectively. The total includes both the general operating appropriation and fringe benefit reimbursements. Approximately \$92.1 million in general operating appropriation was received in 2025, exceeding the \$79.9 million received in 2024 and \$72.4 received in 2023. In fiscal 2025, the \$92.1 million in general operating appropriation includes \$29.5 million in Outcomes Based Appropriation (OBA) and \$5.1 million in additional fringe support. In fiscal 2024, the \$79.9 million in general operating appropriation included \$19.7 million in OBA and \$4.7 million in additional fringe support. The OBA is an additional funding source provided from the State starting in fiscal 2020 for each senior public institution of higher education aimed at advancing equity and improving student outcomes. An increase in fringe benefit costs and changes in the State's fringe reimbursement rate increased reimbursements to \$44.6 million, \$42.0 million and \$43.3 million in 2025, 2024 and 2023, respectively.

State Paid Other Post-Employment Health Benefits

The University recognized \$(9.1) million in 2025, \$(13.0) million in 2024 and \$(8.9) million in 2023, as revenues and expenses from the State of New Jersey attributable to post-employment health benefits in accordance with GASB 75. The decrease of \$3.9 million in 2025 was due to changes in census, claims, and premiums experience. The State is legally obligated to provide the funds required for such benefits and as such, these transactions have no effect on the University's net position.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Grants and Contracts

Revenues from grants and contracts were \$119.8 million in 2025, \$110.9 million in 2024 and \$86.8 million in 2023.

In fiscal year 2025, the University received a total of 330 awards of which 282 were sponsored external awards. These awards encompassed various types of support and recognition, reflecting the University's commitment to research and student assistance. Out of the total awards, 160 were research grants led by 114 faculty members, demonstrating the University's strong emphasis on scholarly activity and innovation.

Montclair State University secured \$29 million in external funding from federal agencies such as the National Science Foundation, National Oceanic and Atmospheric Administration, U.S. Departments of Housing and Urban Development, Education, and Health and Human Services, the National Institutes of Health, and various agencies within the State of New Jersey. The University received \$731 thousand through the AmeriCorps Public Health 2025 program, which supports recruitment and training of students and early-career professionals to strengthen local health organizations and build healthier communities.

Notable private sponsors such as Andrew W. Mellon Foundation and Strada Education Foundation continue to support the university research efforts. The University received \$1 million from the Andrew W. Mellon Foundation to establish the Center for Native American and Indigenous Social Justice.

The University provided 48 financial aid grants which supported students in their educational pursuits, helping to reduce financial barriers and promote academic success. The State's Tuition Aid Grant (TAG) increased by \$8.9 million in 2025 compared to the previous year due to an increase in eligibility and an increase in the average award amount of approximately \$119 per recipient.

In October 2021, the Department of Health and Human Services approved new facilities and administrative (F&A) and fringe benefit rates: 46% on-campus and 14.7% off-campus of modified total direct costs, effective July 1, 2021 through June 30, 2025. These rates apply to all externally sponsored grants and contracts. F&A revenue was \$2.7 million in 2025, \$2.5 million in 2024 and \$2.3 million in 2023. Fringe benefit recoveries were \$2.3 million, \$2.1 million and \$2.0 million for the same years. A new F&A and fringe benefit proposal was submitted in June 2025 and is pending approval.

Educational Activities and Auxiliary Enterprises

Revenue from sales and services of educational departments is generated primarily by the Benjamin Samuels Children's Center, the Benjamin Samuels Early Intervention program, and the Center for Autism and Early Childhood Mental Health (CAECMH). These revenues totaled \$8.7 million, \$7.2 million and \$6.4 million in 2025, 2024 and 2023, respectively. An increase of \$1.5 million in 2025 is due to additional revenue from Children's Center, Pre-College summer program, and Rapid Acceleration Professional Development programs. A \$838 thousand increase in 2024 was due to CAECMH new contracts with the New Jersey state agencies.

Auxiliary enterprises include housing fees, food service, parking, the bookstore, student center activities, and certain athletic programs. Revenue from auxiliary enterprises, net of allowances, totaled \$26.4 million, \$23.9 million and \$19.7 million in 2025, 2024 and 2023, respectively. The increase of \$2.5 million in 2025 is due to an increase in student auxiliary fee revenue related to student center and recreation center fees and food services revenue. The \$4.2 million increase in 2024 was due to an increase in food service revenues related to new commuter dining plan and the \$501 thousand decrease in 2023 was due to a decrease in food service revenues due to changes in dining providers.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

Other Operating Revenues

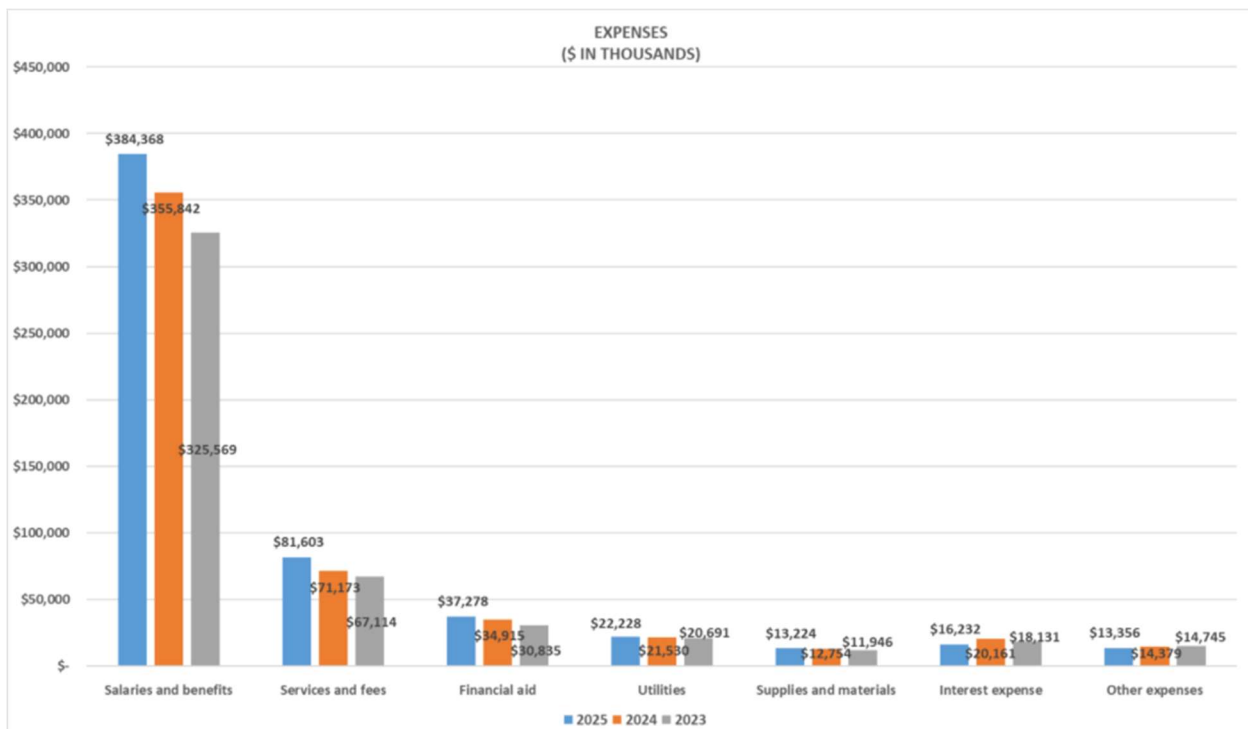
Other revenues including rental, lease, ice arena, interest income and settlement recoveries, totaled \$14.8 million, \$11.5 million and \$13.7 million in 2025, 2024 and 2023, respectively. The increase of \$3.3 million in 2025 is due to interest income. The decrease of \$2.2 million in 2024 was due to settlement recovery in fiscal 2023.

Expenses Associated With Core Activities

Expenses associated with the University's core activities, including those classified as nonoperating expenses, were \$632 million, \$586 million and \$544 million in 2025, 2024 and 2023, respectively.

Expenses excluding depreciation and interest, totaled \$551 million in 2025, representing an increase of \$48 million or 9%. The increase includes: a \$28.5 million increase in salaries and benefits, attributable to expanding workforce and labor contract costs; a \$10.4 million increase in services and fees primarily due to an increase of \$7 million in food and dining services; a \$2.4 million increase in financial aid; a \$2.7 million increase in pension benefits; and, a \$3.9 million decrease in post-employment benefits recovery.

Expenses excluding depreciation and interest, totaled \$502 million in 2024, representing an increase of \$38 million or 8%. The increase includes: a \$30.3 million increase in salaries and benefits, attributable to newly negotiated labor contracts and additional compensated absence expenses related to GASB Statement No. 101; a \$4.1 million increase in services and fees primarily due to an increase of \$5 million in food and dining, offset by a decrease of \$1 million in software licenses and fees; a \$4.1 million increase in financial aid; a \$4.7 million increase in pension benefits; and, a \$4.1 million increase in post-employment benefits recovery.



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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

CATEGORIES OF BOTH OPERATING AND NONOPERATING EXPENSES RELATED TO THE UNIVERSITY'S CORE ACTIVITIES ARE AS FOLLOWS:

Salaries and Benefits

Approximately 61% of the University's 2025 expenses are related to payroll costs and employee benefits (including pension expense). There was an average of 7,076 employees in fiscal 2025, as compared to 6,255 in fiscal 2024, an increase of 13%.

In 2025, total payroll for the University increased to \$305.5 million, or 9%, while fringe benefits costs increased to \$76.8 million, or 12%.

In 2024, total payroll for the University increased to \$281.3 million, or 7%, while fringe benefits costs increased to \$68.3 million, or 10%.

In 2025, pension expenses increased by \$2.6 million, mainly from changes in benefits. The actuarial liability for retirees who earned benefits under both a State and Local employer is assigned to the location with the highest salary prior to the retirement upon direction from the Division of Pensions and Benefits in 2025 as compared to 2024 where the actuarial liability for these retirees was split between the State and Local employers based on the benefit reported in the valuation data for each location.

In 2024, pension expenses increased by \$4.65 million mainly from changes in actuarial methods.

The University's pension expenses (benefit) are summarized below (dollars in thousands):

	2025	2024	2023
PERS	\$ 6,083	\$ 2,850	\$ (1,617)
PFRS	1,505	2,084	1,900
	<u>7,588</u>	<u>4,934</u>	<u>283</u>
TPAF	(7)	49	58
Alternate Benefit Program (ABP)	16,902	14,912	13,712
Defined Contribution Retirement Program (DCRP)	19	18	20
	<u>16,914</u>	<u>15,079</u>	<u>13,800</u>
Total	<u>\$ 24,502</u>	<u>\$ 19,913</u>	<u>\$ 14,073</u>

State-sponsored other post-employment benefits expenses/(recoveries) totaled \$(9.1) million and \$(13.0) million in 2025 and 2024, respectively, which was offset by an equivalent amount of revenue/(expense) from the State.

Other Expenses

Other expenses including travel, rent, lease, and grant subrecipients expenses totaled \$13.4 million in 2025 and \$14.4 million in 2024. Decrease of \$1 million due to reduction in bond related administrative costs.

Operating Results

Operating losses were \$176.5 million, \$159.2 million and \$161.5 million in 2025, 2024 and 2023, respectively. Operating losses were offset by nonoperating revenue that support core operating activities

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

of the University. These include state appropriations, Pell grants, pandemic related financial assistance, gifts and non-exchange grants, state paid other post-employment health benefits, investment income including unrealized and realized gains/(losses) and other nonoperating revenue, which totaled \$204.1 million, \$162.6 million, \$241.0 million in 2025, 2024 and 2023, respectively, as reported in the statement of revenues, expenses and changes in net position.

Total revenues exceed total expenses by \$14.4 million, \$7.9 million and \$80.0 million in 2025, 2024 and 2023, respectively. The increase in 2025 was due to \$35.5 million in operating and nonoperating results offset by \$19.0 million transfer of Bloomfield's endowment to the Foundation. The decrease in 2024 was due to a significant increase in 2023 from the merger with Bloomfield resulting in \$58.2 million recognized as a gain on government combination.

OUTLOOK FOR FISCAL 2026

Montclair State University's strategic fiscal planning reflects the University's ongoing mission to provide transformational educational opportunities that are affordable and accessible to New Jersey students, expand the University's research contributions that drive innovation and development, and support communities through strategic partnerships and collaborations. Also, the University remains deeply committed to partnering with government, businesses, schools, health care providers, nonprofits and civic organizations to address the most pressing problems facing our State.

Strategic priorities in support of academic excellence, professional, and personal success of a diverse student body to promote affordability, expanding research and innovation, increasing community partnerships and public service, funding employee salary and inflationary cost increases, and expanding Montclair Unbound. Montclair Unbound is a flexible academic framework that reimagines how, where and when students learn. By combining in-person instruction with asynchronous online and real-time modalities, Montclair Unbound removes barriers to access and supports an inclusive, student-centered approach to education. Additionally, it strengthens the University's capacity to collaborate with external partners, enhancing learning experiences beyond the traditional classroom.

While these fiscal investments position Montclair for continued growth and innovation, the University is also navigating a shifting external environment that has introduced new challenges to research and programming continuity. The University experienced some disruptions in federal research funding during the fiscal year 2025, these were limited in scope and are not expected to impact Montclair's long-term research trajectory. The University continues to adapt to evolving federal requirements and remains committed to supporting faculty and staff in sustaining externally funded research. Strategic efforts are underway to diversify funding sources and strengthen institutional resilience, ensuring continued progress toward Montclair's academic research, and community engagement goals.

Academic Growth and Expansion

School of Communication and Media (SCM), previously part of the College of the Arts (CART) became a standalone college on July 1, 2025. SCM has grown rapidly over the last decade, expanding its enrollment and its offerings, receiving accolades and student awards, and this move allows the University to better support it on its upward trajectory.

Montclair's honors program will benefit from a \$5 million gift, secured through the Foundation, with disbursements beginning in fiscal year 2026 and continuing over multiple years. Made by philanthropist and venture capitalist John Martinson, the investment will expand the program's reach, deepen its curriculum, and create new opportunities for high-achieving students. Renamed the John Martinson Honors EDGE

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

program, it positions Montclair as a national model for honors education and advances the University's commitment to academic excellence and student success.

Construction on the Dreamscape Learn Lab started in October 2025, with work expected to be completed by June 2026. The University is developing a cutting-edge virtual reality curriculum that offers all students an immersive learning opportunity beyond what traditional classroom settings or labs can provide. The Dreamscape Learn Lab will be located within the SCM.

The Interdisciplinary Sciences building is set to begin construction in Spring 2026 on the site of Webster Hall helping the University seize on capabilities as a growing research institution. The University campus community is growing, and the need for new and different spaces has never been clearer to help talented people succeed. This initiative will also allow the University to accommodate the increasing number of students looking to major in the STEM fields.

Financial Accessibility and Cost Management

The University is strongly committed to making its educational opportunity as accessible as possible while maintaining the financial security of the institution. In fiscal year 2026, the University increased tuition and fees at a modest rate after a higher rate increase in 2025. Despite the increase in tuition and fees for academic year 2025-2026, Montclair undergraduate tuition and fees remain below the average amount of New Jersey's senior public colleges and universities. Increases in tuition and fees are expected to be offset for students with financial need by increases in state TAG, federal Pell aid programs, and institutional financial aid. Fiscal year 2026 institutional financial aid is expected to increase by 5.1% over fiscal year 2025 in fulfilling the University's commitment to affordability.

For the 2024-2025 academic year, the University launched the following new undergraduate and graduate programs: a Bachelor of Arts in Biology and a Master of Education in Teaching for Equity and Justice.

General state appropriations for the fiscal year 2026 are expected to be \$55.5 million, a decrease from \$57.4 million in 2025 which included \$2 million for Bloomfield. Outcome Based Allocation funding for fiscal year 2026 is expected to increase to \$32.1 million from \$29.5 million in 2025. Additionally, the University is expected to receive \$1 million for Capital Improvements, \$2 million for Energy Efficiency and \$3.5 million for Bloomfield College Transitional Aid.

Operating expenses for fiscal year 2026 are expected to increase from fiscal year 2025 to reflect the University's priorities which include supporting academic and professional success for a diverse student body, maintaining affordability, expanding research and innovation, increasing community partnerships and public service, expanding Montclair Unbound, which will offer programs that give students the ability to learn how, when and where it works best for them; and funding employee salary and inflationary cost increases.

For the Fall 2025 semester, the University welcomed 3,921 students to the Montclair campus as part of the Class of 2029 and 652 students to the Bloomfield campus. Total University enrollment is closing in on approximately 24,300 students.

Members of the Class of 2029 represent 32 states and 48 countries compared to Class of 2028, which represented 29 states and 75 countries. 46% are first-generation college students, 45% of the incoming class identifies as Hispanic, further solidifying the University's status as New Jersey's largest Hispanic-serving Institution. More than 71% of the undergraduate student population identifies as members of minority groups and the class boasts an average high school GPA of 3.36.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

The University remains committed to providing the facilities and resources required to meet its educational, research and public service goals, while maintaining long-term financial sustainability. Support for the University's future capital plans is expected to continue to be provided from a combination of sources including the State of New Jersey, external financing, gifts, and other sources.

Additional information concerning the University's financial reports may be found on the website of Montclair State University at www.montclair.edu.

Additional information concerning state budget matters and the state's financial condition may be found on the website of the New Jersey Department of Treasury at www.state.nj.us/treasury.

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STATEMENT OF NET POSITION

As of June 30, 2025
(dollars in thousands)

	Business-Type Activities Montclair State University	Component Unit Montclair State University Foundation	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 63,927	\$ 1,602	\$ 65,529
Investments	16,264	-	16,264
Assets held under bond indenture agreements	83,854	-	83,854
Restricted cash equivalents	3,501	-	3,501
Receivables:			
Students, less allowance for doubtful accounts of \$8,491	25,647	-	25,647
Loans, less allowance for doubtful loans of \$80	245	-	245
Rent	1,986	-	1,986
Gifts, grants and contracts	14,508	-	14,508
State of New Jersey grants and contracts	4,192	-	4,192
Other receivables	8,566	4,014	12,580
Other current assets	4,286	69	4,355
Total current assets	<u>226,976</u>	<u>5,685</u>	<u>232,661</u>
Noncurrent assets			
Investments	137,860	157,851	295,711
Loans receivable, less allowance for doubtful loans of \$65	139	-	139
Rent receivable	28,422	-	28,422
Capital assets, net	887,444	-	887,444
Other noncurrent assets	348	4,635	4,983
Total noncurrent assets	<u>1,054,213</u>	<u>162,486</u>	<u>1,216,699</u>
Total assets	<u>1,281,189</u>	<u>168,171</u>	<u>1,449,360</u>
Deferred outflows of resources			
Deferred amount from debt refundings	20	-	20
Deferred outflow of pension resources	24,092	-	24,092
Total deferred outflows of resources	<u>24,112</u>	<u>-</u>	<u>24,112</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	42,189	4,994	47,183
Bonds payable and other long-term debt	71,968	-	71,968
Lease liability	3,362	-	3,362
Subscription liability	6,908	-	6,908
Compensated absences	10,780	-	10,780
Unearned tuition, fees, and deposits	9,189	-	9,189
Unearned revenue from grantors	47,250	-	47,250
Assets held on behalf of others	2,354	-	2,354
Total current liabilities	<u>194,000</u>	<u>4,994</u>	<u>198,994</u>
Noncurrent liabilities			
Bonds payable and other long-term debt	289,229	-	289,229
Lease liability	16,475	-	16,475
Subscription liability	17,867	-	17,867
Compensated absences	7,939	-	7,939
Net pension liability	171,499	-	171,499
Other long term liability	5,932	-	5,932
Total noncurrent liabilities	<u>508,941</u>	<u>-</u>	<u>508,941</u>
Total liabilities	<u>702,941</u>	<u>4,994</u>	<u>707,935</u>
Deferred inflows of resources			
Deferred service concession arrangement	132,182	-	132,182
Deferred inflow of pension resources	11,373	-	11,373
Deferred amount from debt refundings	15,678	-	15,678
Deferred inflow amount from rent	29,305	-	29,305
Total deferred inflows of resources	<u>188,538</u>	<u>-</u>	<u>188,538</u>
Net position			
Net investment in capital assets	272,156	-	272,156
Restricted nonexpendable	3,501	73,153	76,654
Restricted expendable for:			
Scholarships	-	47,039	47,039
Loans	855	-	855
Donor designated purpose	2,395	-	2,395
Renewal and replacement	60,208	-	60,208
Debt service and debt service reserve	23,646	-	23,646
Other	811	12,929	13,740
Unrestricted	50,250	30,056	80,306
Total net position	<u>\$ 413,822</u>	<u>\$ 163,177</u>	<u>\$ 576,999</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF NET POSITION

As of June 30, 2024
(dollars in thousands)
(As Restated)

	Business-Type Activities Montclair State University	Component Unit Montclair State University Foundation	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 57,926	\$ 2,657	\$ 60,583
Investments	67,766	-	67,766
Assets held under bond indenture agreements	89,285	-	89,285
Restricted cash equivalents	3,390	-	3,390
Receivables:			
Students, less allowance for doubtful accounts of \$5,595	20,893	-	20,893
Loans, less allowance for doubtful loans of \$76	361	-	361
Rent	1,858	-	1,858
Gifts, grants and contracts	12,018	-	12,018
State of New Jersey grants and contracts	4,173	-	4,173
Other receivables	9,259	3,629	12,888
Other current assets	3,480	33	3,513
Total current assets	<u>270,409</u>	<u>6,319</u>	<u>276,728</u>
Noncurrent assets			
Investments	78,677	124,579	203,256
Loans receivable, less allowance for doubtful loans of \$92	259	-	259
Rent receivable	29,800	-	29,800
Capital assets, net	916,026	-	916,026
Other noncurrent assets	301	4,663	4,964
Total noncurrent assets	<u>1,025,063</u>	<u>129,242</u>	<u>1,154,305</u>
Total assets	<u>1,295,472</u>	<u>135,561</u>	<u>1,431,033</u>
Deferred outflows of resources			
Deferred amount from debt refundings	26	-	26
Deferred outflow of pension resources	23,816	-	23,816
Total deferred outflows of resources	<u>23,842</u>	<u>-</u>	<u>23,842</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	39,645	3,467	43,112
Bonds payable and other long-term debt	17,890	-	17,890
Lease liability	2,713	-	2,713
Subscription liability	6,012	-	6,012
Compensated absences	10,173	-	10,173
Unearned tuition, fees, and deposits	7,620	-	7,620
Unearned revenue from grantors	49,275	-	49,275
Assets held on behalf of others	2,339	-	2,339
Total current liabilities	<u>135,667</u>	<u>3,467</u>	<u>139,134</u>
Noncurrent liabilities			
Bonds payable and other long-term debt	361,196	-	361,196
Lease liability	15,657	-	15,657
Subscription liability	20,036	-	20,036
Compensated absences	6,424	-	6,424
Net pension liability	171,925	-	171,925
Other long term liability	4,040	-	4,040
Total noncurrent liabilities	<u>579,278</u>	<u>-</u>	<u>579,278</u>
Total liabilities	<u>714,945</u>	<u>3,467</u>	<u>718,412</u>
Deferred inflows of resources			
Deferred service concession arrangement	139,525	-	139,525
Deferred inflow of pension resources	18,190	-	18,190
Deferred amount from debt refundings	16,675	-	16,675
Deferred inflow amount from rent	30,582	-	30,582
Total deferred inflows of resources	<u>204,972</u>	<u>-</u>	<u>204,972</u>
Net position			
Net investment in capital assets	273,148	-	273,148
Restricted nonexpendable	13,935	61,512	75,447
Restricted expendable for:			
Scholarships	4,609	37,805	42,414
Loans	909	-	909
Donor designated purpose	1,319	-	1,319
Renewal and replacement	64,889	-	64,889
Debt service and debt service reserve	24,396	-	24,396
Other	1,217	10,889	12,106
Unrestricted	14,975	21,888	36,863
Total net position	<u>\$ 399,397</u>	<u>\$ 132,094</u>	<u>\$ 531,491</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2025

(dollars in thousands)

	Business-Type Activities Montclair State University	Component Unit Montclair State University Foundation	Total
Operating revenues			
Student revenues			
Student tuition and fees, net	\$ 368,991	\$ -	\$ 368,991
Residence life - room and board	61,547	-	61,547
Less: scholarship allowance	(163,309)	-	(163,309)
Net student revenues	267,229	-	267,229
Federal grants and contracts	22,360	-	22,360
State of New Jersey grants and contracts	92,567	-	92,567
Nongovernmental grants and contracts	4,867	-	4,867
Sales and services of educational departments	8,654	-	8,654
Auxiliary enterprises	26,402	-	26,402
Other operating revenues	17,129	33,448	50,577
Total operating revenues	439,208	33,448	472,656
Operating expenses			
Instruction	164,769	-	164,769
Research	47,580	-	47,580
Public service	23,190	-	23,190
Academic support	52,826	-	52,826
Student services	33,358	-	33,358
Institutional support	78,548	16,639	95,187
Operations and maintenance of plant	42,566	-	42,566
Depreciation and amortization	65,367	-	65,367
Student aid	29,153	-	29,153
Residence life and auxiliary enterprises	78,335	-	78,335
Total operating expenses	615,692	16,639	632,331
Operating (loss) income	(176,484)	16,809	(159,675)
Nonoperating revenues (expenses)			
State of New Jersey appropriations	92,087	-	92,087
State of New Jersey paid fringe benefits	44,618	-	44,618
Pell grants	69,371	-	69,371
State paid other postemployment health benefits	(9,056)	-	(9,056)
Gifts and non-exchange grants	7,648	-	7,648
Unrealized and realized gains on investment securities	2,625	-	2,625
Investment income, net of investment expenses of \$344	8,365	14,274	22,639
Interest expense	(16,232)	-	(16,232)
Administrative costs	(263)	-	(263)
Other nonoperating revenues	4,985	-	4,985
Net nonoperating revenues	204,148	14,274	218,422
Income before other changes in net position	27,664	31,083	58,747
Other changes in net position			
Capital gifts and grants	5,788	-	5,788
Transfer to Foundation	(19,027)	-	(19,027)
INCREASE IN NET POSITION	14,425	31,083	45,508
Net position			
Beginning of year	399,397	132,094	531,491
End of year	\$ 413,822	\$ 163,177	\$ 576,999

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2024

(dollars in thousands)

(As Restated)

	Business-Type Activities Montclair State University	Component Unit Montclair State University Foundation	Total
Operating revenues			
Student revenues			
Student tuition and fees, net	\$ 329,275	\$ -	\$ 329,275
Residence life - room and board	58,481	-	58,481
Less: scholarship allowance	(141,191)	-	(141,191)
Net student revenues	246,565	-	246,565
Federal grant and contracts	21,031	-	21,031
State of New Jersey grants and contracts	85,798	-	85,798
Nongovernmental grants and contracts	4,155	-	4,155
Sales and services of educational departments	7,191	-	7,191
Auxiliary enterprises	23,950	-	23,950
Other operating revenues	16,483	15,176	31,659
Total operating revenues	405,173	15,176	420,349
Operating expenses			
Instruction	148,549	-	148,549
Research	42,860	-	42,860
Public service	21,605	-	21,605
Academic support	48,494	-	48,494
Student services	29,354	-	29,354
Institutional support	74,286	11,673	85,959
Operations and maintenance of plant	40,595	-	40,595
Depreciation and amortization	63,571	-	63,571
Student aid	27,087	-	27,087
Residence life and auxiliary enterprises	67,987	-	67,987
Total operating expenses	564,388	11,673	576,061
Operating (loss) income	(159,215)	3,503	(155,712)
Nonoperating revenues (expenses)			
State of New Jersey appropriations	79,940	-	79,940
State of New Jersey paid fringe benefits	42,006	-	42,006
Pell grants	55,509	-	55,509
Pandemic related financial assistance	1,012	-	1,012
State paid other postemployment health benefits	(13,023)	-	(13,023)
Gifts and non-exchange grants	6,254	-	6,254
Unrealized and realized gains on investment securities	2,647	-	2,647
Investment income, net of investment expenses of \$316	7,680	13,307	20,987
Interest expense	(20,161)	-	(20,161)
Administrative costs	(1,679)	-	(1,679)
Gain on disposal of capital assets	19	-	19
Other nonoperating revenues	2,354	-	2,354
Net nonoperating revenues	162,558	13,307	175,865
Income before other revenues	3,343	16,810	20,153
Capital gifts and grants	4,609	-	4,609
INCREASE IN NET POSITION	7,952	16,810	24,762
Net position			
Beginning of year	391,445	115,284	506,729
End of year	\$ 399,397	\$ 132,094	\$ 531,491

The accompanying notes are an integral part of this financial statement.

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

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2025 and 2024
(dollars in thousands)

	Business-Type Activities	
	Montclair State University	
		(as Restated)
	2025	2024
Cash flows from operating activities:		
Student tuition and fees	\$ 202,500	\$ 181,490
Grants and contracts	115,278	156,702
Payments for salaries	(302,437)	(277,499)
Payments for fringe benefits	(40,318)	(34,357)
Payments to suppliers	(115,083)	(112,601)
Payments for utilities	(23,060)	(22,281)
Payments for student aid	(29,153)	(27,087)
Collection of loans from students	232	288
Auxiliary enterprises charges:		
Residence life	61,547	58,481
Other	26,402	23,950
Sales and services of educational departments	8,654	7,191
Other receipts	17,660	20,362
Net cash used in operating activities	(77,778)	(25,361)
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	86,205	76,198
Pell grants	69,371	55,509
Pandemic related financial assistance	-	1,012
Gifts and non-exchange grants	7,648	6,254
Student organization agency transactions	15	(505)
Other receipts	4,985	2,354
Net cash from noncapital financing activities	168,224	140,822
Cash flows from capital financing activities:		
Capital gifts and grants	5,788	4,609
Proceeds from capital debt	-	199,621
Principal paid on capital debt	(16,857)	(190,581)
Interest paid on capital debt	(20,303)	(21,345)
Purchases of capital assets	(42,556)	(49,567)
Gain on disposal of capital assets	-	19
Administrative costs	(257)	(509)
Change in deposits held by bond trustees	5,432	(67,868)
Net cash used in capital financing activities	(68,753)	(125,621)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	3,672,950	6,297,746
Purchases of investments	(3,676,186)	(6,285,231)
Transfer to Foundation	(19,027)	-
Interest on investments	6,682	6,445
Net cash (used in) from investing activities	(15,581)	18,960
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	6,112	8,800
Cash and cash equivalents and restricted cash:		
Beginning of year	61,316	52,516
End of year	\$ 67,428	\$ 61,316

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

Montclair State University
(A Component Unit of the State of New Jersey)
STATEMENTS OF CASH FLOWS - CONTINUED
For the years ended June 30, 2025 and 2024
(dollars in thousands)

	Business-Type Activities	
	Montclair State University	
		(as Restated)
	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (176,484)	\$ (159,215)
Adjustments to reconcile operating loss to net cash used in operating activities:		
State of New Jersey paid fringe benefits	50,481	45,305
State paid other postemployment health benefits	(9,056)	(13,023)
Depreciation and amortization expense	65,367	63,571
Provision for bad debts	2,899	2,174
Changes in assets and liabilities:		
Student receivables	(7,651)	(9,484)
Loans receivables	232	288
Grants receivables	(2,491)	457
Other receivables	530	3,867
Other current assets	(798)	586
Accounts payable and accrued expenses	5,100	(2,086)
Unearned tuition, fees and deposits	1,569	717
Unearned revenue from grantors	(2,025)	45,261
Compensated absences	2,122	6,318
Net pension liability	(7,573)	(10,097)
Net cash used in operating activities	<u>\$ (77,778)</u>	<u>\$ (25,361)</u>

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - ORGANIZATION

Montclair State University ("Montclair" or the "University"), established in 1908, has been a leading institution of higher education in New Jersey and is committed to serving the educational needs of the State. Its programs are characterized by academic rigor and advancement in the development of knowledge and its application.

In keeping with this commitment, Montclair completed a strategic merger with Bloomfield College, a private not-for-profit 501(c)(3) organization, located in Bloomfield, New Jersey, to preserve the only Predominantly Black Institution in the state and to ensure student success. On June 30, 2024, Bloomfield College became the thirteenth constituent college of Montclair State University and is now known as Bloomfield College of Montclair State University ("Bloomfield"). The merger was finalized following all regulatory approvals and Bloomfield is now fully included as a business-type activity within the University's financial statements, ensuring continued academic excellence and institutional stability.

Bloomfield College, founded in 1868, was New Jersey's only institution of higher education designated by the Department of Education as a Predominantly Black, Hispanic-serving, and Minority-serving institution. Bloomfield College served a diverse population and prepared students for success in a multicultural and global society. While the entity called Bloomfield College no longer exists after the merger, Bloomfield continues to operate and serve these communities.

Situated on a 264-acre suburban campus, the University delivers the instructional and research resources of a large public university in a supportive, sophisticated and diverse academic environment. Montclair is designated as a Research Doctoral University by the Carnegie Classification of Institutions of Higher Education and classified by the New Jersey Secretary of Higher Education as a doctoral degree-granting institution. The University has 13 degree-granting colleges and schools that serve more than 23,500 undergraduate and graduate students. The University has more than 300 doctoral, master's, and baccalaureate level programs.

Montclair State University Foundation, Inc. (the "Foundation") is a nonstock corporation organized as a not-for-profit entity under the provisions of Title 15 of the New Jersey statutes. The Foundation was established for the benefit of the University to aid in obtaining additional resources to meet the needs of the University. The Foundation strives to raise funds from subscriptions, gifts, bequests and other donations and uses such funds as appropriately determined by its board of trustees. The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation operates under an independent board of trustees. As the Foundation's resources can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University. Accordingly, the Foundation's statement of net position and statement of revenues, expenses and changes in net position are included in the University's financial statements using a discrete presentation. Complete financial statements for the Foundation can be obtained from the Foundation's office at 1 Normal Avenue, Montclair, New Jersey 07043.

The University is an instrumentality of the State with a high degree of autonomy. However, under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the University, which is financially dependent on the State, is a component unit of the State for financial reporting purposes.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting policies of the University conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to public colleges and universities. The University's reports are based on all applicable GASB authoritative literature in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- *Net investment in capital assets*: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*:
 - *Nonexpendable* – Net position subject to externally-imposed stipulations that must be maintained permanently by the University.
 - *Expendable* – Net position whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted*: Net position not subject to externally-imposed stipulations that may be designated for specific purposes by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

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

Measurement Focus and Basis of Accounting

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

Use of Estimates

The presentation of the financial statement in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banking institutions and highly liquid short-term investment securities held in the State of New Jersey Cash Management Fund (CMF) and other investment accounts, with an original maturity of three months or less.

Investments

Investments are recorded in the financial statements at fair value, which is based on quoted market prices. Purchase and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

Assets Held Under Bond Indenture Agreements

Assets held under bond indenture agreements are recorded in the financial statements at fair value, which is based on quoted market price and consist of money market funds.

Restricted Cash Equivalents

The U.S. Department of Education (ED) determined in March 2023 that Bloomfield College failed to meet the financial responsibility standards set by ED. Bloomfield College was allowed to continue to participate in the Title IV and Higher Education Act (HEA) programs by choosing to supply ED a Provisional Certification Alternative in the amount of \$3.1 million. This amount represented 25% of the Title IV, HEA program funds received by Bloomfield College during its most recently completed fiscal year. Bloomfield College obtained a secured letter of credit from Provident Bank in the amount of \$3.1 million, which is secured by a money market account totaling \$3.5 million and \$3.4 million as of June 30, 2025 and 2024, respectively, and is included as restricted cash equivalents in the accompanying statements of net position.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statements of financial position that sum to the same such totals shown in the statements of cash flows (dollars in thousands):

	2025	2024
Cash and cash equivalents	\$ 63,927	\$ 57,926
Restricted cash equivalents	3,501	3,390
Total cash, cash equivalents and restricted cash equivalents	<u>\$ 67,428</u>	<u>\$ 61,316</u>

Receivables

Student receivables consist of tuition and fees charged to current and former students. State of New Jersey grants and contracts receivables, gifts, grants and contracts receivables are amounts due from federal and state governments in connection with reimbursement of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources. Loans receivables consist of funds loaned to students under federal loan programs. Rent receivables consist of the present value of lease payments expected to be received during the lease term. Other receivables consist of employee receivables and a variety of billings ranging from clinical services, fee for service arrangements, and auxiliary enterprise contracts.

Receivables are reported at net realizable value. Student receivables which are past due by 12 months are reserved for at 50% and those past due by 24 months are reserved at 100%. Gifts, grants and contracts

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

receivables, rent receivables, State of New Jersey grants and contracts receivables, and other receivables are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful grants and contracts, leases and other receivables is estimated based upon management's evaluation and periodic review of individual accounts.

Capital Assets

Capital assets with acquisition costs of at least \$5,000 and useful lives of at least three years are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Assets acquired under lease agreements are classified as right-to-use assets and are recorded as capital assets.

Capital assets of the University are depreciated/amortized using the straight-line method over the following useful lives:

	<u>Useful Lives</u>
Buildings	50 years
Building improvements	20 years
Right-to-use buildings	5 - 22 years
Infrastructure	25 years
Land improvements	10 - 25 years
Equipment and vehicles	3 - 10 years
Right-to-use equipment	2 - 5 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Software and licenses	3 years
Right-to-use subscription assets	2 - 10 years

The University owns works of art and other collectibles valued at approximately \$3.9 million as of June 30, 2025 and 2024. Management has elected not to capitalize these items in accordance with GASB Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Assets Held on Behalf of Others

The University holds cash and cash equivalents as custodian for the benefit of students or student organizations. A majority of the assets held on behalf of others relate to Red Hawk dollars. The Red Hawk dollars program is a prepaid debit account allowing the University community to purchase goods or services on campus or off campus where red hawk dollars are accepted. Funds carry over semester to semester, year to year, up until withdrawal or graduation, and remaining funds over \$5 are refunded. Amounts related to the Red Hawk dollars program amounted to \$1.2 million and \$1.4 million as of June 30, 2025 and 2024, respectively.

Deferred Outflows and Deferred Inflows of Resources

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

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

of the net pension liability are reported as deferred outflows of resources. The changes in assumptions, net differences between projected and actual earnings on pension plan investments and changes in proportionate share may be either deferred outflows of resources or deferred inflows of resources. See Note 11 for the University's breakdown of these items.

Deferred outflows and inflows of resources include gains and losses resulting from the refinancing of debt, which represents the difference between the reacquisition price and the net carrying amount of the old debt and is amortized over the life of the related debt.

Deferred outflows of resources also include capital investment fund repayments funded by contractor.

Deferred inflows also relate to service concession arrangements and rent receivables. Deferred inflows from rent are deferred and amortized to other operating revenue in a systematic and rational manner over the term of the lease.

Leases

The University is a lessor for noncancelable leases of buildings, sites, and land. The University recognizes a rent receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the University initially measures the rent receivable at the present value of payments expected to be received during the lease term. Subsequently, the rent receivable is reduced by the principal portion of payments received. The deferred inflow of resources is initially measured as the initial amount of the rent receivable, adjusted for payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is amortized and recognized as other operating revenue over the life of the lease term.

Key estimates and judgments to lessor accounting:

Discount rate	The University uses the lessee's estimated borrowing rate as the discount rate to discount the expected lease receipts to present value. The estimated borrowing rate is determined by assessing the credit worthiness of the lessee based on their Moody's rating on public debt. A credit spread is determined based on such rating along with comparables, market factors and other factors starting with the U.S. Treasury rate. For lessees without a Moody's rating, a non-investment grade (Ba1/Ba2) is used to develop the credit spread.
Lease term	The lease term includes the non-cancellable period of the lease.
Lease payments	Cash receipts included in the measurement of the rent receivable are composed of fixed payments from the lessee and any payment renewal option that the University is reasonably certain to exercise.

The University is a lessee for noncancelable leases of buildings and equipment. The University recognizes a lease liability and an intangible right-to-use lease asset, included within capital assets, net, in the accompanying statements of net position. At the commencement of a lease, the University initially measures the lease liability 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 lease 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 lease asset is amortized on a straight-line basis over its useful life.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Key estimates and judgments to lessee accounting include:

Discount rate	The University uses the lessor's implicit interest rate as the discount rate to discount the expected lease payments to the present value. When the interest rate is not provided, the University uses its estimated incremental borrowing rate as the discount rate for leases.
Lease term	The lease term includes the non-cancellable period of the lease.
Lease payments	Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the University is reasonably certain to exercise.

Operating leases with a term of 12 months or less are not recorded in the statements of net position and are expensed. Right-to-use assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the right-to-use asset and is included in depreciation and amortization expense in the statements of revenues, expenses, and changes in net position. The interest expense related to leases is recognized using the effective interest method based on the discount rate determined at lease commencement and is included within interest expense in the statements of revenues, expenses and changes in net position.

The University monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the rent receivable and deferred inflows of resources where the University is a lessor and lease assets and liability where the University is a lessee if certain changes occur that are expected to significantly affect the amount of the rent receivable or lease liability.

Subscription Based Information Technology Arrangements (SBITAs)

The University is a party to noncancelable subscription-based information technology agreements that convey the right to use a vendor's IT software. The University recognizes a subscription liability and an intangible right-to-use subscription asset, included within capital assets, net, in the accompanying statements of net position. At commencement of the agreement, the University initially measures the agreement liability at the present value of payments expected to be made during the agreement term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for the payments made at or before the commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life which corresponds to the agreement term.

Key estimates and judgments to subscription accounting include:

Discount rate	The University uses its estimated incremental borrowing rate as the discount rate to discount expected subscription payments to the present value.
Subscription term	The subscription term is the period during which the University has a noncancelable right to use the vendor's IT software alone or in combination with the underlying IT assets.
Subscription payments	Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

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Subscription agreements with a term of 12 months or less are not recorded in the statements of net position and are expensed. Subscription assets are amortized on a straight-line basis over the subscription term and is included in depreciation and amortization expense in the statements of revenues, expenses, and changes in net position. The interest expense related to subscriptions is recognized using the effective interest method based on the discount rate determined at subscription commencement and is included within interest expense in the statements of revenues, expenses and changes in net position.

The University monitors changes in circumstances that would require a remeasurement of its agreements and will remeasure subscription assets and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Revenue Recognition

Student tuition and fees are presented net and bad debt expense of \$4.2 million and \$2.3 million for the years ended June 30, 2025 and 2024, respectively. Other payments made directly to students are presented as student aid and are included in operating expenses in the period incurred. Student tuition, fees, and deposits collected in advance of the academic year are recorded as unearned tuition, fees, and deposits in the accompanying financial statements.

Grants and contracts revenue consists mainly of funding received from federal and state governments and other nongovernmental sources and are recognized as the related expenses are incurred. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as unearned revenue from grantors in the accompanying financial statements.

The University recognized a deferred inflow of resources related to the acquisition of the Heights residence hall as part of its service concession arrangement. The deferred inflow is amortized into income over the term of the agreement and is included in other operating revenues in the statements of revenues, expenses and changes in net position. See Note 16 for more details.

Revenue from the State of New Jersey (the "State") appropriations is recognized in the fiscal year during which the State appropriates the funds to the University. The University is fiscally dependent upon these appropriations.

Scholarship Allowance

Scholarship allowances are the difference between the stated charge for tuition and services provided by the University and the amount that is paid by students and/or third parties making payments on students' behalf. To the extent that revenues from such programs are used to satisfy tuition and fees and other student services, the University has recorded a scholarship allowance.

Classification of Revenue and Expense

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions, such as the payment received for services and payment made for the purchase of goods and services. Examples include student tuition and fees, and residence life, net of scholarship allowances; sales and services of auxiliary enterprises; and most federal, state, local and other grants and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions and financial assistance, such as operating and capital appropriations from the State, Pell grants, Pandemic related financial assistance, and net investment income and gifts and non-exchange grants.

Interest expense is reported as a nonoperating activity.

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Tax Status

Montclair is exempt from federal income taxes under Section 115 of the IRC. Its unrelated activities are subject to taxation under Section 512. Any required provision for Unrelated Business Income Tax (UBIT) is recorded in the financial statements and reported on Montclair's Federal Form 990-T. The Foundation is subject to the accounting standard for uncertain tax positions and has determined that no liabilities are required to be recorded for uncertain tax positions. The Foundation is no longer subject to federal tax examinations for its Federal Form 990 and for the State of New Jersey Form CRI-300R for years prior to June 30, 2019.

Accounting Pronouncements

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023, effective for the University's fiscal year beginning July 1, 2024. The objective of this Statement is to provide users of financial statements with essential information about risks related to University's vulnerabilities due to certain concentrations or constraints. Management has determined no impact of this Statement on the financial statements as of and for the year ended June 30, 2025.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024, effective for the University's fiscal year beginning July 1, 2025. The objective of this Statement is to improve the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the University's accountability. Management is in the process of determining the impact of this Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024, effective for the University's fiscal year beginning July 1, 2025. The objective of this Statement is to provide users of financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Management is in the process of determining the impact of this Statement on the financial statements.

Subsequent Events

The University has reviewed and evaluated all events and transactions from June 30, 2025 through December 17, 2025, the date that the financial statements are issued. Except as disclosed in Note 21, the University is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements. The effects of those events and transactions that provide information about conditions that existed at the statements of net position dates, have been disclosed in the accompanying financial statements.

Restatement

The University adopted GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year beginning July 1, 2024. This statement replaces GASB 16 and requires recognition of leave liabilities that are earned, accumulated over time, and are more likely than not to be used or paid. The University recognized compensated absences liability in the amount of \$18.7 million and \$16.6 million as of June 30,

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June 30, 2025 and 2024

2025 and 2024, respectively. The liability includes vacation, compensatory time, and other qualifying leave types. As a result of the retroactive application of GASB 101, fiscal year 2024 liabilities were restated and increased by \$5.2 million, primarily due to expanded recognition of sick leave expected to be used or paid upon retirement.

The following restatements have been made to the University's financial statements (dollars in thousands):

	As Previously Reported	Adjustment	Restated
For the year ended June 30, 2024			
Total operating expenses	\$ 559,216	\$ 5,172	\$ 564,388
Operating loss	(154,043)	(5,172)	(159,215)
Income before other revenue	8,515	(5,172)	3,343
Increase (decrease) in net position	13,124	(5,172)	7,952
As of June 30, 2024			
Total current liabilities	\$ 134,184	\$ 1,483	\$ 135,667
Total noncurrent liabilities	575,589	3,689	579,278
Total liabilities	709,773	5,172	714,945
Unrestricted net position	20,147	(5,172)	14,975
Total net position	404,569	(5,172)	399,397

Reclassification

Certain prior year amounts related to the GASB 101 adoption were reclassified to conform with the current year presentation.

NOTE 3 - CASH AND CASH EQUIVALENTS, INVESTMENTS, AND ASSETS HELD UNDER BOND INDENTURE AGREEMENTS

The University has assessed the custodial credit risk, interest rate risk, credit risk, and concentration of credit risk of its cash and cash equivalents, assets held under bond indenture agreements and investments.

Statutes of the State and regulations of the State Investment Council authorize the University to invest in obligations of the U.S. Treasury; agencies, and other 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 agreement; equity and convertible equity securities; and other common types of investment securities. Investee institutions and organizations are prescribed by statutes and regulations based on such things as minimum capital, dividend paying history, credit history, and other evaluation factors.

Custodial Credit Risk

The University is exposed to custodial credit risk, which is the risk that in the event of a bank or counterparty failure, the University may not be able to recover deposits or the value of its investments held by such parties. To protect bank deposits that are in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits, the University entered into collateral management agreements with JP Morgan and Provident. The agreements secure the uninsured portion of deposits held at JP Morgan and Provident. As of June 30, 2025 and 2024, cash and cash equivalents were held by depositories and amounted to \$33.1 million and \$29.5 million, respectively.

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June 30, 2025 and 2024

As of June 30, 2025 and 2024, \$250,000 was FDIC insured at each bank and \$33.1 million and \$28.8 million, respectively, was collateralized with securities according to the agreements.

The University participates in the CMF wherein amounts contributed by the University are combined with funds from other state institutions into a large-scale investment program. The carrying amount and fair value of cash and cash equivalents at June 30, 2025 and 2024 was \$32.7 million and \$1.8 million, respectively. These amounts are collateralized in accordance with Chapter 64 of Title 18A of New Jersey statutes. The Fund is unrated.

For funds held in the University's investment account, the investment policy requires that any repurchase agreements held in the portfolio be collateralized at least 102% with U.S. government securities or mortgage-backed securities. The maximum term of these agreements will be 90 days, and the collateral must be marked-to-market daily.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's investment policy stipulates that the portfolio shall be managed to have a targeted duration within a band +/- 20% of the Bank of America Merrill Lynch AAA rated U.S. Treasuries/Agencies 1-3 Year Index. The final maturity of each security within the portfolio shall not exceed seven years, with the exception that for U.S. Treasury securities where the final maturity shall not exceed 7.1 years.

As of June 30, 2025, the University had the following investments and maturities (dollars in thousands):

Investment Type	2025 Maturities (in Years)			
	Fair Value	Less than 1	1-5	Greater than 5
U.S. Treasury bonds	\$ 107,004	\$ 7,600	\$ 99,404	\$ -
Agency bonds	10,565	3,301	4,726	2,538
Corporate bonds	20,210	3,598	16,407	205
Mortgage securities	4,326	1,604	129	2,593
Asset based securities	12,019	-	12,019	-
Total	<u>\$ 154,124</u>	<u>\$ 16,103</u>	<u>\$ 132,685</u>	<u>\$ 5,336</u>

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June 30, 2025 and 2024

As of June 30, 2024, the University had the following investments and maturities (dollars in thousands):

Investment Type	2024 Maturities (in Years)			
	Fair Value	Less than 1	1-5	Greater than 5
U.S. Treasury bonds	\$ 91,319	\$ 45,801	\$ 44,724	\$ 794
Agency bonds	12,550	3,659	8,816	75
Corporate bonds	17,839	802	15,176	1,861
Mortgage securities	753	15	126	612
Asset based securities	12,664	-	11,307	1,357
Mutual funds:				
U.S. equities	6,159	6,159	-	-
International equities	3,928	3,928	-	-
Money market funds	757	757	-	-
Other fixed income securities	474	35	226	213
Total	<u>\$ 146,443</u>	<u>\$ 61,156</u>	<u>\$ 80,375</u>	<u>\$ 4,912</u>

Assets held under bond indenture agreements are not governed by the University's investment policies, but rather by the investment policies of NJEFA. As of June 30, 2025 and 2024, assets held under bond indenture were in cash and cash equivalents including money market funds of \$83.9 million and \$89.3 million, respectively.

Assets held under bond indenture agreements represent assets held by bond trustees under the terms of various bond and other long-term debt agreements. Assets held under bond indenture agreements are carried in the financial statements at fair value.

Assets held under bond indenture agreements are maintained for the following (dollars in thousands):

	2025	2024
Project and construction fund	\$ 60,077	\$ 64,738
Debt service fund for principal and interest	23,646	24,396
Rental pledge	131	151
Assets held under bond indenture agreements	<u>\$ 83,854</u>	<u>\$ 89,285</u>

Credit Risk

Securities must be rated A- or better by a nationally recognized credit rating agency at the time of purchase. Split rated credits will be considered to have the lower credit rating. Money market instruments must be rated A-1 or P-1 or better at the time of purchase.

In the event that a security is downgraded below these credit quality guidelines, the investment manager(s) shall notify the University and provide an evaluation and plan of action. If bonds in the portfolio are downgraded below the A- threshold and remain investment grade, the investment manager(s) may continue to hold up to 5% of the portfolio in these securities.

Temporary cash balances may be invested in a money market instruments (A-1/P-1 or better).

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June 30, 2025 and 2024

The following table summarizes Moody's and related Standard & Poor's agency ratings and of the University's investments at fair value as of June 30, 2025 and 2024 (dollars in thousands):

Investment Type	Moody's Rating	S&P Rating	2025	2024
U.S. Treasury bonds	AAA	AAA	\$ -	\$ 91,319
U.S. Treasury bonds	AA1	AA+	107,004	-
Agency bonds	AAA	AAA	1,548	12,550
Agency bonds	AA1	AA+	9,017	-
Corporate bonds	AAA	AAA	718	-
Corporate bonds	AA1	AA+	-	302
Corporate bonds	AA2	AA	3,699	-
Corporate bonds	AA3	AA-	1,913	-
Corporate bonds	A1	A+	5,234	5,945
Corporate bonds	A2	A	6,433	6,405
Corporate bonds	A3	A-	1,413	2,570
Corporate bonds	BAA1	BBB+	800	787
Corporate bonds	BAA2	BBB	-	1,830
Mortgage securities	AAA	AAA	-	753
Mortgage securities	AA1	AA+	4,326	-
Asset backed securities	AAA	AAA	12,019	12,664
Other fixed income securities	AA2	AA	-	474
Not rated			-	10,844
			<u>\$ 154,124</u>	<u>\$ 146,443</u>

Concentration of Credit Risk

This is the risk associated with the amount of investments the University has with any one issuer. Except for treasuries, agency debentures, agency pass-throughs, agency real estate mortgage investment conduits, and asset-backed securities, no more than 2% of the portfolio shall be invested in securities of a single issuer. Asset-backed securities are limited to 5% per issuer.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 - Quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

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June 30, 2025 and 2024

While the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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

- U.S. treasuries and agencies are valued at quoted price reported on the active market.
- Municipal bonds, corporate bonds, mortgage securities, asset backed securities and other fixed income securities are valued using prices based on bid evaluations or quoted prices in an inactive market.
- Money market funds and mutual funds are recorded at the quoted price which approximates fair value.

As of June 30, 2025 and 2024 the University's investments and assets held under bond indenture are summarized in the following table by their fair value hierarchy (dollars in thousands):

Type	Total	2025		
		Level 1	Level 2	Level 3
Investments:				
U.S. Treasuries	\$ 107,004	\$ 107,004	\$ -	\$ -
Agency bonds	10,565	10,565	-	-
Corporate bonds	20,210	-	20,210	-
Mortgage securities	4,326	-	4,326	-
Asset backed securities	12,019	-	12,019	-
Total investments	<u>\$ 154,124</u>	<u>\$ 117,569</u>	<u>\$ 36,555</u>	<u>\$ -</u>
Assets held under bond indenture:				
Money market funds	\$ 83,854	\$ 83,854	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Type	Total	2024		
		Level 1	Level 2	Level 3
Investments:				
U.S. Treasuries	\$ 91,319	\$ 91,319	\$ -	\$ -
Agency bonds	12,550	12,550	-	-
Corporate bonds	17,839	3,670	14,169	-
Mortgage securities	753	753	-	-
Asset backed securities	12,664	91	12,573	-
Mutual funds:				
U.S. equities	6,159	6,159	-	-
International equities	3,928	3,928	-	-
Money market funds	757	757	-	-
Other fixed income securities	474	130	344	-
Total investments	\$ 146,443	\$ 119,357	\$ 27,086	\$ -
Assets held under bond indenture:				
Money market funds	\$ 89,285	\$ 89,285	\$ -	\$ -

NOTE 4 - RENT RECEIVABLE

The receivable balances for each lease as of June 30, 2025 and 2024 are as follows (dollars in thousands):

Description	2025			
	Receivable	Deferred Inflows of Resources	Rent Revenue	Interest Revenue
Cell Tower	\$ 11,433	\$ 11,421	\$ 159	\$ 586
CHCP Plant	2,449	2,449	100	100
Heights Ground Lease	16,201	15,110	485	606
Ice Arena Space	325	325	100	16
35 Clove Road Lot	-	-	5	-
	\$ 30,408	\$ 29,305	\$ 849	\$ 1,308

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June 30, 2025 and 2024

Description	2024			
	Receivable	Deferred Inflows of Resources	Rent Revenue	Interest Revenue
Cell Towers	\$ 12,016	\$ 12,010	\$ 109	\$ 488
CHCP Plant	2,549	2,549	96	104
Heights Ground Lease	16,664	15,594	445	624
Ice Arena Space	424	424	92	21
35 Clove Road Lot	5	5	59	1
	<u>\$ 31,658</u>	<u>\$ 30,582</u>	<u>\$ 801</u>	<u>\$ 1,238</u>

Description	Lease Agreement Terms
Cell Towers	The University entered into seven lease agreements with various telecommunications companies for the right-to-use of the cell towers for periods ranging from three to 10 years with annual increases of 2% to 5%. The agreements include one to five renewal options for an additional three to five year periods which have been accounted for. Based on the agreements, the University receives monthly payments through February 2053.
CHCP Plant	On May 16, 2012, the University entered into a lease agreement for the right-to-use its Combined Heating, Cooling, and Power (CHCP) Plant for a 30-year period. The agreement has one renewal option for an additional five year period which has not been included as it is not reasonably certain that it will be exercised. Based on the agreement, the University receives monthly payments through April 2042.
Heights Ground Lease	On June 1, 2010, the University entered into a lease agreement commencing on December 1, 2011 for the right-to-use its Student Housing & Dining Facility for a 40-year period. The agreement does not have a renewal option. Based on the agreement, the University receives monthly payments through June 2042.
Ice Arena Space	The University entered into lease agreements for the right-to-use its ice arena space for periods ranging from five to 10 years. The agreements have a renewal option of an additional five years and annual increases of up to 3% which the University anticipates renewing. Based on the agreements, the University receives monthly payments through December 2028.
35 Clove Road Lot	In April 2016, the University extended the term of the lease agreement for a five-year period beginning on August 1, 2019, for the right-to-use its lot. Based on the agreement, the University receives monthly payments through July 2024. There are no additional options to extend the lease term beyond July 2024. The lease agreement was terminated on July 31, 2024.

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June 30, 2025 and 2024

Future minimum receipts on the University's rent receivables as of June 30, 2025 are as follows (dollars in thousands):

Years Ending June 30:

2026	\$	1,986
2027		941
2028		1,005
2029		1,051
2030		<u>1,094</u>
2026 - 2030 subtotal		6,077
2031-2035		6,931
2036-2040		9,412
2041-2045		4,347
2046-2050		2,924
2051-2053		<u>717</u>
	\$	<u><u>30,408</u></u>

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June 30, 2025 and 2024

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is comprised of the following (dollars in thousands):

	2025			
	Beginning Balance	Additions and Other Increases	Dispositions and Other Decreases	Ending Balance
Capital assets being depreciated/amortized:				
Infrastructure	\$ 47,247	\$ 12	\$ -	\$ 47,259
Buildings and improvements	1,229,583	6,826	-	1,236,409
Right-to-use leased buildings	28,941	4,740	(4,014)	29,667
Equipment	333,620	9,727	(898)	342,449
Right-to-use leased equipment	5,187	-	-	5,187
Right-to-use subscription assets	37,138	6,140	(2,116)	41,162
Other	43,154	1,346	-	44,500
Total capital assets being depreciated/amortized	1,724,870	28,791	(7,028)	1,746,633
Less: accumulated depreciation/amortization on:				
Infrastructure	32,501	1,734	-	34,235
Buildings and improvements	494,912	32,682	-	527,594
Right-to-use leased buildings	12,606	2,900	(4,014)	11,492
Equipment	281,846	18,598	(898)	299,546
Right-to-use leased equipment	3,866	442	-	4,308
Right-to-use subscription assets	11,593	7,664	(2,116)	17,140
Other	28,077	1,347	-	29,424
Total accumulated depreciation/amortization	865,401	65,367	(7,028)	923,739
Depreciable/amortizable assets, net	859,469	(36,576)	-	822,894
Nondepreciable assets:				
Land	41,148	-	-	41,148
Construction in progress	15,409	25,104	(17,110)	23,402
Total nondepreciable assets	56,557	25,104	(17,110)	64,550
Total capital assets, net	\$ 916,026	\$ (11,472)	\$ (17,110)	\$ 887,444

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June 30, 2025 and 2024

Capital asset activity for the year ended June 30, 2024 is comprised of the following (dollars in thousands):

	2024			
	Beginning Balance	Additions and Other Increases	Dispositions and Other Decreases	Ending Balance
Capital assets being depreciated/amortized:				
Infrastructure	\$ 46,970	\$ 277	\$ -	\$ 47,247
Buildings and improvements	1,216,065	13,518	-	1,229,583
Right-to-use leased buildings	28,941	-	-	28,941
Equipment	317,899	15,882	(161)	333,620
Right-to-use leased equipment	5,577	-	(390)	5,187
Right-to-use subscription assets	33,339	8,955	(5,156)	37,138
Other	38,021	5,133	-	43,154
 Total capital assets being depreciated/amortized	 1,686,812	 43,765	 (5,707)	 1,724,870
Less: accumulated depreciation/amortization on:				
Infrastructure	30,766	1,735	-	32,501
Buildings and improvements	462,126	32,790	-	494,912
Right-to-use leased buildings	9,601	3,005	-	12,606
Equipment	264,616	17,381	(151)	281,846
Right-to-use leased equipment	3,663	588	(385)	3,866
Right-to-use subscription assets	9,850	6,899	(5,156)	11,593
Other	26,904	1,173	-	28,077
 Total accumulated depreciation/amortization	 807,526	 63,571	 (5,692)	 865,401
 Depreciable/amortizable assets, net	 879,286	 (19,806)	 (15)	 859,469
Nondepreciable assets:				
Land	41,148	-	-	41,148
Construction in progress	11,708	39,417	(35,712)	15,409
 Total nondepreciable assets	 52,856	 39,417	 (35,712)	 56,557
 Total capital assets, net	 \$ 932,142	 \$ 19,611	 \$ (35,727)	 \$ 916,026

Estimated costs to complete the projects classified as construction in progress as of June 30, 2025 and 2024 approximated \$57.3 million and \$43.5 million, respectively, and are expected to be funded from unrestricted resources, State grants and contracts and NJEFA bonds.

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June 30, 2025 and 2024

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2025 and 2024, accounts payable and accrued expenses consist of the following (dollars in thousands):

	2025	2024 (Restated)
Vendors	\$ 12,248	\$ 10,256
Capital projects	1,451	1,965
Employees	20,535	17,427
Interest payable	7,955	9,997
	<u>\$ 42,189</u>	<u>\$ 39,645</u>

NOTE 7 - BONDS PAYABLE AND OTHER LONG-TERM DEBT

Bonds Payable

The Board of Trustees of the University, the New Jersey Board of Higher Education and the Authority have entered into various agreements whereby, although legal title remains with the State, the University is given use of buildings, improvements and equipment through enabling legislation and the University agrees to make lease payments equal to the related debt and interest payments of the underlying revenue bonds issued by the Authority. These bonds are general obligations of the University. The following bonds payable of the Authority related to the University were outstanding as of June 30, 2025 and 2024 (dollars in thousands):

	Interest Rates %	2025	2024
New Jersey Educational Facilities Authority			
Revenue Bonds:			
Series 2014 A Revenue Bonds, refunded			
2024	3.00 - 5.00	\$ -	\$ 4,475
Series 2015 D Revenue Bonds, due			
serially to 2025	3.75 - 5.00	59,335	63,710
Series 2016 B Revenue Bonds, due			
serially to 2038	3.00 - 5.00	103,880	109,435
Series 2024 A Revenue Bonds, due			
serially to 2044	5.00	157,445	159,430
		<u>320,660</u>	<u>337,050</u>
Bonds payable			
		320,660	337,050
Plus: Bond premium		19,639	20,672
		<u>19,639</u>	<u>20,672</u>
Total bonds payable		<u>\$ 340,299</u>	<u>\$ 357,722</u>

As of June 30, 2025, \$59.3 million remained as outstanding bonds payable for New Jersey Educational Facilities Authority Revenue Refunding Bonds Series 2015 D which was subsequently paid by August 4, 2025. As part of the refunding, the University reduced its total debt service over the next 12 years by \$5.1 million.

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Other Long-Term Debt

The following other long-term debt was outstanding as of June 30, 2025 and 2024 (dollars in thousands):

	<u>Interest Rates %</u>	<u>2025</u>	<u>2024</u>
Series 2016 B Higher Education Capital Improvement Fund, due serially to 2036	3.00 - 5.50	\$ 1,635	\$ 1,733
Series 2023 A Higher Education Capital Improvement Fund, due serially to 2050	4.63 - 5.25	18,913	19,260
Higher Education Capital Improvement Fund due serially to 2037	3.00 - 5.00	<u>350</u>	<u>371</u>
Total other long-term debt		<u>\$ 20,898</u>	<u>\$ 21,364</u>

Future Principal and Interest Payments

The following is a schedule of future minimum principal and interest and fee payments on the University's bonds payable and other long-term debt as of June 30, 2025 (dollars in thousands):

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest and Fees</u>
2026	\$ 71,968	\$ 15,092
2027	14,647	12,937
2028	15,332	12,220
2029	16,864	11,426
2030	<u>15,943</u>	<u>10,679</u>
2026 - 2030 Subtotal	134,754	62,354
2031 - 2035	78,208	41,434
2036 - 2040	69,269	25,363
2041 - 2045	72,284	8,678
2046 - 2050	5,427	1,016
2051	<u>1,255</u>	<u>33</u>
	<u>\$ 361,197</u>	<u>\$ 138,878</u>

JP Morgan Chase Bank \$20 Million Revolving Line of Credit

The University had a \$20 million revolving line of credit with JP Morgan Chase Bank that expired on September 26, 2025 and was not renewed. Borrowings under the line of credit bear interest at the Secured Overnight Financing Rate (SOFR) plus 80 basis points if the credit is used, and 15 basis points if the credit remains unused. There were no borrowings under this line of credit as of June 30, 2025 and 2024.

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June 30, 2025 and 2024

NOTE 8 - SUMMARY OF CHANGES IN NONCURRENT LIABILITIES

The following table summarizes the changes in noncurrent liabilities and its related portion of current liability during the year ended June 30, 2025 and 2024 (dollars in thousands):

	2025				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds payable and other long-term debt	\$ 379,086	\$ -	\$ (17,889)	\$ 361,197	\$ 71,968
Leases	18,370	4,740	(3,273)	19,837	3,362
Subscriptions	26,048	5,726	(6,999)	24,775	6,908
Compensated absences	16,597	2,122	-	18,719	10,780
Net pension liability	171,925	-	(426)	171,499	-
Other long-term liability	4,040	2,532	(640)	5,932	-
Total noncurrent liabilities	\$ 616,066	\$ 15,120	\$ (29,227)	\$ 601,959	\$ 93,018

	2024 (Restated)				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Bonds payable and other long-term debt	\$ 383,969	\$ 199,621	\$ (204,504)	\$ 379,086	\$ 17,890
Leases	21,971	-	(3,601)	18,370	2,713
Subscriptions	23,707	8,998	(6,657)	26,048	6,012
Compensated absences	10,280	6,317	-	16,597	10,173
Net pension liability	174,695	-	(2,770)	171,925	-
Other long-term liability	1,401	4,040	(1,401)	4,040	-
Total noncurrent liabilities	\$ 616,023	\$ 218,976	\$ (218,933)	\$ 616,066	\$ 36,788

NOTE 9 - LONG TERM LIABILITIES - LEASES

Leases payable as of June 30, 2025 and 2024 are comprised of the following individual agreements (dollars in thousands):

Description	Contract Date	2025				
		Remaining Lease Term (Years)	Interest Rate %	Original Amount	Ending Balance	Current Portion
Audiology Clinic Office Space	11/1/2024	4.6	3.08	\$ 4,740	\$ 4,180	\$ 863
Administrative Office Space	12/18/2015	2.0 - 4.0	0.92 - 1.08	9,921	3,123	1,481
Heights Dining	5/31/2011	17.0	2.43	14,420	11,604	604
IT Servers	7/1/2022	1.7	2.30	181	14	14
Copiers	1/1/2023	2.5	2.96	933	427	208
Laundry Equipment	7/1/2022	0.2 - 2.0	2.10 - 2.49	1,010	489	192
					\$ 19,837	\$ 3,362

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June 30, 2025 and 2024

Description	Contract Date	2024				
		Remaining Lease Term (Years)	Interest Rate %	Original Amount	Ending Balance	Current Portion
Audiology Clinic Office Space	10/1/2009	0.3	0.70	\$ 4,014	\$ 239	\$ 239
Administrative Office Space	12/18/2015	3.0 - 5.0	0.92 - 1.08	9,921	4,564	1,441
Heights Dining	5/31/2011	18.0	2.43	14,420	12,195	591
IT Servers	7/1/2022	2.7	2.30	181	71	57
Copiers	1/1/2023	3.5	2.96	933	668	184
Laptops	4/1/2017	0.3	1.14 - 4.53	2,835	2	2
Laundry Equipment	7/1/2022	1.2 - 3.0	2.10 - 2.49	1,010	631	199
					<u>\$ 18,370</u>	<u>\$ 2,713</u>

The University has lease arrangements for real estate office space, dining facilities, network equipment including servers and storage, and office copiers. Leases have remaining lease terms ranging from 0.2 years to 17 years, some of which include options to extend the leases term for up to 10 years, and some of which include options to terminate the leases. Real estate office space leases include additional payments for maintenance expenses and taxes which are considered as variable payments and not included in the measurement of lease liability. For the majority of leases, the University concluded it is not reasonably certain to exercise the options to extend the lease or terminate the lease. Therefore, as of the lease commencement date, the lease terms generally do not include these options. The University includes options to extend the lease when it is reasonably certain that it will exercise that option.

During June 1, 2010, the University completed a transaction with Provident Group - Montclair Properties LLC to lease and operate approximately 24,216 square feet of floor area in dining facilities, convenience store and coffee shop in the Heights Residence Halls managed and operated by third party. The University has an agreement with Provident Group for a minimum of 32 years. This lease is subject to all of the terms, covenants, and conditions of the Ground Lease (See Note 4), which includes the renewal terms. The lease will be renewed to the extent, if any, that the term of the Ground Lease may be extended or renewed, provided that the term of this lease shall in all cases expire one day before the last day of the extended or renewed term of the Ground Lease.

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June 30, 2025 and 2024

Future Principal and Interest Payments

The following is a schedule of future minimum principal and interest payments on the University's lease payable as of June 30, 2025 (dollars in thousands):

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,362	\$ 435
2027	3,447	368
2028	1,710	309
2029	1,655	263
2030	1,231	220
2026 - 2030 Subtotal	11,405	1,595
2031 - 2035	3,591	814
2036 - 2040	4,044	351
2041	797	10
	<u>\$ 19,837</u>	<u>\$ 2,770</u>

NOTE 10 - LONG TERM LIABILITIES - SUBSCRIPTIONS

Subscriptions payable as of June 30, 2025 and 2024 are comprised of the following subscription-based information technology agreement groups (dollars in thousands):

Description	Starting Contract Date	Remaining Lease Term (Years)	Interest Rate %	2025		
				Original Amount	Ending Balance	Current Portion
Data Management Tools	7/1/21 - 6/1/25	0.2 - 4.2	0.71 - 3.42	\$ 6,586	\$ 3,089	\$ 1,808
Online Payment Tools	7/1/24 - 8/1/24	1.0 - 4.1	2.97 - 3.38	1,839	1,802	423
Education & Engagement Tools	7/1/21 - 6/30/25	0.3 - 4.8	0.67 - 3.98	7,432	4,191	2,002
Cloud Based ERP Systems	10/31/22-2/14/25	1.0 - 7.5	2.79 - 3.76	20,100	15,146	2,483
Cloud Based Data Storage	7/1/22 - 10/1/24	0.1 - 2.3	2.16 - 2.82	202	130	60
IT Infrastructure Software	4/1/24 - 7/19/24	1.8 - 4.0	3.19 - 3.34	558	417	132
					<u>\$ 24,775</u>	<u>\$ 6,908</u>

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Description	Starting Contract Date	2024				
		Remaining Lease Term (Years)	Interest Rate %	Original Amount	Ending Balance	Current Portion
Data Management Tools	7/1/21 - 6/6/24	0.8 - 4.5	0.50 - 3.42	\$ 6,046	\$ 3,822	\$ 1,819
Online Payment Tools	7/1/21	0.8	0.54	988	27	27
Education & Engagement Tools	7/1/21 - 6/1/24	0.1 - 4.6	0.50 - 3.98	7,875	4,923	1,769
Cloud Based ERP Systems	7/1/21 - 5/1/24	0.3 - 8.5	0.60 - 3.76	20,305	17,084	2,312
Cloud Based Data Storage	7/1/22 - 12/15/22	0.5 - 2.1	2.16 - 2.90	126	36	30
IT Infrastructure Software	4/1/24	2.8	3.19	170	156	55
					<u>\$ 26,048</u>	<u>\$ 6,012</u>

The University has subscription-based information technology agreements (SBITAs) for various needs throughout the University. They are listed above according to their type of subscription usage.

Subscriptions have remaining agreement terms ranging from 0.1 years to 7.5 years, some of which include options to extend the agreement term for up to three years, and some of which include options to terminate the agreement. For the majority of subscriptions, the University concluded it is not reasonably certain to exercise the options to extend the subscription or terminate the subscription. Therefore, as of the subscription commencement date, the subscription terms generally do not include these options. The University includes options to extend the subscriptions when it is reasonably certain that it will exercise that option.

Future Principal and Interest Payments

The following is a schedule of future minimum principal and interest payments on the University's subscription payable as of June 30, 2025 (dollars in thousands):

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,908	\$ 678
2027	4,956	493
2028	3,268	363
2029	2,737	270
2030	<u>2,001</u>	<u>194</u>
2026 - 2030 Subtotal	19,870	1,998
2031 - 2033	<u>4,905</u>	<u>201</u>
	<u>\$ 24,775</u>	<u>\$ 2,199</u>

NOTE 11 - RETIREMENT PLANS

University employees participate in three major retirement plans: Public Employees' Retirement System (PERS), Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). PERS and PFRS are cost-sharing, multiple-employer defined benefit plans administered by the State, Division of Pensions and Benefits (the Division). For additional information about PERS and PFRS, please refer to Division's Annual Comprehensive Audited Financial Report (ACFR) which can be found at

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June 30, 2025 and 2024

www.state.nj.us/treasury/pensions/annual-reports.shtml. The ABP is administered by separate boards of trustees. Generally, all employees, except certain part-time employees, participate in one of these plans.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including postretirement healthcare, to substantially all full-time employees of the State of New Jersey public agencies, provided the employee is not a member of another State-administered retirement system.

PFRS was established under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firefighters and state firefighters appointed after June 30, 1994.

In addition to the three plans referred to above, certain faculty members of the University participate in Teachers' Pension and Annuity Fund (TPAF), which is a State cost-sharing, multiple employer defined benefit plan with a special-funding situation by which the State is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State Division. TPAF was established under the provisions of N.J.S.A. 18A:66 to provide coverage, including postretirement healthcare, to substantially all full-time public-school employees in the State. The plan's eligibility requirements are similar to PERS' requirement. PERS replaced this plan for all new employees and members of TPAF were able to transfer to PERS. For additional information about TPAF, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Public Employees' Retirement System and Police and Firemen's Retirement System

The vesting and benefit provisions are set by N.J.S.A. 43:15A for PERS and N.J.S.A. 43:16A for PFRS. PERS and PFRS provide retirement, death and disability benefits. With PERS, all benefits vest after 10 years of service except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. With PFRS, all benefits vest after 10 years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PERS:

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

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

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June 30, 2025 and 2024

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving 10 years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and PFRS is set by N.J.S.A. 43:16A and require contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution for PERS is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. The State's contribution for PFRS is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State's pension contribution for PERS and PFRS was more than the actuarial determined amount.

During the years ended June 30, 2025 and 2024, PERS members were required to contribute 7.50% of pensionable wages, and PFRS members were required to contribute 10% of their pensionable wages and the University is required to contribute at an actuarially determined rate. The State contributes to PERS and PFRS on behalf of the University. Employers were not required to contribute in 2025 or 2024 due to legislation enacted in 1997 by the State of New Jersey, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the University are established and may be amended by the State.

Allocated employer contributions provided by the State and recognized by the PERS and PFRS plans from the University for the year ending June 30, 2025 totaled \$12.9 million and \$2.0 million, respectively and for the year ending June 30, 2024 totaled \$12.2 million and \$2.2 million, respectively.

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 Statement No. 68 are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2024 (Measurement Date).

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June 30, 2025 and 2024

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 years ended June 30, 2025 and 2024 (as of June 30, 2024 and 2023 measurement dates), are as follows:

	2025		
	PERS	PFRS	Total
	(in thousands)		
Proportionate share of the net pension liability (\$)			
2024	\$ 149,565	\$ 21,934	\$ 171,499
2023	\$ 147,253	\$ 24,672	\$ 171,925
Proportionate share of the net pension liability (%)			
2024	0.675%	0.499%	
2023	0.656%	0.558%	
Deferred outflows of resources	18,734	5,358	24,092
Deferred inflows of resources	8,546	2,827	11,373
Pension expense	6,083	1,509	7,588

	2024		
	PERS	PFRS	Total
	(in thousands)		
Proportionate share of the net pension liability (\$)			
2023	\$ 147,253	\$ 24,672	\$ 171,925
2022	\$ 150,387	\$ 24,308	\$ 174,695
Proportionate share of the net pension liability (%)			
2023	0.656%	0.558%	
2022	0.672%	0.562%	
Deferred outflows of resources	17,450	6,366	23,816
Deferred inflows of resources	16,649	1,541	18,190
Pension expense	2,850	2,084	4,934

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, 2023 to June 30, 2024 (as of June 30, 2024 and 2023 measurement dates) relative to the total contributions from all participating employers.

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June 30, 2025 and 2024

The components of pension related deferred outflows of resources and deferred inflows of resources as of the measurement date (June 30, 2024 and June 30, 2023) for the fiscal years ended June 30, 2025 and 2024, are as follows:

	2025		
	PERS	PFRS (in thousands)	Total
Deferred outflows of resources:			
Difference between expected and actual experience	\$ 2,959	\$ 684	\$ 3,643
Changes of assumptions	81	11	92
Net differences between projected and actual earnings on pension plan investments	493	234	727
Changes in proportionate share	3,394	1,344	4,738
Contributions subsequent to the measurement date	11,807	3,085	14,892
	<u>\$ 18,734</u>	<u>\$ 5,358</u>	<u>\$ 24,092</u>
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 300	\$ 207	\$ 507
Changes of assumptions	794	207	1,001
Changes in proportionate share	7,452	2,413	9,865
	<u>\$ 8,546</u>	<u>\$ 2,827</u>	<u>\$ 11,373</u>
	2024		
	PERS	PFRS (in thousands)	Total
Deferred outflows of resources:			
Difference between expected and actual experience	\$ 3,265	\$ 689	\$ 3,954
Changes of assumptions	149	19	168
Net differences between projected and actual earnings on pension plan investments	2,252	601	2,853
Changes in proportionate share	196	1,875	2,071
Contributions subsequent to the measurement date	11,588	3,182	14,770
	<u>\$ 17,450</u>	<u>\$ 6,336</u>	<u>\$ 23,816</u>
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 438	\$ 403	\$ 841
Changes of assumptions	4,227	593	4,820
Changes in proportionate share	11,984	545	12,529
	<u>\$ 16,649</u>	<u>\$ 1,541</u>	<u>\$ 18,190</u>

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June 30, 2025 and 2024

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$11.8 million for PERS and \$3.1 million for PFRS are recognized as a reduction of the net pension liability in the year ended June 30, 2025 as of June 30, 2024 measurement date.

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:

<u>Years Ending June 30,</u>	<u>PERS</u>	<u>PFRS</u> (in thousands)	<u>Total</u>
2025	\$ (1,145)	\$ 129	\$ (1,016)
2026	(10,304)	(2,151)	(12,455)
2027	(1,801)	(526)	(2,327)
2028	(56)	(690)	(746)
2029	(121)	(375)	(494)
Thereafter	-	(25)	(25)
	(13,427)	(3,638)	(17,065)
Contributions paid subsequent to Measurement Date	11,807	3,085	14,892
	<u>\$ (1,620)</u>	<u>\$ (553)</u>	<u>\$ (2,173)</u>

Actuarial Assumptions

The University's net pension liability as of the June 30, 2024 measurement date (based on the July 1, 2023 actuarial valuation, which was rolled forward to June 30, 2024) was determined using the following assumptions:

	<u>June 30, 2024</u>	
	<u>PERS</u>	<u>PFRS</u>
Inflation rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases through all future years	2.75% - 6.55% based on years of service	3.25% - 16.25% based on years of service
Investment rate of return	7.00%	7.00%

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June 30, 2025 and 2024

	June 30, 2023	
	PERS	PFRS
Inflation rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases	2.75 - 6.55%	3.25 - 16.25%
through all future years	based on years of service	based on years of service
Investment rate of return	7.00%	7.00%

PERS

For the June 30, 2024 measurement date, 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 (June 30, 2024 measurement date.)

PFRS

For the June 30, 2024 measurement date, pre-retirement mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection. (June 30, 2024 measurement date).

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at the June 30, 2024 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and New Jersey Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of the arithmetic real rates of return for each major asset class included in the PERS and PFRS target asset allocations as of June 30, 2024 and 2023 measurement date is summarized in the following tables:

Asset Class	2024		2023	
	PERS		PERS	
	Target Allocation %	Long-Term Expected Real Rate of Return %	Target Allocation %	Long-Term Expected Real Rate of Return %
U.S. Equity	28.00	8.63	28.00	8.98
Non U.S. Developed Markets Equity	12.75	8.85	12.75	9.22
International Small Cap Equity	1.25	8.85	1.25	9.22
Emerging Markets Equity	5.50	10.66	5.50	11.13
Private Equity	13.00	12.40	13.00	12.50
Real Estate	8.00	10.95	8.00	8.58
Real Assets	3.00	8.20	3.00	8.40
High Yield	4.50	6.74	4.50	6.97
Private Credit	8.00	8.90	8.00	9.20
Investment Grade Credit	7.00	5.37	7.00	5.19
Cash Equivalents	2.00	3.57	2.00	3.31
U.S. Treasuries	4.00	3.57	4.00	3.31
Risk Mitigation Strategies	3.00	7.10	3.00	6.21

Asset Class	2024		2023	
	PFRS		PFRS	
	Target Allocation %	Long-Term Expected Real Rate of Return %	Target Allocation %	Long-Term Expected Real Rate of Return %
U.S. Equity	-	-	28.00	8.98
U.S. Large-Cap Equity	24.00	6.90	-	-
U.S. Small/Mid Cap Equity	4.00	7.40	-	-
Non-U.S. Developed Markets Equity	-	-	12.75	9.22
Non-U.S. Developed Large-Cap Equity	9.50	6.70	-	-
Non-U.S. Developed Small-Cap Equity	2.00	7.50	-	-
International Small Cap Equity	-	-	1.25	9.22
Emerging Markets Equity	-	-	5.50	11.13
Emerging Markets Large-Cap Equity	6.00	9.60	-	-
Emerging Markets Small-Cap Equity	1.50	9.60	-	-
Investment Grade Credit	-	-	7.00	5.19
U.S. Treasuries	-	-	4.00	3.31
U.S. Treasury Bond	7.00	4.10	-	-
U.S. Corporate Bond	5.00	5.90	-	-
U.S. Mortgage-Backed Securities	5.00	4.40	-	-
Risk Mitigation Strategies	-	-	3.00	6.21
Global Multisector Fixed Income	6.00	6.50	-	-
Cash	2.00	3.40	2.00	3.31
Real Assets	-	-	3.00	8.40
Real Estate	-	-	8.00	8.58
Real Estate Core	3.00	5.10	-	-
Real Estate Non-Core	4.00	6.50	-	-
Infrastructure	3.00	7.00	-	-
High Yield	-	-	4.50	6.97
Private Debt/Credit	8.00	9.10	8.00	9.20
Private Equity	10.00	10.10	13.00	12.50

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Discount Rates

The discount rate used to measure the total pension liabilities was 7.00% for PERS and PFRS as of the June 30, 2024 and 2023 measurement dates respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the collective net pension liability of the plans as of June 30, 2024 and 2023 measurement date calculated using the discount rate as disclosed above, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

	2025			
	PERS		PFRS	
	Rate %	Amount	Rate %	Amount
1% decrease	6.00	\$ 171,592	6.00	\$ 25,699
Current discount rate	7.00	149,565	7.00	21,934
1% increase	8.00	130,861	8.00	18,796

	2024			
	PERS		PFRS	
	Rate %	Amount	Rate %	Amount
1% decrease	6.00	\$ 168,377	6.00	\$ 28,795
Current discount rate	7.00	147,253	7.00	24,672
1% increase	8.00	129,320	8.00	21,237

Teachers' Pension and Annuity Fund

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10 years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization on the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024 measurement date, the State's pension contribution was more than the actuarial determined amount.

Allocated employer contributions provided by the State and recognized by the plan from the University totaled \$163 thousand for the years ending June 30, 2025 and 2024.

Net Pension Liability

As of June 30, 2025 and 2024, the State's proportionate share of the TPAF net pension liability associated with the University was \$1.9 million and \$2 million, respectively. The University's proportionate share was \$0.

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The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The June 30, 2024 and 2023 actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

June 30, 2024	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through all future years	2.75 - 5.65% based on years of service
Investment rate of return	7.00%
June 30, 2023	
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through all future years	2.75 - 4.25% based on years of service
Investment rate of return	7.00%

For the July 1, 2024 and 2023 valuations, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disabled mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021 (June 30, 2024 and June 30, 2023 measurement dates).

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023 measurement dates. As of June 30, 2024 measurement date, this single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7% and a municipal bond rate of 3.93% 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. The projection of cash flows used to

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determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State as of both June 30, 2024 and June 30, 2023, respectively. 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 through 2062, and the municipal bond rate was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the net pension liability of the University as of June 30, 2024 and 2023 measurement date calculated using the discount rate as disclosed above as well as what the University's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (dollars in thousands):

2025			
	At 1% Decrease (6%)	At Current Discount Rate (7%)	At 1% Increase (8%)
Net pension liability	\$ 58,828,334	\$ 49,492,072	\$ 41,629,175
Allocation percentage	0.0038%	0.0038%	0.0038%
University's proportionate share of the net pension liability	\$ 2,216	\$ 1,865	\$ 1,568
2024			
	At 1% Decrease (6%)	At Current Discount Rate (7%)	At 1% Increase (8%)
Net pension liability	\$ 60,267,920	\$ 51,109,962	\$ 43,396,785
Allocation percentage	0.0039%	0.0039%	0.0039%
University's proportionate share of the net pension liability	\$ 2,359	\$ 2,001	\$ 1,699

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024 and 2023 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 and 2023 measurement dates are summarized in the following table:

Asset Class	2024 TPAF		2023 TPAF	
	Target Allocation%	Long-Term Expected Real Rate of Return%	Target Allocation%	Long-Term Expected Real Rate of Return%
U.S. Equity	28.00	8.63	28.00	8.98
Non U.S. Developed Markets Equity	12.75	8.85	12.75	9.22
International Small Cap Equity	1.25	8.85	1.25	9.22
Emerging Markets Equity	5.50	10.66	5.50	11.13
Private Equity	13.00	12.40	13.00	12.50
Real Estate	8.00	10.95	8.00	8.58
Real Assets	3.00	8.20	3.00	8.40
High Yield	4.50	6.74	4.50	6.97
Private Credit	8.00	8.90	8.00	9.20
Investment Grade Credit	7.00	5.37	7.00	5.19
Cash Equivalents	2.00	3.57	2.00	3.31
U.S. Treasuries	4.00	3.57	4.00	3.31
Risk Mitigation Strategies	3.00	7.10	3.00	6.21

Components of Net Pension Liability

The components of the net pension liability of the participating employers for TPAF as of June 30, 2024 and 2023 measurement dates are as follows (dollars in thousands):

	2024 State	2023 State
Total pension liability	\$ 79,808,368	\$ 78,240,143
Plan fiduciary net position	30,316,296	27,130,181
Net pension liability	<u>\$ 49,492,072</u>	<u>\$ 51,109,962</u>
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the University. The University's portion of the non-employer contributing entities' total proportionate share of the net pension liability was \$1.862 million as of June 30, 2024 and \$1.998 million as of June 30, 2023. The University records its proportionate share of the pension expense as a revenue and expense in the accompanying statement of revenues, expenses, and changes in net position. The amount was \$(7) thousand in 2024 and \$49 thousand in 2023.

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June 30, 2025 and 2024

Alternate Benefit Program (ABP) Information

ABP provides the choice of seven investment carriers, which are privately operated, defined contribution retirement plans and is administered by the NJ Division of Pensions and Benefits. These seven investment carriers are VOYA, Metropolitan Life Insurance (MetLife), Teachers Insurance and Annuity Association (TIAA), AIG Valic, Mass Mutual, AXA Equitable, and Prudential. The University assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this retirement program as an alternative to PERS. 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. Employee contributions immediately vest and employer contributions vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees are required to contribute 5% of salary, up to the maximum Federal statutory limit, on a pretax basis.

The ABP permits additional tax-deferred contributions to be made to ABP investment carrier account(s) (except Prudential) at an amount over and above the 5% required employee contribution under the voluntary 403(b) component of the program and/or participation in the New Jersey State Employees Deferred Compensation Plan (NJSEDCP). The 403(b) and/or NJSEDCP plan accounts are available to employees in ABP, PERS, PFRS, and DCRP pension plans. Employer contributions in ABP are 8% of salary. The maximum compensation to be considered for employer contributions is \$175,000 per New Jersey state law Chapter 31, P.L. 2018. This law was effective as of July 1, 2018. University created the Supplemental Alternate Benefits Program to fund the 8% employer match above \$175,000 compensation limit. These contributions are funded by the University. During the years ended June 30, 2025 and 2024, ABP received employee contributions of approximately \$10.6 million and \$9.8 million, respectively; and employer contributions of approximately \$16.9 million and \$15.7 million, respectively, which were based on participating employee salaries of \$211.3 million and \$196.0 million, respectively. Employer contributions to ABP are paid by the State and the University and are reflected within operating expenses by function and within nonoperating revenues as State of New Jersey paid fringe benefits in the accompanying statements of revenues, expenses, and changes in net position.

Defined Contribution Retirement Program (DCRP)

The DCRP pension plan is a defined contribution program. Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010, the DCRP allows enrollees to make contributions to Prudential Financial, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage.

DCRP enrollment eligibility criteria includes employees enrolled in PERS or PFRS who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of established "maximum compensation" limits. Participating eligibility, as well as contributory and noncontributory requirements is established by the State Retirement and Social Security Law.

The University assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not in PERS. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are

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purchased at the time of vesting. Participating University employees contribute 5.5% of their eligible wages and the employer match contributions are 3% of base salary.

During the years ended June 30, 2025 and 2024, Prudential received employer and employee contributions as follows:

	2025	2024
Employer contributions	\$ 12,001	\$ 19,233
Employee contributions	22,001	35,236
Basic for contributions:		
Participant employee salaries	\$ 400,018	\$ 641,100

Employer contributions to DCRP are paid by the University and are reflected as expenses in the statements of revenues, expenses, and changes in net position.

Other Voluntary Retirement Plans

New Jersey State Employees Deferred Compensation Plan (NJSEDCP)

The NJSEDCP, governed by the guidelines of the IRC Section 457 and the laws of the State, is administered by Prudential Financial for the State. The Deferred Compensation Board is the final authority on all matters concerning the operation of the Plan; by law, the State Investment Council has the right to supervise certain aspects of the Plan including the investment assets. The NJSEDCP is a voluntary tax-deferred savings plan that provides for pre-tax and/or post-tax voluntary employee contributions. NJSEDCP is available to all employees whether they participate in PERS, PFRS, ABP or under the voluntary 403(b) component of the ABP. The plan does not include any matching employer contributions. Participation in the plan is limited and the associated amounts are not significant.

Supplemental Alternate Benefits Program

The Plan is administered by the University. TIAA is the privately operated investment carrier for this defined contribution plan. All contributions are made by the University with non-State funds. The plan is intended to qualify as a governmental plan that is tax-sheltered annuity plan under section 403(b) of the IRC of 1986, as amended. It is also intended that the Plan be exempt from the Employee Retiree Income Security Act of 1974, as amended, pursuant to Department of Labor regulations section 2510.3-2(f). Each employee whose compensation exceeds the State limit of \$175,000 on contributions for the ABP in a given year shall be eligible to participate in the plan and have employer contributions made on their behalf. The University will contribute 8% of the employee's compensation in excess of the State limit on compensation. Participation in the plan is limited and the associated amounts are not significant.

Additional Contributions Tax-Sheltered Programs (ACTS)

As a PERS and PFRS member, employees may also participate in the Additional Contributions Tax-Sheltered (ACTS) Programs. Through salary reduction agreements, employees are able to obtain supplemental tax-deferred annuities (IRC Section 403(b)) with a variety of investment carriers. The ACTS Program is separate from, and in addition to, the employees' basic pension benefit. The authorized carriers and investment options are the same as currently available to members of the ABP. Participation in the plan is limited and the associated amounts are not significant.

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Supplemental Annuity Collective Trust (SACT)

As a PERS, PFRS, or ABP member, employees may also participate in the Supplemental Annuity Collective Trust (SACT), which invests the entire voluntary contributions in common stocks. There are two separate plans, the SACT-Regular Plan and the SACT-Tax-Sheltered Plan (IRC Section 403[b]). Under the SACT-Regular Plan, contributions are made post-tax. Under the SACT-Tax-Sheltered Plan, a portion of salary is tax deferred. Participation in the plan is limited and the associated amounts are not significant.

Supplemental Deferred Compensation Plan

The Plan is administered by the University. This deferred compensation plan is sponsored by the New Jersey Alternate Benefit Program and administered by TIAA. The plan is a supplemental 403(b)/457(f) retirement plan subject to plan terms and applicable Plan and Internal Revenue Service limits. At the end of each fiscal year during the initial term and any renewal year, the University will make a 10% supplemental retirement contribution of the President's base salary paid during the respective fiscal year into the plan. All deferred compensation will vest upon expiration of the employment agreement accompanied by a separation from service, as it may be renewed from time to time, except that the President's deferred compensation will vest sooner in event of death, disability, or involuntary separation from service without cause; otherwise all deferred compensation will be forfeited in the event of resignation or termination for cause before the normal vesting date. Participation in the plan is limited and the associated amounts are not significant.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The University retirees participate in the State Health Benefit State Retired Employees Plan (the "Plan"). The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan with a special funding situation for stand-alone financial statement reporting purposes. The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated to pay the premiums of the University. The State shall also reimburse such retired employees for the premium charges under the Part B of the federal Medicare program covering the retired employee and the employee's spouse. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

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Total OPEB Liability and OPEB Expense

As of June 30, 2025 and 2024, the State recorded a liability of \$380.8 million and \$325.5 million, respectively, which represent 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, 2025 and 2024, the University's share of the special funding situation was 6.0454% and 5.8816%, respectively. At June 30, 2025 and 2024, the University's share of the Plan was 1.586294% and 1.550524%, respectively. The State is legally required to pay for the OPEB benefit coverage for eligible retirees. Therefore, the University is considered to be in a special funding situation as defined by GASB Statement 75 and the State is treated as a non-employer contributing entity. 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 report in the financial statements. For the year ended June 30, 2025 and 2024, the University recognized OPEB recovery of \$(9.1) million and \$(13.0) million, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of \$(9.1) million and \$(13.0) million, respectively.

Actuarial assumptions and other inputs – The State's liability associated with the University at June 30, 2025 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to the measurement date of June 30, 2024. The State's liability associated with the University at June 30, 2024 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to the measurement date of June 30, 2023.

	2024	2023
Discount rate	3.93%	3.65%
Salary increases		
Through all future years	2.75 - 16.25%	2.75 - 16.25%

The discount rate is based on the Bond Buyer General Obligation 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 years of service.

For the June 30, 2024 measurement date, pre-retirement mortality rates were based on July 1, 2023 valuation using the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2021. Future disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

For the June 30, 2023, measurement date, pre-retirement mortality rates were based on July 1, 2022 valuation the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP2021. Disability mortality was based on the Pub-2010 "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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June 30, 2025 and 2024

Certain actuarial assumptions used in June 30, 2024 measurement date based on July 1, 2023 valuation was based on the results of actuarial experience studies of the State of New Jersey's defined benefit 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).

Certain actuarial assumptions used in June 30, 2023 measurement date based on July 1, 2022 valuation was based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans, including PERS (July 1, 2018 through June 30, 2021) ABP (using the experience of the Teacher's Pension and Annuity Fund July 1, 2018 through June 30, 2021), and PFRS (July 1, 2018 through June 30, 2021).

Health Care Trend Assumptions

For the June 30, 2024 pre-Medicare medical benefits valuation, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. The initial rates for PPO and HMO in 2025 are 3.06% and 2.65%, respectively. The rates used for 2027 are 21.39% for PPO and 24.11% for HMO, trending to 4.50% for all future years. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years.

For the June 30, 2023 pre-Medicare medical benefits valuation, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate is 7.50% for PPO and 7.89% for HMO for fiscal year 2024 through 2025. The rates used for 2026 and 2027 are 15.93% for PPO and 17.83% for HMO, trending to 4.50% for all future years. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years.

NOTE 13 - RESTRICTED NET POSITION AND CONTINGENT LIABILITIES

Restricted nonexpendable net position is comprised of endowments and restricted cash equivalents. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity from which the income generated becomes restricted expendable net position that can be used for the following donor specified purposes at that time.

The type of nonexpendable net position with the purposes listed relating to future expendable net position of the earnings as of June 30, 2025 and 2024 is as follows (dollars in thousands):

	2025	2024
Academic	\$ -	\$ 1,207
Institution support	-	1,000
Physical plant	-	213
Scholarships	-	8,125
	<hr/>	<hr/>
Total endowments	-	10,545
Restricted cash	<hr/> 3,501	<hr/> 3,390
Total restricted nonexpendable	<hr/> \$ 3,501	<hr/> \$ 13,935

On March 5, 2025, the University finalized the transfer of approximately \$19 million from Bloomfield's institutional endowment funds to the Foundation, following approvals from the New Jersey Office of Attorney General and Montclair's Board of Trustees. The board approval was granted on September 30, 2024.

Montclair State University
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Contingent Liabilities

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

NOTE 14 - STATE OF NEW JERSEY PAID FRINGE BENEFITS

The State of New Jersey, through separate appropriations, pays certain fringe benefits (principally health insurance, retirement and FICA taxes) on behalf of University employees. For the years ended June 30, 2025 and 2024, such benefits amounted to approximately \$44.6 million and \$42.0 million, respectively, and are included in nonoperating revenues as State of New Jersey paid fringe benefits and in operating expenses by function in the accompanying statements of revenues, expenses, and changes in net position.

NOTE 15 - COMPENSATED ABSENCES

In accordance with GASB Statement No 101, *Compensated Absences*, the University recognized a liability for the employees leave that has not been used when it is attributable to service rendered by employees, the leave accumulates and is carried forward in future periods, and it is more likely than not to be used for time-off, or otherwise paid in cash or settled by other means. The University also recognized a liability for salary related expenses including the employers share of social security tax, medicare tax and alternate benefit program, if applicable, on non-cash portions of compensatory balances.

The University recorded a liability for compensated absences in the amount of \$18.7 million and \$16.6 million as of June 30, 2025 and 2024, respectively. The liability includes employees' accrued vacation, furlough leave, and compensatory time as of June 30, 2025 and 2024, as well as an estimated amount for accrued sick leave and COVID-19 isolation. The accrued sick leave includes vested sick leave, which is amounts expected to be paid out upon retirement based on current entitlements, and nonvested sick leave. The nonvested portion is included to the extent that it is considered more likely than not to be used, either for future paid time-off or as part of a retirement payout, based on historical patterns and probability estimates.

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. During the years ended June 30, 2025 and 2024, the University paid approximately \$354 thousand and \$419 thousand, respectively, in sick leave payments for employees who retired.

NOTE 16 - SERVICE CONCESSION ARRANGEMENT FOR STUDENT RESIDENCE HALL FACILITY

During fiscal 2012, construction was completed on the Heights student residence hall facility pursuant to an agreement entered into with Provident Group-Montclair Properties, LLC (Provident) under which Provident agreed to design, finance, build and operate the residence hall facility for a term up to 32-years. Provident will be entitled to all housing revenues during the term of the agreement. At the end of the term, the residence hall facility and its operations will be transferred to the University. In 2012 the University recorded the dormitory as a capital asset and related deferred inflow of resources with a carrying amount of \$235.0 million.

Montclair State University
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The capital asset is being depreciated in accordance with the University's capitalization policies and accumulated depreciation as of June 30, 2025 and 2024 was \$99.9 million and \$96.3 million, respectively. As of June 30, 2025 and 2024, the deferred inflow of resources on the concession arrangement was \$132.2 million and \$139.5 million, respectively in the statements of net position. The University has reported a deferred inflow of resources in the amount of \$7.3 million in the statement of revenues, expenses and changes in net position.

NOTE 17 - COMMITMENTS

The University has a 30-year contract to permit third parties to install, operate and maintain a heating and cooling facility on certain University properties. In exchange, the University will purchase all electricity, chilled water and steam generated by the facility at a set price. Annual minimum lease payments on this lease are estimated to be \$16.8 million through 2042.

The University has a guaranty agreement effective November 2017 and ending November 2037 whereas the University is the guarantor with respect to certain obligations of UMM Energy Partners LLC to Public Service Electric & Gas Company. UMM Energy Partners LLC operates as a Special Purpose Entity. The Company is responsible for the construction, design, development, and operations of the Montclair State University Energy Project. The University guarantees to Public Service Electric & Gas if UMM fails to pay any portion of the minimum annual distribution charge for any of 20 years per the agreement that the University shall provide payment within 30 days of demand. The potential liability is \$95 thousand per year and the total potential future liability or \$1.1 million representing the sum of the remaining payments. The University is securing the guaranty with a standby letter of credit in the amount of \$2.3 million that expires on September 2043. No amounts have been drawn under the standby letter of credit.

University has a sub-sublease agreement effective December 3, 2022 with Stadium Subtenant LLC to hold a leasehold interest in Hinchliffe Stadium located in Paterson, New Jersey. Initial term of the lease is 10 years with option to extend the term for two (2) five-year periods. The University is not obligated to pay rent, instead it has agreed to reimburse for out-of-pocket, without markup, cleaning costs, utilities and garbage removal costs. Certain conditions need to be met by Landlord prior to commencement of the lease.

Union contracts are effective until June 30, 2027, including contract with PBA-SLEU (governing police officers). Management believes that any adjustment from renegotiations will not have a material effect on the accompanying statement of net position and pursuant to NJSA 18A:64N-21, the Governor is given authority to negotiate the union contracts.

NOTE 18 - RISK MANAGEMENT

The University is exposed to various risks of loss. The University participates in a consortium with eight other New Jersey colleges and universities to purchase property insurance. The risk per incident for buildings and equipment is \$100,000. The University also obtains coverage for certain types of theft of financial assets and cyber risk, with the risk per incident ranging from \$50,000 to \$150,000 depending on the type of loss.

All liability risk and employee benefit exposure, including tort, auto and trustees and officers' liability, workers' compensation, unemployment, disability, life insurance and employee retirement plans, are self-funded programs maintained and administered by the State. As an agency of the State, the University's liability is subject to all provisions of the New Jersey Tort Claims Act, the New Jersey Contractual Liability Act and the availability of appropriations.

Montclair State University
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The Tort Claims Act provides for payment of claims under the Act against the State or its employees for which the State is obligated to indemnify against tort claims, which arise out of the performance of their duties. All insurance policies are renewed annually. All State self-funded programs are statutory with an annual appropriation provided by the legislature. There has been no decrease in coverage during the current fiscal year. There have been no settlements in excess of insurance coverage.

The University may be the subject of employment related lawsuits not covered by the Tort Claims Act. The University retains the risk for any such settlements. Management believes that any employment settlements will not have a material effect on the accompanying financial statements.

NOTE 19 - STUDENT FINANCIAL ASSISTANCE PROGRAM

The University's students receive support from Federal and State of New Jersey student financial assistance programs. The University's compliance with the requirements of the Federal student financial assistance programs authorized by Title IV of the U.S. Higher Education Act of 1965, as amended (Title IV Programs), is subject to annual audit by an independent auditor. Such compliance audits are subject to review by ED. Management is of the opinion that a liability, if any, resulting from compliance audits would not have a material adverse effect on the University's financial position.

NOTE 20 - MONTCLAIR STATE UNIVERSITY FOUNDATION, INC.

Component Unit

For the years ended June 30, 2025 and 2024, total gifts and grants given to the University from the Foundation amounted to \$12.9 million and \$7.8 million, respectively.

Investments

The following applies to the Foundation's investments which are managed pursuant to a Board of Trustees approved Investment Policy Statement:

Valuation: Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value (NAV) as reported by the management of the respective alternative investment funds.

Investment Income: Unrealized gains and losses are reported in the statements of revenues, expenses, and changes in net position of as part of investment income. Interest and dividends from investments are recorded as investment income when earned. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of income.

Investment Income Allocations: The Foundation maintains investment accounts for its endowments, including quasi-endowments, under the pooled unitization method. Realized and unrealized gains and losses from securities in the investment accounts are allocated quarterly to the individual endowment funds based on the relationship of the market value of each endowment fund to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

For the years ended June 30, 2025 and 2024, Foundation's investments totaled \$157.9 million and \$124.6 million, respectively.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE 21 - SUBSEQUENT EVENTS

On May 15, 2025, the University executed a lease agreement for the right-to-use cell tower space totaling \$1.3 million in rent receivable commencing in fiscal year 2026. The University did not recognize rent receivable or deferred inflow of resources since the lease had not yet commenced as of June 30, 2025.

On July 2, 2025, the Depository Trust Company issued Montclair State University General Obligation Bonds, Series 2025 A for \$65.9 million to refund New Jersey Educational Facilities Authority Revenue Refunding Bonds Series 2015 D and to finance the Cost of Construction of the Series 2025 A Projects.

On August 8, 2025, ED released Bloomfield's requirement to hold the secured letter of credit from Provident Bank in the amount of \$3.1 million, and subsequently on August 19, 2025, the money market account with a balance \$3.5 million securing the letter of credit was closed.

On September 26, 2025, the University's \$20 million revolving line of credit with JP Morgan Chase Bank expired and was not renewed. There were no borrowings under this line of credit as of June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Montclair State University
(A Component Unit of the State of New Jersey)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS

As of June 30,
(dollars in thousands)

	2025	
	PERS	PFRS
Contractually Required Contribution	\$ 11,807	\$ 3,084
Contributions in relation to the Contractually Required Contribution	11,807	3,084
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	32,660	2,371
Contributions as a percentage of Employee Covered Payroll	36.15%	130.07%
	2024	
	PERS	PFRS
Contractually Required Contribution	\$ 11,588	\$ 3,182
Contributions in relation to the Contractually Required Contribution	11,588	3,182
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	31,471	2,572
Contributions as a percentage of Employee Covered Payroll	36.82%	123.72%
	2023	
	PERS	PFRS
Contractually Required Contribution	\$ 10,834	\$ 3,479
Contributions in relation to the Contractually Required Contribution	10,834	3,479
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	30,021	2,824
Contributions as a percentage of Employee Covered Payroll	36.09%	123.19%
	2022	
	PERS	PFRS
Contractually Required Contribution	\$ 11,045	\$ 3,603
Contributions in relation to the Contractually Required Contribution	11,045	3,603
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	31,153	2,874
Contributions as a percentage of Employee Covered Payroll	35.45%	125.37%
	2021	
	PERS	PFRS
Contractually Required Contribution	\$ 7,937	\$ 2,276
Contributions in relation to the Contractually Required Contribution	7,937	2,276
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	31,510	2,493
Contributions as a percentage of Employee Covered Payroll	25.19%	91.30%

Montclair State University
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF UNIVERSITY CONTRIBUTIONS - CONTINUED

June 30,
(dollars in thousands)

	2020	
	PERS	PFRS
Contractually Required Contribution	\$ 6,518	\$ 1,977
Contributions in relation to the Contractually Required Contribution	6,518	1,977
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	32,277	2,499
Contributions as a percentage of Employee Covered Payroll	20.19%	79.11%
	2019	
	PERS	PFRS
Contractually Required Contribution	\$ 5,721	\$ 1,614
Contributions in relation to the Contractually Required Contribution	5,721	1,614
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	32,313	2,420
Contributions as a percentage of Employee Covered Payroll	17.70%	66.69%
	2018	
	PERS	PFRS
Contractually Required Contribution	\$ 4,500	\$ 1,500
Contributions in relation to the Contractually Required Contribution	4,500	1,500
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	30,903	2,484
Contributions as a percentage of Employee Covered Payroll	14.56%	60.39%
	2017	
	PERS	PFRS
Contractually Required Contribution	\$ 3,226	\$ 996
Contributions in relation to the Contractually Required Contribution	3,226	996
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	32,212	2,609
Contributions as a percentage of Employee Covered Payroll	10.01%	38.18%
	2016	
	PERS	PFRS
Contractually Required Contribution	\$ 2,282	\$ 618
Contributions in relation to the Contractually Required Contribution	2,282	618
Contribution Deficiency (Excess)	-	-
University Employee Covered Payroll (reporting date June 30th)	31,508	2,515
Contributions as a percentage of Employee Covered Payroll	7.24%	24.57%

* This schedule is presented to illustrate the requirement to show information for ten years.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE TOTAL OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
LAST TEN FISCAL YEARS*

(Dollars in Thousands)

Public Employees' Retirement System (PERS)

Reporting Fiscal Year (Measurement Date, June 30,)	University's Proportion of the Net Pension Liability - State Group		University's Covered Employee Payroll	University's Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2025 (2024)	0.675%	\$ 149,565	\$ 32,660	457.95%	27.31%
2024 (2023)	0.656%	147,253	31,471	467.90%	24.86%
2023 (2022)	0.672%	150,387	30,021	500.94%	23.19%
2022 (2021)	0.694%	150,148	31,153	481.97%	25.29%
2021 (2020)	0.745%	165,517	31,510	525.28%	21.39%
2020 (2019)	0.750%	171,899	32,277	532.57%	22.03%
2019 (2018)	0.728%	172,619	32,313	534.21%	22.11%
2018 (2017)	0.720%	185,255	30,903	599.47%	21.18%
2017 (2016)	0.730%	215,708	31,508	684.61%	19.02%
2016 (2015)	0.730%	172,860	32,362	534.14%	24.96%

Police and Firemen's Retirement System (PFRS)

Reporting Fiscal Year (Measurement Date, June 30,)	University's Proportion of the Net Pension Liability - State Group		University's Covered Employee Payroll	University's Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2025 (2024)	0.499%	\$ 21,934	\$ 2,371	925.09%	31.37%
2024 (2023)	0.558%	24,672	2,572	959.25%	28.93%
2023 (2022)	0.562%	24,308	2,824	860.76%	27.20%
2022 (2021)	0.512%	20,800	2,874	723.73%	29.72%
2021 (2020)	0.520%	22,376	2,493	897.55%	24.81%
2020 (2019)	0.501%	21,048	2,499	842.26%	26.06%
2019 (2018)	0.525%	22,738	2,420	939.59%	25.84%
2018 (2017)	0.510%	22,418	2,484	902.50%	25.99%
2017 (2016)	0.447%	21,068	2,515	837.69%	24.70%
2016 (2015)	0.402%	17,255	2,315	745.36%	29.06%

Teachers' Pension and Annuity Fund (TPAF)

Reporting Fiscal Year (Measurement Date, June 30,)	University's Proportion of the Net Pension Liability		University's Covered Employee Payroll	University's Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2025 (2024)	0.004%	\$ 1,865	\$ -	0.00%	37.99%
2024 (2023)	0.004%	2,001	-	0.00%	34.68%
2023 (2022)	0.004%	2,172	-	0.00%	32.29%
2022 (2021)	0.004%	2,055	-	0.00%	35.52%
2021 (2020)	0.005%	3,204	-	0.00%	24.60%
2020 (2019)	0.005%	2,942	-	0.00%	26.95%
2019 (2018)	0.005%	3,196	-	0.00%	26.49%
2018 (2017)	0.005%	3,610	-	0.00%	25.41%
2017 (2016)	0.005%	4,275	-	0.00%	22.33%
2016 (2015)	0.027%	17,290	-	0.00%	28.71%

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

* This schedule is presented to illustrate the requirement to show information for ten years.

** The University did not have TPAF pensionable wages subsequent to the 2014 fiscal year.

Montclair State University
(A Component Unit of The State of New Jersey)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
STATE HEALTH BENEFIT STATE RETIRED EMPLOYEES PLAN

Last Ten Fiscal Years*

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
University's proportion of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
University's proportionate share of the total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of New Jersey's proportionate share of the OPEB liability associated with the University	\$ 380,831,302	\$ 325,479,057	\$ 308,213,857	\$ 372,050,570	\$ 432,699,220	\$ 278,973,080	\$ 366,011,934	\$ 418,649,617
Total State of NJ OPEB liability	\$ 24,007,618,673	\$ 20,991,549,032	\$ 20,887,585,522	\$ 24,954,062,223	\$ 28,296,690,169	\$ 18,205,874,446	\$ 23,601,362,208	\$ 28,104,795,207
University's covered-employee payroll	\$ 173,661,574	\$ 163,296,559	\$ 151,156,956	\$ 149,183,574	\$ 150,442,218	\$ 153,370,916	\$ 151,734,073	\$ 126,232,049
University's proportionate share of the collective total OPEB liability as a percentage of covered-employee	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**Montclair State University
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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

June 30, 2025 and 2024

PENSIONS

Benefit Changes

PERS

Chapter 249, P.L. 2023 extends provisions of Chapter 498, P.L. 2021 for calendar years 2023 or 2024 to allow for a temporary return to employment by a former employee of the Legislature after retirement from PERS.

PFRS

None.

TPAF

Chapter 121, P.L. 2023 permits teachers, as well as professional staff members who provide special services, who have retired from TPAF to return to employment for up to two years without reenrollment in the TPAF if employment commences during the 2023-2024 school year.

Changes of Assumptions

PERS

None.

PFRS

None.

TPAF

None.

Changes of Methods

PERS

None.

PFRS

None.

TPAF

None.

POST-RETIREMENT BENEFITS

Benefit Changes

Effective April 16, 2019, the State Health Benefits Program Plan Design Committee approved and adopted a new PPO plan design (referred to as the "NJDIRECT Plan" but also includes the "CWA Unity Plan" for retirees affiliated with the CWA) which replaces all current PPO plan offerings for State pre-Medicare future

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) - CONTINUED

June 30, 2025 and 2024

retirees. Any State pre-Medicare retiree who enrolls in the NJDIRECT Plan will be required to contribute a percentage of their retirement allowance instead of a percentage of the cost of health coverage as required under Chapter 78.

Changes of Assumptions

Mortality rate improvement assumptions, trend rate assumptions, and repealment of the excise tax and discount rate assumptions have been updated from the June 30, 2022 valuation to be consistent with industry standards. The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.