



**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Financial Statements, Management's Discussion
and Analysis, Required Supplementary Information
and Supplemental Schedules

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–17
Basic Financial Statements:	
Thomas Edison State University and its Affiliate the New Jersey State Library Statements of Net Position as of June 30, 2021 and 2020	18
Thomas Edison State University Foundation, Inc. Statements of Financial Position as of December 31, 2020 and 2019	19
Thomas Edison State University and its Affiliate the New Jersey State Library Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021 and 2020	20
Thomas Edison State University Foundation, Inc. Statements of Activities for the years ended December 31, 2020 and 2019	21–22
Thomas Edison State University and its Affiliate the New Jersey State Library Statements of Cash Flows for the years ended June 30, 2021 and 2020	23–24
Notes to Financial Statements	25–57
Required Supplementary Information (Unaudited):	
Schedule 1 – Schedules of Employer Contributions	58
Schedule 2 – Schedules of Proportionate Share of the Net Pension Liability	59
Schedule 3 – Schedule of Proportionate Share of the Total OPEB Liability	60
Supplementary Information:	
Schedule 4 – Schedule of Net Position as of June 30, 2021	61
Schedule 5 – Schedule of Net Position as of June 30, 2020	62
Schedule 6 – Schedule of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2021	63
Schedule 7 – Schedule of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020	64



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Independent Auditors' Report

The Board of Trustees
Thomas Edison State University and its
Affiliate the New Jersey State Library:

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Thomas Edison State University and its Affiliate the New Jersey State Library (the Organization), a component unit of the State of New Jersey, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Thomas Edison State University Foundation, Inc. as of and for years ended December 31, 2020 and 2019, the discretely presented component unit of the Organization. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Thomas Edison State University Foundation, Inc., are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Thomas Edison State University and its Affiliate the New Jersey State Library as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 17 and the schedules of employer contributions and schedules of proportionate share of the net pension liability on pages 58 and 59, respectively, and the schedule of proportionate share of the total OPEB liability on page 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The supplementary information included in Schedules 4 through 7 on pages 61 through 64, respectively, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 4 through 7 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Short Hills, New Jersey
April 29, 2022

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

The Introduction

This section of Thomas Edison State University (formerly Thomas Edison State College) and its Affiliate the New Jersey State Library's (the Organization) financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal years that ended on June 30, 2021 and 2020, with certain 2019 amounts presented for comparative purposes. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Organization's basic financial statements, which follow.

Organization

Thomas Edison State College was founded by the New Jersey Board of Higher Education in 1972 as an institution that provides flexible and accessible, high quality college opportunities primarily for adults. The College received University status during fiscal year 2016 and was renamed Thomas Edison State University (the University). The University is accredited by the Middle States Association of Colleges and Schools. The New Jersey State Library (the Library) was established by the State of New Jersey (the State) to provide lifelong learning and educational services, through the use of a State library, to the citizens of the State of New Jersey. The Library has existed as part of the State since 1796 and maintains approximately 2.1 million volumes of books and historical documents. Included in the Library is the Talking Book & Braille Center (formerly known as the Library for the Blind and Handicapped). Public Law 2001, Chapter 137 was signed into law effective July 2, 2001, making the Library an affiliate of the University. As a result, the financial reporting entity was formed known as the Organization under the control of the University's Board of Trustees.

Using this Annual Financial Report

The financial statements presented in this report focus on the financial position of the Organization, the changes in financial position and cash flows of the Organization as a whole. The statements of net position focuses on total assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This statement combines and consolidates current short-term expendable resources with capital assets. The statement of revenues, expenses, and changes in net position focuses on the revenues earned during the year and the costs of Organization activities. The statement of cash flows focuses on cash inflows and outflows summarized by operating, noncapital financing, capital financing and related investing activities.

Financial Highlights

The Organization's net position has increased to \$26,632,020 at June 30, 2021 from \$19,957,642 at June 30, 2020, and increased from \$17,756,793 at June 30, 2019. In fiscal year 2021, the Organization's net position increased primarily due to an increase in student tuition of \$2,779,800, an increase of federal grants of \$6,455,539 and an increase in State of New Jersey appropriations of \$2,154,366, which was partially offset by the recognition of pension expense in accordance with Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions (GASB 68) of \$433,801. In fiscal year 2020, the Organization's net position increased primarily because a \$4 million painting that was donated to the University which was partially offset by the recognition of pension expense in accordance with GASB 68 of \$1,640,618. The full amount of the pension expense will decrease the net position on an annual basis.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

The Organization recorded on its financial statements the state paid revenue and expenses for other employment benefits for fiscal year 2021, 2020 and 2019. The State of New Jersey (the State) has communicated that the associated unfunded liability, deferred inflows of resources and deferred outflows of resources are the responsibility of the State and therefore, are not reported on the Organization's financial statements in accordance with GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The Organization recorded on its financial statements the net pension liability and related pension amounts as determined by the State of New Jersey, Division of Pensions and Benefits. The State has communicated that the GASB 68 pension liability allocations do not impact state laws or past funding arrangements that have been established annually in the State budget. The State has historically made and has communicated it will continue to make direct payments on behalf of the Organization to the Public Employees Retirement System (PERS) plan.

Operating revenues for the year ended June 30, 2021, increased to \$66,028,083 from \$61,837,136 in 2020, which increased from \$61,328,256 in 2019. The increase was primarily due to an increase of \$2,779,800 in student tuition and an increase in Library federal grants of \$1,118,917 in fiscal year 2021. Library Federal revenue increased from \$4,110,503 in fiscal year 2020 to \$5,229,420 in fiscal year 2021 primarily due to the timing of activity and expenditures in the Library's concurrent Library Services Technology Act (LSTA) grants as well as spending under the CARES Act grant. The Library was awarded an \$802,581 CARES Act grant in April 2020. In the fiscal year 2020, the increase was primarily due to an increase of \$921,618 in Pell grants that was partially offset by decreases in Library state grants.

Net nonoperating revenues for the year ended June 30, 2021 increased to \$36,058,792 from \$29,114,854 in fiscal year 2021, primarily due to an increase in federal funding of \$5,149,761 due to federal stimulus funding, an increase of \$2,154,366 in state appropriations, an increase of \$2,873,753 in State paid fringe benefits and an increase in State paid other post employment benefits, which were partially offset by a decrease in private gifts related to a \$4 million painting donated in fiscal year 2020. The increase in State paid fringe benefits was related to increases of State paid positions from 228 to 323 as of October 1, 2020. Net nonoperating revenues for the year ended June 30, 2020, decreased to 29,114,854 from \$30,794,793, primarily due to a reduction in State paid positions from 323 to 228 that was partially offset by an increase in private gifts from a \$4 million donated painting. In addition, the University had federal grants of \$892,166 related to the pandemic relief.

Statement of Net Position

The statement of net position presents the financial position of the Organization at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Organization. The assets and liabilities are divided into current and noncurrent.

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

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories: Net investment in capital assets, restricted, and unrestricted.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of nonexpendable and expendable net position. Nonexpendable net position is subject to externally imposed stipulations that must be maintained permanently by the Organization. Expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the Organization pursuant to the stipulations or that expire by the passage of time.

Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management to the board of trustees. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

Condensed Statement of Net Position for the years ended June 30, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 44,048,664	39,007,283	38,766,381
Capital assets, net	59,663,300	60,845,982	62,993,674
Other assets	15,635,011	13,663,964	8,848,962
Total assets	<u>119,346,975</u>	<u>113,517,229</u>	<u>110,609,017</u>
Deferred outflows of resources	<u>8,897,946</u>	<u>9,958,833</u>	<u>15,004,197</u>
Total assets and deferred outflows of resources	<u>128,244,921</u>	<u>123,476,062</u>	<u>125,613,214</u>
Current liabilities	13,749,067	13,527,714	13,018,773
Noncurrent liabilities	71,345,227	73,907,716	78,175,999
Total liabilities	<u>85,094,294</u>	<u>87,435,430</u>	<u>91,194,772</u>
Deferred inflows of resources	<u>16,518,607</u>	<u>16,082,990</u>	<u>16,661,649</u>
Total liabilities and deferred inflows of resources	<u>101,612,901</u>	<u>103,518,420</u>	<u>107,856,421</u>
Net position:			
Net investment in capital assets	58,555,037	58,480,785	55,399,476
Restricted	4,118,705	3,887,840	3,993,870
Unrestricted	<u>(36,041,722)</u>	<u>(42,410,983)</u>	<u>(41,636,553)</u>
Net position, end of year	<u>\$ 26,632,020</u>	<u>19,957,642</u>	<u>17,756,793</u>

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Net Position, End of Year

The Organization's net position at June 30, 2021 increased \$6,674,378 or 33% from fiscal year 2020 to \$26,632,020. The Organization's net position at June 30, 2020, increased \$2,200,849 or 12% from fiscal year 2019. The increase in fiscal year 2021 was primarily due to an increase in student tuition of \$2,779,800 and an increase in State of New Jersey appropriations of \$2,154,366 that was partially offset by pension expense of \$433,801. The increase in fiscal year 2020 was primarily due to \$4 million of donated artwork that was partially offset by pension expense of \$1,640,618. The University's and Library's fiscal year 2021 share of pension expense was \$875,978 and (\$442,177), respectively.

The Organization's total assets increased to \$119,346,975 at June 30, 2021 from \$113,517,229 at June 30, 2020, which increased from \$110,609,017 at June 30, 2019. The fiscal year 2021 increase of \$5,829,746 or 5% was primarily due to increased cash of \$9,425,560 that was partially offset by decreases of receivables of \$3,109,323. The fiscal year 2020 increase of \$2,908,212 or 3% was primarily due to increased artwork of approximately \$4,000,000 and increased cash and investments of \$868,913, which was partially offset by depreciation of \$2,305,685.

The Organization's total deferred outflows of resources decreased \$1,060,887 or 11% from fiscal year 2020 to \$8,897,946 (University share \$5,241,059 and Library share \$3,656,887). The Organization's total deferred inflows of resources increased \$435,617 or 3% from fiscal year 2020 to \$16,518,607 (University share \$9,546,080 and Library share \$6,972,527). The deferred outflows and inflows of resources are related to pensions which include changes in assumptions, changes in proportion, net differences between projected and actual investment earnings on pension plan assets and fiscal year 2020 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of \$3,173,200 (University share \$1,764,687 and Library share \$1,408,513).

The Organization's total deferred outflows of resources decreased \$5,045,364 or 34% from fiscal year 2019 to \$9,958,833 (University share \$6,499,249 and Library share \$3,459,584). The Organization's total deferred inflows of resources decrease \$578,658 or 3% from fiscal year 2019 to \$16,082,990 (University share \$9,219,051 and Library share \$6,863,939). The deferred outflows and inflows of resources are related to pensions which include changes in assumptions, changes in proportion, net differences between projected and actual investment earnings on pension plan assets and fiscal year 2019 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of \$2,726,590 (University share \$1,527,293 and Library share \$1,199,297).

The Organization's total liabilities decreased \$2,341,136 or 3% to \$85,094,294 in fiscal year 2021. The fiscal year 2021 decrease was primarily due to a \$1,293,408 decrease in the net pension liability (University share \$878,883 and Library share \$414,525), a \$1,040,927 decrease in unearned tuition and fees, and a \$1,256,933 decrease in long-term debt which was partially offset by \$956,452 increase in unearned grants and contracts. The Organization's total liabilities decreased \$3,759,342 or 4% to \$87,435,430 in fiscal year 2020. The fiscal year 2020 decrease was primarily due to a \$3,031,623 decrease in the net pension liability (University share \$1,865,539 and Library share \$1,166,084) and a \$845,426 decrease in unearned tuition and fees and a \$1,229,001 decrease in debt, and a \$1,917,497 decrease in accounts payable and accrued expenses.

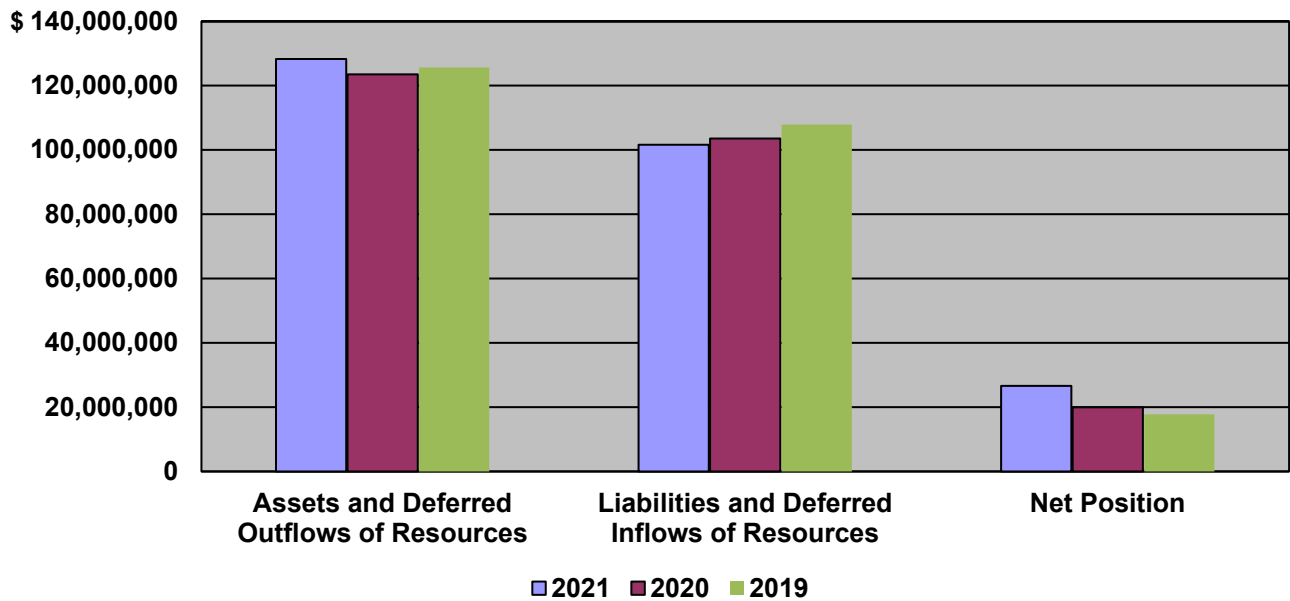
**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Statements of Net Position



Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the Organization's results of operations. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, expenses paid by the institution, operating and nonoperating, and any other changes to net position. A condensed summary of the Organization's revenues, expenses, and changes in net position for the years ended June 30, 2021, 2020 and 2019 follows:

Condensed Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues:			
Student tuition and fees, net of scholarships	\$ 46,037,672	43,257,872	43,477,037
Federal grants and contracts	10,629,475	9,323,697	8,152,348
State of New Jersey grants and contracts	8,560,776	8,402,211	8,981,038
Subtotal operating grants	19,190,251	17,725,908	17,133,386

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Other	\$ 800,160	853,356	717,833
Total operating revenues	66,028,083	61,837,136	61,328,256
Operating expenses	95,412,497	88,751,141	93,572,100
Operating loss	(29,384,414)	(26,914,005)	(32,243,844)
Nonoperating revenues (expenses):			
Federal grants	6,041,927	892,166	—
State of New Jersey funding, including OPEB	29,186,621	22,922,044	28,582,693
Other nonoperating revenues, net	906,216	5,306,237	2,352,684
Loss on disposal of equipment	(75,972)	(5,593)	(140,584)
Net non-operating revenues	36,058,792	29,114,854	30,794,793
Increase (decrease) in net position	6,674,378	2,200,849	(1,449,051)
Net position beginning of year	19,957,642	17,756,793	19,205,844
Net position end of year	\$ 26,632,020	19,957,642	17,756,793

Operating Revenues

Operating revenues are defined as those revenues received by an institution for providing goods and services directly to the students, New Jersey state libraries, and the constituencies of the institution.

During the year ended June 30, 2021, the Organization generated \$66,028,083 in operating revenues. The sources of these revenues were: tuition and fees, net of scholarships of \$46,037,672; governmental grants and contracts of \$19,190,251; and other operating revenues of \$800,160. The University's share of operating revenues was \$52,395,781 and the Library's share of operating revenues was \$13,632,302.

- Student tuition and fees increased \$2,779,800 or 6% in fiscal year 2021 due to a 19% increase in graduate student enrollment and increased average course load for undergraduate students. Student tuition and fees decreased \$219,165 or less than 1% in fiscal year 2020 due to an increase in scholarship allowances.
- The increase in Federal grants of \$1,305,778 or 14% in fiscal year 2021 was primarily due to an increase of \$1,119,940 in Library IMLS grant revenue. The IMLS increase included an award of \$802,581 that was funded through the CARES Act for the response of the global pandemic. The increase in Federal grants of \$1,171,349 or 14% in fiscal year 2020 was primarily due to an increase of \$921,618 in Pell grants

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

- The increase in State of New Jersey grants and contracts of \$158,565 or 2% in fiscal year 2021 was primarily due to the restoration of Library state aid. The decrease in State of New Jersey grants and contracts of \$578,827 or 6% in fiscal year 2020 was primarily due to a decrease in Library state funding of \$573,241.

	<u>2021</u>		<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percentage of total</u>	<u>Amount</u>	<u>Percentage of total</u>	<u>Amount</u>	<u>Percentage of total</u>
Operating revenues:						
Student tuition and fees (net of scholarship allowances of approximately \$2,982,000, \$2,733,000, and \$2,412,000, respectively)	\$ 46,037,672	70 %	\$ 43,257,872	70 %	\$ 43,477,037	71 %
Federal grants and contracts	10,629,475	16	9,323,697	15	8,152,348	13
State of New Jersey grants and contracts	<u>8,560,776</u>	13	<u>8,402,211</u>	14	<u>8,981,038</u>	15
Subtotal grants	<u>19,190,251</u>		<u>17,725,908</u>		<u>17,133,386</u>	
Other sources:						
Federal indirect cost recovery	183,705	—	285,246	—	137,723	—
Noncollegiate sponsored programs	15,175	—	18,725	—	20,017	—
Other operating revenue	<u>601,280</u>	1	<u>549,385</u>	1	<u>560,093</u>	1
Subtotal other sources	<u>800,160</u>		<u>853,356</u>		<u>717,833</u>	
Total operating revenues	<u>\$ 66,028,083</u>	<u>100 %</u>	<u>\$ 61,837,136</u>	<u>100 %</u>	<u>\$ 61,328,256</u>	<u>100 %</u>

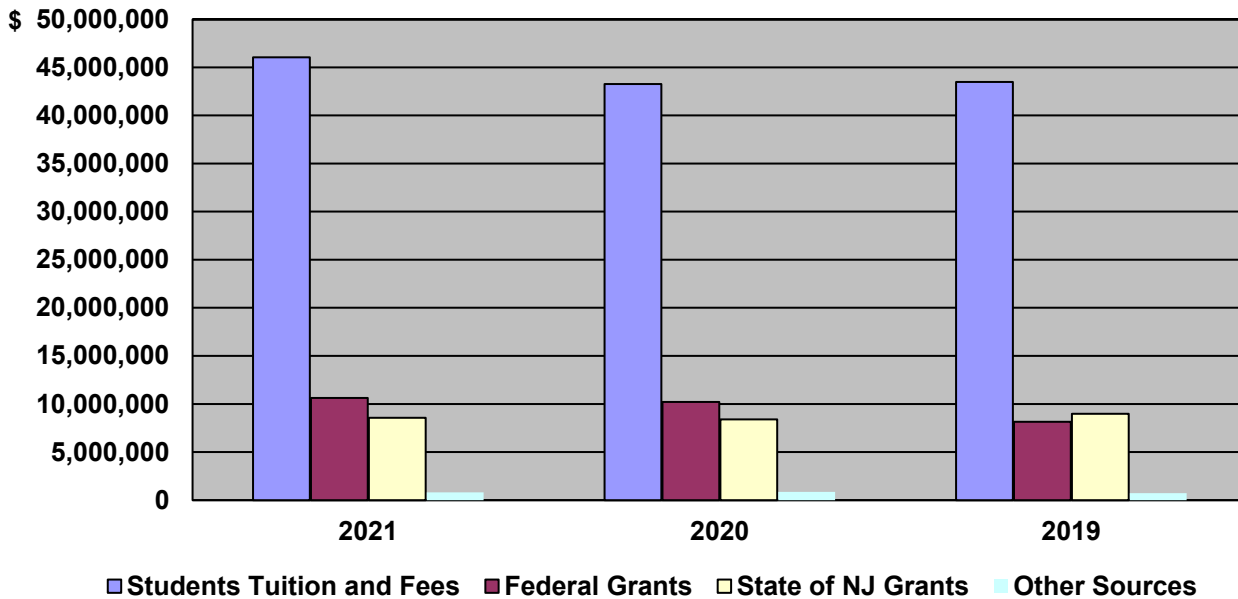
**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Operating Revenues



Operating Expenses

Operating expenses are defined as those expenses paid by an institution to acquire or produce goods and services in return for the operating revenues, and to carry out the mission of the institution. For the year ended June 30, 2021, the Organization incurred total operating expenses of \$95,412,497, which were \$29,384,414 more than the operating revenues of \$66,028,083. The University's operating expenses share was \$74,244,526 and the Library's operating expenses share was \$21,167,971. The University's net operating loss share was \$21,848,745 and the Library's net operating loss share was \$7,535,669. The Organization's operating expenses increased \$6,661,356 or 8% from fiscal years 2020 to 2021. The increase is primarily due to increases in others sponsored programs from federal stimulus funds, fringe benefits and other post employment benefit (OPEB) expenses. The fringe benefit rate increased from 38.5% in fiscal year 2020 to 45.6% in fiscal year 2021.

- The decrease in academic support expenses of \$481,106 or 2% in fiscal year 2021 is primarily due to a decrease in salary expense of \$425,850 due to vacancies and shifting salary to federal stimulus grants. The decrease in academic support expenses of \$587,352 or 2% in fiscal year 2020 is primarily due to a decrease in OPEB expenses of \$863,961, decrease in pension expense of \$470,617, and an increase in mentor expense of \$605,839 from higher course enrollments.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

- The increase in student services expenses of \$556,296 or 9% in fiscal year 2021 is primarily due to an increase of \$154,264 in salaries, \$260,258 in fringe benefits and 205,648 in OPEB expenses. The University has made a concerted effort to shift resources to student services. The decrease in student services expenses of \$380,033 or 6% in fiscal year 2020 is primarily due to a decrease of OPEB expenses of \$343,556.
- Public services expenses increased \$781,371 or 13% and decreased \$471,501 or 8% in fiscal years 2021 and 2020, respectively. The increase in fiscal year 2021 was primarily due to increased federal grant funds available from IMLS for the response to the global pandemic. The Library received an IMLS award of \$802,581 that was funded with CARES act funds. The decrease in fiscal year 2020 was due to a decrease of \$209,850 in OPEB expenses and \$91,464 in pension expenses.
- General institutional expenses increased \$788,743 or 7% and decreased \$28,406 or less than 1% over the previous year in fiscal years 2021 and 2020, respectively. The increase in fiscal year 2021 was primarily due to increases of \$408,244 in New Jersey National Guard waivers, \$139,130 in marketing and \$162,253 in OPEB expenses. New Jersey National Guard waivers are reimbursed by the State of New Jersey for up to \$1,000,000. The University exceeded the cap in fiscal year 2021. General institutional expense was comparable in fiscal year 2020 to fiscal year 2019.
- General administration expenses increased \$406,632 or 2% and decreased \$2,138,226 or less than 11% in fiscal year 2021 and 2020, respectively. The increase in fiscal year 2021 was primarily due to increased University fringe benefits expense of \$407,105 and University OPEB of \$297,173. The decrease in fiscal year 2020 was primarily due to a decrease of OPEB expenses of \$990,995, a decrease of pension expenses of \$300,665, a decrease of University salary of \$196,598 and University fringe benefits of \$311,052. The decrease in salary and University fringe benefits was associated with pandemic related salary costs being shifted to federal grants.
- The increase in other sponsored programs expense of \$3,120,497 or 202% was primarily due to federal CARES act funds received by the University in response to the global pandemic. The University received these federal passthrough funds from the State of New Jersey. The University had \$4,380,182 in CARES expenses during fiscal year 2021. The increase of other sponsored programs expense of \$1,109,695 or 253% was primarily due to \$764,917 CARES expenses during fiscal year 2020.
- Scholarships increased \$1,099,690 or 35% and \$1,178,193 or 61% in fiscal year 2021 and 2020, respectively. The increase in fiscal year 2021 was due to \$667,974 in Coronavirus Relief Fund (CRF) scholarships and \$404,497 in Higher Education Emergency Relief Fund scholarships. The increase in fiscal year 2020 was due to \$110,000 in CRF scholarships and an increase of \$592,881 in Pell grants.
- State of New Jersey Library expenses increased \$337,577 or 8% and decreased \$1,122,427 or 20% in fiscal year 2021 and 2020, respectively. The increase in fiscal year 2021 was primarily due to an increase of fringe benefit expenses of \$388,320. The increase was due to the increased fringe benefit rate. The decrease in fiscal year 2020 was primarily due to a decrease of OPEB expenses of \$125,898, a decrease of pension expenses of \$68,262 and a decrease of contributed U.S. Postal Service expense of \$724,905.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

- Talking Book & Braille Center decreased \$62,695 or 3% and \$858,371 or 31% in fiscal year 2021 and 2020, respectively. The decrease in fiscal year 2021 was primarily due to a decrease of \$74,030 in salary expense. The decrease in fiscal year 2020 was primarily due OPEB expenses of \$125,898, a decrease of pension expenses of \$68,262 and a decrease of \$724,905 in contributed U.S. Postal Service expense. The decrease in postage is due to improved technology that allows eight books to be stored on each cartridge.
- Grants to libraries increased \$286,538 or 5% and decreased \$439,588 or 8% in fiscal year 2021 and 2020, respectively. The increase in fiscal year 2021 was due to not having funds de-obligated. The decrease in fiscal year 2020 was due to a \$306,667 reduction in a grant to Library Link New Jersey (LLNJ) in response to State of New Jersey Network Aid funding being de-obligated during the fiscal year.

	2021		2020		2019	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Operating expenses:						
Academic support	\$ 23,942,104	25 %	\$ 24,423,210	28 %	\$ 25,010,562	27 %
Student services	6,841,192	7	6,284,896	7	6,664,929	7
Public services	6,612,599	7	5,831,228	7	6,302,729	7
General institutional	12,664,773	13	11,876,030	13	11,847,624	13
Operations and maintenance	2,289,138	3	2,483,618	3	3,475,314	4
General administration	18,523,192	20	18,116,560	20	20,254,786	22
Other sponsored programs	4,667,919	5	1,547,422	2	437,727	—
Scholarships	4,199,665	4	3,099,975	3	1,921,782	2
State of New Jersey Library	4,741,023	5	4,403,446	5	5,525,873	6
Talking Book & Braille Center	1,961,490	2	1,898,795	2	2,757,166	3
Grants to libraries	5,668,667	6	5,382,129	6	5,821,717	6
Collections and exhibits	1,038,628	1	1,098,147	1	1,174,774	1
Depreciation	2,262,107	2	2,305,685	3	2,377,117	2
Total operating expenses	\$ 95,412,497	100 %	\$ 88,751,141	100 %	\$ 93,572,100	100 %

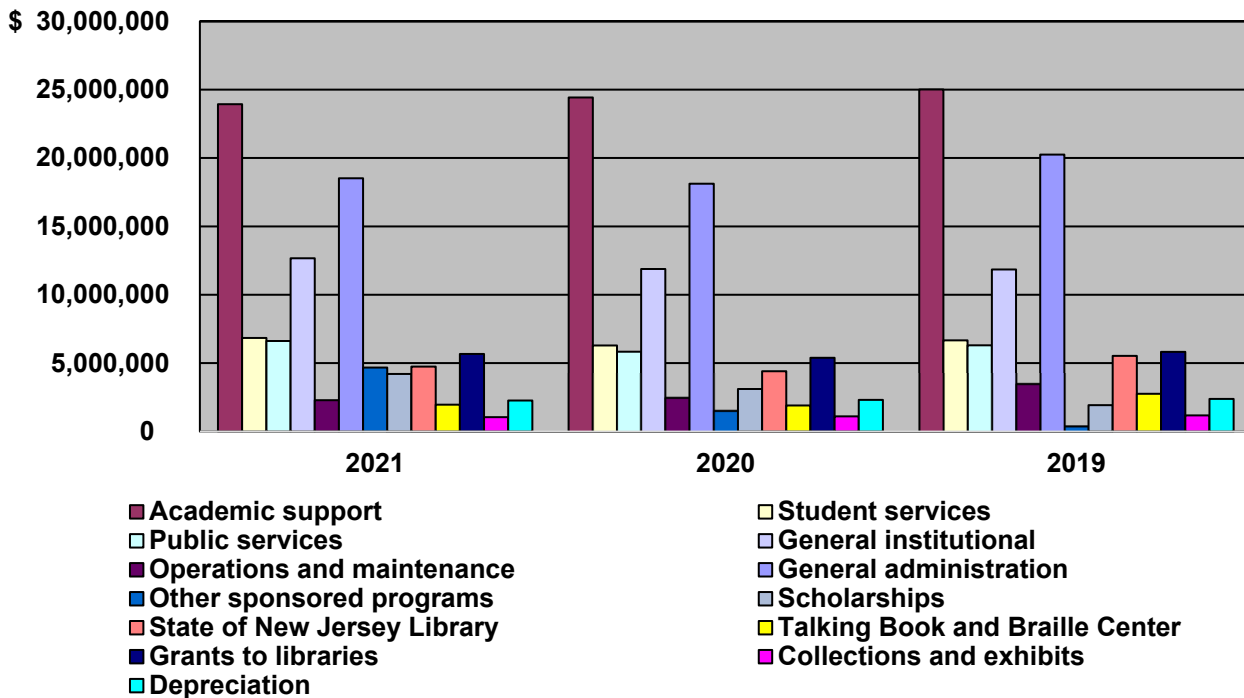
**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Operating expenses



Nonoperating Revenues

Nonoperating revenues are defined as those revenues received for which goods and services are not provided in return for the revenues.

During the fiscal year 2021, the Organization generated \$36,058,792 in net nonoperating revenues. The components of the nonoperating revenues were primarily federal grants of \$6,041,927, direct and indirect State of New Jersey appropriations of \$29,186,621, contributed U.S. Postal Service of \$146,776, private gifts of \$293,174, and investment income of \$721,496. The University's nonoperating revenue share was \$27,303,248 and the Library's nonoperating revenue share was \$8,755,544.

- Federal grants of \$6,041,927 in fiscal year 2021 includes \$404,497 in student aid funded by the Higher Education Emergency Relief Fund (HEERF), \$2,271,083 in Governor's Emergency Education Relief Fund, \$10,525 in Fund for the Improvement of Postsecondary Education (FIPSE), and \$3,355,822 in Coronavirus Relief Funds (CRF). Federal grants of \$892,166 in fiscal year 2020 was from CARES Act grants, which includes \$17,249 in the Education Stabilization Fund, \$456,140 in FIPSE, and \$418,777 in CRF.
- The increase of State of New Jersey appropriations of \$2,154,366 or 23% in fiscal year 2021 was due to an increase in outcomes based funding and the restoration of the de-obligated appropriations from fiscal year

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

2020. The increase in State of New Jersey appropriations of \$173,180 or 2% in fiscal year 2020 was due to an increase in outcomes based funding that was nearly completely offset by the third quarter de-obligation of the appropriation due to the impacts of the global pandemic.

- The increase in State of New Jersey paid fringe benefits of \$2,873,753 or 22% was primarily due to the number of state paid positions increased from 228 to 323 as of October 1, 2020. In addition, the negotiated fringe benefit rate increased from 46.15% in fiscal year 2020 to 53.25% in fiscal year 2021. The decrease in State of New Jersey paid fringe benefits of \$2,642,291 or 17% in fiscal year 2020 was primarily due to a decrease in the number of state paid fringe benefits at the University. The number of state paid positions decreased from 323 in fiscal year 2019 to 228 in fiscal year 2020. In addition, the negotiated fringe benefit rate increased from 49.05% in fiscal year 2020 to 46.15 in fiscal year 2021.
- The State of New Jersey paid other post-employment benefits increased by \$1,236,458 or 355% and decreased by \$3,191,538 or 90% in fiscal years 2021 and 2020, respectively. The amount to record is provided by the State of New Jersey and represents the organization's prorated share of the total expense.
- Private gifts decreased by \$4,363,851 or 94% and increased by \$3,655,961 or 365% in fiscal years 2021 and 2020, respectively. The decrease and increase was primarily due to the N.C. Wyeth painting which was valued at \$4 million and was donated to the University during fiscal year 2020.
- The decrease in contributed U.S. Postal Service of \$16,822 or 10% and 724,905 or 82% in fiscal year 2021 and fiscal year 2020, respectively. The large decrease in fiscal year 2020 was due to using new technology that eliminated sending one audiobook cartridge per mailings. The new Gutenberg, just in time duplication system can fit up to eight books per cartridge.

	2021		2020		2019	
	Total	Percentage of total	Total	Percentage of total	Total	Percentage of total
Nonoperating revenues:						
Federal grants	\$ 6,041,927	17 %	\$ 892,166	3 %	\$ —	— %
State of New Jersey appropriations	11,561,951	32	9,407,585	32	9,234,405	30
State of New Jersey paid fringe benefits	16,039,955	44	13,166,202	45	15,808,493	51
State of New Jersey paid other post employment benefits	1,584,715	4	348,257	1	3,539,795	11
Subtotal State of New Jersey	29,186,621		22,922,044		28,582,693	
Contributed U.S. Postal Service	146,776	—	163,598	—	888,503	3
Private gifts – restricted	293,174	1	4,657,025	16	1,001,064	3
Investment income	721,496	2	781,146	3	797,731	2
Nonoperating revenues	\$ 36,389,994	100 %	\$ 29,415,979	100 %	\$ 31,269,991	100 %

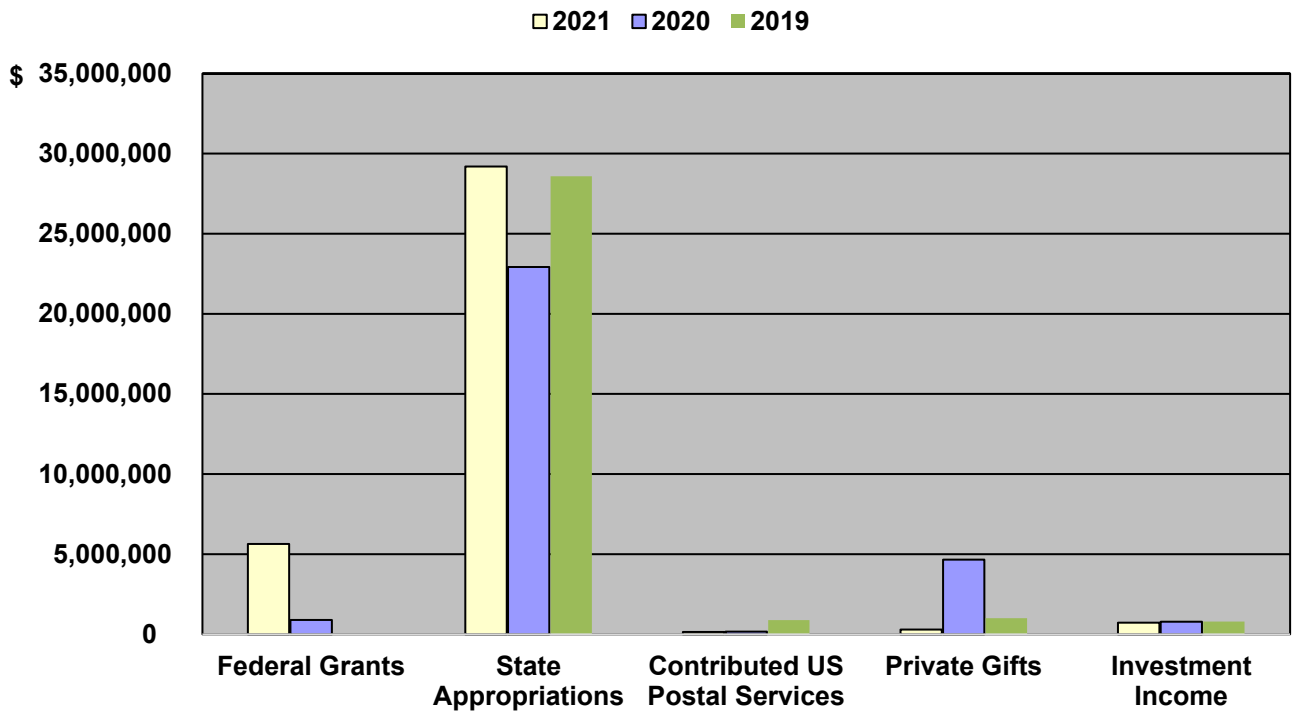
**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Nonoperating Revenues



Capital Assets and Debt Activities

At June 30, 2021, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$65,793,948, net of accumulated depreciation of \$37,095,719. The amount invested in capital assets, net of related debt of \$7,238,911, was \$58,555,037. Depreciation charges totaled \$2,262,107 for the current fiscal year. The \$74,252 increase of net investment in capital assets was due to capital additions of \$1,155,398, principal paid on outstanding debt of \$1,256,933, less depreciation of \$2,262,107 and net capital retirements of \$75,972. At June 30, 2020, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$66,976,629, net of accumulated depreciation of \$36,797,598. The amount invested in capital assets, net of related debt of \$8,495,844, was \$58,480,785. Depreciation charges totaled \$2,305,685 for the current fiscal year. The \$3,081,309 increase of net investment in capital assets was due to capital additions of \$4,163,586, principal paid on outstanding debt of \$1,229,001, less depreciation of \$2,305,685 and net capital retirements of \$5,593.

Capital assets are comprised of replacements, renovations, as well as investments in equipment, including information technology.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

Interest on indebtedness was \$255,230 in fiscal year 2021 as compared \$295,532 in fiscal year 2020, a decrease of \$40,302 or 14%. The decrease was due to the allocation of principal and interest per the amortization schedules. Interest on indebtedness was \$295,532 in fiscal year 2020 as compared \$334,614 in fiscal year 2019, a decrease of \$39,082 or 12%. The decrease was due to the allocation of principal and interest per the amortization schedules.

Tax-Exempt Lease Financing

There were no State issued bonds awarded to fund capital improvements at the Organization in fiscal years 2021, 2020 and 2019.

During fiscal year 2018, the State issued bonds to fund a New Jersey Capital Improvement Fund grant award made to the University. The University is responsible for one third of each debt service payment that will be reimbursed to the State. The payment schedule has a twenty-year term. The University was awarded \$170,000 for alterations and renovations to the entryway of the Kelsey/Townhouse Complex. The University share of the debt is \$55,399 with interest rates ranging from 3.000% to 2.486%. The project was completed during fiscal year 2018.

In October 2014, the Organization entered into a tax-exempt lease financing agreement with PNC Bank to partially fund the construction of the Glen Cairn Hall. The total debt issued was \$7,000,000. The payment schedule has a ten-year term with an interest rate of 2.486%.

During fiscal year 2014, the State of New Jersey issued bonds to fund the New Jersey Equipment Leasing Fund grant award made to the University. The University is responsible for one quarter of each debt service payment that will be reimbursed to the State. The payment schedule has a ten-year term. The University was awarded \$585,000 for nursing simulation laboratory equipment. The University share of the debt is \$127,318 with an interest rate of 5.000%.

In October 2011, the Organization entered into a tax-exempt lease financing agreement with TD Bank Finance, Inc. to fully renovate the Kuser facility. The total debt issued was \$8,000,000. The payment schedule has a twenty-year term with an interest rate of 3.500%.

In September 2007, the Organization entered in a tax-exempt lease financing arrangement in which Banc of America Leasing and Capital, LLC is the lessor, the New Jersey Educational Facilities Authority is the lessee, and the Organization is the sublessee. The lease financing was for \$2,700,000 used for building improvements, security, equipment, and data processing upgrades. The lease agreement calls for three separate payment schedules to be paid over five, seven, and fifteen-years with interest rates of 4.100%, 4.380% and 4.570%, respectively.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2021 and 2020

(Unaudited)

The Organization's net investment in capital assets at June 30, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net investment in capital assets:			
Depreciable assets:			
Buildings and improvements	\$ 53,874,502	55,482,515	57,119,579
Equipment and vehicles	1,634,327	968,955	1,197,814
Furniture and fixtures	1,701,792	1,941,832	2,223,601
Subtotal	<u>57,210,621</u>	<u>58,393,302</u>	<u>60,540,994</u>
Nondepreciable assets:			
Land	2,452,680	2,452,680	2,452,680
Rare books, artwork, and historical documents	6,130,647	6,130,647	2,130,647
Subtotal	<u>8,583,327</u>	<u>8,583,327</u>	<u>4,583,327</u>
Total capital assets	65,793,948	66,976,629	65,124,321
Less related long-term debt, net of unspent proceeds	<u>(7,238,911)</u>	<u>(8,495,844)</u>	<u>(9,724,845)</u>
Net investment in capital assets	<u>\$ 58,555,037</u>	<u>58,480,785</u>	<u>55,399,476</u>

Economic Outlook

With net position of \$26,632,020, the Organization's financial position remains positive. A major challenge to the Organization has been growth of the University's enrollment. The University had 14,351 enrollments in fiscal year 2021. This was 3% below the prior year. However, during fiscal year 2021, the University experienced a 6% increase in student revenue. The tuition revenue increase was due to increased graduate enrollments and a higher number of courses per student. Another challenge is maintaining state support. The University has seen increased state support through the formula based outcomes based allocations. This support has continued to be increased in fiscal year 2022.

The University was impacted by the COVID-19 global pandemic during fiscal year 2020 and fiscal year 2021 that has continued into fiscal year 2022. The University shifted to a completely remote work environment in March 2020. Nearly all employees remained remote during fiscal year 2021. Employees began a hybrid work model in March of 2022. The University has received significant federal support during the pandemic. Pandemic related grants are not expected after fiscal year 2022.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Statements of Net Position

Business-Type Activities – Organization Only

June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash (note 2)	\$ 22,173,553	12,747,993
Investments (notes 2 and 4)	15,717,076	17,064,761
Receivables:		
Students, less allowance for doubtful accounts of approximately \$1,412,000 in 2021 and \$1,984,000 in 2020	3,844,472	5,436,056
State of New Jersey	715,546	913,766
Federal	511,524	1,816,761
Corporate accounts, less allowance for doubtful accounts of approximately \$39,000 in 2021 and \$247,000 in 2020	370,650	339,035
Other receivables	102,984	148,881
Total receivables	5,545,176	8,654,499
Prepaid expenses and other assets	612,859	540,030
Total current assets	44,048,664	39,007,283
Noncurrent assets:		
Investments (notes 2 and 4)	3,924,434	3,665,459
Restricted investments (notes 2 and 4)	4,489,080	2,832,559
Trustee held investments – restricted (notes 3 and 4)	1,090,850	1,035,299
Rare books, artwork, and historical documents	6,130,647	6,130,647
Capital assets, net (note 5)	59,663,300	60,845,982
Total noncurrent assets	75,298,311	74,509,946
Total assets	119,346,975	113,517,229
Deferred outflows of resources:		
Pensions related (note 9)	8,897,946	9,958,833
Total assets and deferred outflows of resources	128,244,921	123,476,062
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (notes 6 and 7)	8,068,526	7,795,458
Unearned tuition and fees	3,130,234	4,171,161
Unearned grants and contracts	1,245,450	288,998
Deposits held in custody for others	4,818	15,164
Long-term debt – current portion (note 8)	1,300,039	1,256,933
Total current liabilities	13,749,067	13,527,714
Noncurrent liabilities:		
Compensated absences – noncurrent portion (note 7)	643,114	612,156
Long-term debt (note 8)	5,938,872	7,238,911
Net pension liability (notes 7 and 9)	64,763,241	66,056,649
Total noncurrent liabilities	71,345,227	73,907,716
Total liabilities	85,094,294	87,435,430
Deferred Inflows of Resources		
Deferred inflows of resources:		
Pensions related (note 9)	16,518,607	16,082,990
Total liabilities and deferred inflows of resources	101,612,901	103,518,420
Net Position		
Net investment in capital assets	58,555,037	58,480,785
Restricted for:		
Nonexpendable:		
Aid to local libraries	416,073	416,073
Library for the Blind and Handicapped	333,642	333,642
Expendable:		
Aid to local libraries	287,545	361,531
Library for the Blind and Handicapped	1,588,617	1,271,237
Public policy	1,492,828	1,505,357
Unrestricted	(36,041,722)	(42,410,983)
Total net position	\$ 26,632,020	19,957,642

See accompanying notes to financial statements.

THOMAS EDISON STATE UNIVERSITY FOUNDATION, INC.
(A Component Unit of Thomas Edison State University and its
Affiliate The New Jersey State Library)

Statements of Financial Position

December 31, 2020 and 2019

Assets	2020	2019
Cash	\$ 342,062	46,855
Investments	12,272,397	11,205,529
Contributions and grants receivable	313,874	235,164
Other assets	68,691	73,546
Total assets	\$ 12,997,024	11,561,094
Liabilities and Net Assets		
Liabilities:		
Contributions and grants payable	\$ 726,942	54,788
Accrued liabilities	57,055	484,681
Total liabilities	783,997	539,469
Net assets:		
Without donor restrictions	5,711,869	5,035,905
With donor restrictions	6,501,158	5,985,720
Total net assets	12,213,027	11,021,625
Total liabilities and net assets	\$ 12,997,024	11,561,094

See accompanying notes to financial statements.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – Organization Only

Years ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Student tuition and fees (net of scholarship allowances of approximately \$2,982,000 in 2021 and \$2,733,000 in 2020)	\$ 46,037,672	43,257,872
Federal grants and contracts	10,629,475	9,323,697
Federal indirect cost recovery	183,705	285,246
State of New Jersey grants and contracts	8,560,776	8,402,211
Noncollegiate sponsored programs	15,175	18,725
Other operating revenues	601,280	549,385
Total operating revenues	66,028,083	61,837,136
Operating expenses:		
Academic support	23,942,104	24,423,210
Student services	6,841,192	6,284,896
Public services	6,612,599	5,831,228
General institutional	12,664,773	11,876,030
Operations and maintenance	2,289,138	2,483,618
General administration	18,523,192	18,116,560
Other sponsored programs	4,667,919	1,547,422
Scholarships	4,199,665	3,099,975
State of New Jersey Library	4,741,023	4,403,446
Talking Book and Braille Center	1,961,490	1,898,795
Grants to libraries	5,668,667	5,382,129
Collections and exhibits	1,038,628	1,098,147
Depreciation	2,262,107	2,305,685
Total operating expenses	95,412,497	88,751,141
Operating loss	(29,384,414)	(26,914,005)
Nonoperating revenues (expenses):		
Federal grants	6,041,927	892,166
State of New Jersey appropriations	11,561,951	9,407,585
State of New Jersey paid fringe benefits	16,039,955	13,166,202
State of New Jersey paid other postemployment benefits (note 9)	1,584,715	348,257
Contributed U.S. Postal Service	146,776	163,598
Private gifts – restricted	293,174	4,657,025
Investment income	721,496	781,146
Interest on indebtedness	(255,230)	(295,532)
Loss on disposal of equipment	(75,972)	(5,593)
Net nonoperating revenues	36,058,792	29,114,854
Increase before other revenues	6,674,378	2,200,849
Increase in net position	6,674,378	2,200,849
Net position as of beginning of year	19,957,642	17,756,793
Net position as of end of year	\$ 26,632,020	19,957,642

See accompanying notes to financial statements.

THOMAS EDISON STATE UNIVERSITY FOUNDATION, INC.
(A Component Unit of Thomas Edison State University and its
Affiliate The New Jersey State Library)

Statement of Activities

Year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions and grants	\$ 111,153	680,485	791,638
Special events	144,659	—	144,659
Donated services and auction materials	7,295	—	7,295
Less costs of direct benefits to donors	(63,140)	—	(63,140)
Special events, net	88,814	—	88,814
Donated personnel	268,411	—	268,411
Donated securities	10,917	—	10,917
Investment return, net	473,529	589,642	1,063,171
Net assets released from restrictions	754,689	(754,689)	—
Total support and revenues	1,707,513	515,438	2,222,951
Expenses:			
Program expenses	937,671	—	937,671
Management and general	23,827	—	23,827
Fundraising	70,051	—	70,051
Total expenses	1,031,549	—	1,031,549
Change in net assets	675,964	515,438	1,191,402
Net assets, beginning of year	5,035,905	5,985,720	11,021,625
Net assets, end of year	\$ 5,711,869	6,501,158	12,213,027

See accompanying notes to financial statements.

THOMAS EDISON STATE UNIVERSITY FOUNDATION, INC.
(A Component Unit of Thomas Edison State University and its
Affiliate The New Jersey State Library)

Statement of Activities

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions and grants	\$ 145,741	606,334	752,075
Special events	214,857	37,514	252,371
Donated services and auction materials	12,180	—	12,180
Less costs of direct benefits to donors	(127,631)	—	(127,631)
Special events, net	99,406	37,514	136,920
Donated personnel	260,744	—	260,744
Donated securities	4,180	17,189	21,369
Investment return, net	676,384	986,798	1,663,182
Net assets released from restrictions	849,830	(849,830)	—
Total support and revenues	2,036,285	798,005	2,834,290
Expenses:			
Program expenses	1,118,235	—	1,118,235
Management and general	25,608	—	25,608
Fundraising	95,791	—	95,791
Total expenses	1,239,634	—	1,239,634
Change in net assets	796,651	798,005	1,594,656
Net assets, beginning of year	4,239,254	5,187,715	9,426,969
Net assets, end of year	\$ 5,035,905	5,985,720	11,021,625

See accompanying notes to financial statements.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

Business-Type Activities – Organization Only

Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Student tuition and fees	\$ 49,573,350	46,011,216
Grants, contracts, and other revenues	17,618,359	14,106,113
Payments for salaries	(34,316,855)	(34,167,535)
Payments for fringe benefits	(1,720,275)	(2,107,601)
Payments for materials and supplies	(1,328,376)	(1,407,626)
Payments for services	(26,905,416)	(22,686,786)
Payments for maintenance	(2,592,637)	(2,175,509)
Payments to students	(4,197,125)	(3,955,766)
Payments for grants and contracts	(1,963,486)	(1,742,890)
Payments for noncapital improvements	(1,222,313)	(158,498)
Net cash used by operating activities	(7,054,774)	(8,284,882)
Cash flows from noncapital financing activities:		
Federal appropriations	7,125,786	—
State of New Jersey appropriations	11,561,951	9,407,585
Private gifts – restricted	291,413	649,569
Agency receipts	187,799	180,169
Agency disbursements	(185,726)	(182,553)
Net cash provided by noncapital financing activities	18,981,223	10,054,770
Cash flows from capital financing activities:		
Purchases of capital assets	(1,085,592)	(206,901)
Net deposits with trustee	52,686	16,432
Principal paid on capital debt	(1,256,933)	(1,229,001)
Interest paid on capital debt	(262,155)	(300,272)
Net cash used by capital financing activities	(2,551,994)	(1,719,742)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	7,818,005	11,752,042
Purchases of investments	(8,275,965)	(9,632,248)
Interest on investments	509,065	894,894
Net cash provided by investing activities	51,105	3,014,688
Net increase in cash	9,425,560	3,064,834
Cash as of beginning of the year	12,747,993	9,683,159
Cash as of end of the year	\$ 22,173,553	12,747,993

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

Business-Type Activities – Organization Only

Years ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (29,384,414)	(26,914,005)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	2,262,107	2,305,685
Noncash transactions	17,773,380	13,685,328
Change in assets and liabilities:		
Receivables	3,109,323	741,224
Prepaid expenses and other assets	(72,829)	(36,049)
Accounts payable and accrued expenses	233,243	(938,635)
Deposits held in custody of others	(10,346)	1,499
Unearned tuition and fees	(1,040,927)	845,426
Unearned grants and contracts	(127,407)	589,563
Net pension liability and related deferred amounts	203,096	1,435,082
Net cash used by operating activities	\$ (7,054,774)	(8,284,882)
Noncash transactions:		
State of New Jersey paid fringe benefits	\$ 16,039,955	13,166,202
State of New Jersey paid other postemployment benefits	1,584,715	348,257
Contributed U.S. Postal Service	146,776	163,598
Contributed services	1,934	7,271
Contributed art work	—	4,000,000
Student waivers expense	(2,982,114)	(2,733,021)
Student tuition and fees	2,982,114	2,733,021
State of New Jersey paid grants to local libraries expense	(3,639,240)	(3,639,240)
State of New Jersey paid grants to local libraries revenue	3,639,240	3,639,240
	\$ 17,773,380	17,685,328

See accompanying notes to financial statements.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(1) Organization and Summary of Significant Accounting Policies

Organization

(a) Thomas Edison State University (formerly Thomas Edison State College)

Thomas Edison State College was founded by the New Jersey Board of Higher Education in 1972 as an undergraduate institution which provides flexible and accessible, high-quality college opportunities primarily for adults. In December 2015, the New Jersey Secretary of Education granted university status to the College and the College's Board of Trustees approved a resolution authorizing the institution to change its name to Thomas Edison State University (the University). The University was developed within two guiding assumptions: (1) many adults acquire college-level knowledge through work, leisure, and formal and informal training activities and (2) college credit should be awarded for the demonstration of college-level knowledge, regardless of the source of that knowledge.

The mission statement of Thomas Edison State University charges the University with providing distinctive undergraduate and graduate education for self-directed adults through flexible, high-quality collegiate learning and assessment opportunities. The University was founded for the purpose of providing diverse and alternative methods of achieving a collegiate education of the highest quality for mature adults.

The University is accredited by the Middle States Association of Colleges and Schools. Enrollment for 2021 was 14,351 students and 2020 was 14,726. Since the University was founded, 69,194 associate, baccalaureate, masters and doctoral degrees in eighteen degree programs have been awarded. The University's offices are located in Trenton, New Jersey.

(b) The New Jersey State Library

The New Jersey State Library (the Library) was established by the State of New Jersey (the State) to provide lifelong learning and educational services, through the use of a State library, to the citizens of the State. This is accomplished by enabling citizens of the State and other libraries within the State, to have access to a national network of publications as well as the collection of books and historical documents at the Library, including a priceless Jerseyana collection. The Library also ensures that affiliated libraries within the State are provided Federal and State funds needed to administer library operations and update collections of books and records. The Library has existed as part of the State since 1796 and maintains approximately 2.1 million volumes of books and historical documents.

(c) The Organization

The University and the State recognize that the mission of the Library compliments and enhances the mission of the University. Therefore, to ensure the efficient and effective delivery of library and related services to the citizens of the State, Public Law 2001, Chapter 137 was signed into law effective July 2, 2001, making the Library an affiliate of the University. This statute makes permanent the conditions of Executive Order 002-1996 under which the University and the Library have been operating since July 1996. As a result, the financial reporting entity was formed known as Thomas Edison State University and its Affiliate the New Jersey State Library (the Organization) under control of the University's Board of Trustees.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

The Organization is recognized as a public institution by the State. Under the law, the Organization is an instrumentality of the State with a high degree of autonomy. However, under Government Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, the Organization is considered a component unit of the State for financial reporting purposes. Accordingly, the Organization's financial statements are included in the State's Annual Report.

Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Organization conform to U.S. generally accepted accounting principles as applicable to colleges and universities. The Organization's reports are based on all applicable GASB pronouncements.

GASB Statement No. 35, *Basic Financial Statements and – Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires 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 Organization.
 - Expendable* – Net position whose use by the Organization is subject to externally imposed stipulations that can be fulfilled by actions of the Organization pursuant to the stipulations or that expire by the passage of time.
- *Unrestricted*: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees. 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 Organization's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

(b) 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 Organization reports as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(c) Investments

Investments in money market funds and certificates of deposit are measured at amortized cost. All other investments are reflected at fair value. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

(d) Rare Books, Artwork, and Historical Documents

The Organization capitalizes rare books, artwork, collections and historical documents of \$5,000 or greater at fair value at the date of donation. These items are held for public exhibition, education, or research in furtherance of public service, rather than financial gain, protected, kept unencumbered, cared for, and preserved. They are considered inexhaustible and are not depreciated.

(e) Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is \$5,000 and above for all furniture, equipment and vehicles, and building improvements. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets of the Organization are depreciated using the straight-line method over the following useful lives.

	Useful lives
Buildings	50 years
Building improvements	10–40 years
Data processing equipment	5 years
Furniture and fixtures	15 years
General equipment	10 years
Land improvements	10–50 years
Software	7 years
Vehicles	5 years

The Organization does not capitalize the existing collections of the Library, including books and microfiche, except for rare books, artwork, and historical documents, as they have a short estimated useful life. Included in the accompanying financial statements as an expense are accessions of approximately \$1,000,000 and \$1,100,000 in 2021 and 2020, respectively.

(f) Net Pension Liability and Related Pension Amounts

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

about PERS, please refer to the State of New Jersey, Division of Pensions and Benefits' ACFR, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml> additional information regarding pensions is discussed in note 9.

(g) Postemployment Benefits Other than Pensions

In fiscal year 2018, the Organization adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which replaced existing standards of accounting and financial reporting for retirement plans for postemployment benefits other than pensions (OPEB) that are provided to the employees of state and local governmental employers through OPEB plans that are administered either through trusts or equivalent arrangements or not administered through trusts that meet certain specified criteria. The effect of adoption of GASB 75 resulted in recording the Organization's proportionate share of OPEB revenue and expenses that the State is legally obligated for benefit payments on behalf of the Organization. The Organization recognized non-operating revenue and operating expenses related to the support provided by the State of New Jersey. The State of New Jersey is legally obligated for benefit payments on behalf of the Organization. No net liability is required to be included in the Organization's financial statements.

(h) Student Tuition and Fees

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarship expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as unearned tuition and fees in the accompanying statements of net position.

(i) State of New Jersey and Federal Grants and Contracts

State of New Jersey and Federal grants and contracts revenues, with the exception of the Federal Governor's Emergency Education Relief Fund (GEERF), are recognized as the related expenses are incurred. Amounts received from grants and contracts, which have not yet been earned under the terms of the agreement, are recorded as unearned grants and contracts in the accompanying statements of net position. The University received GEERF funds as a subrecipient from the State of New Jersey. The full amount of GEERF funds allocated to the University was recognized as revenue. The GEERF grant will be fully expended during fiscal year 2022.

(j) State of New Jersey Paid Fringe Benefits

The State of New Jersey pays for the fringe benefits for certain employees of the Organization. Fringe benefits paid by the State of \$16,039,955 and \$13,166,202 in 2021 and 2020, respectively, have been included in the accompanying financial statements as revenues and expenses.

(k) Contributed U.S. Postal Service

As a service to the blind citizens of the State, the U.S. Postal Service provides certain delivery services for the Talking Book and Braille Center at no cost to the Library. The estimated value of such services, based upon the amount of packages delivered, is approximately \$147,000 and \$164,000 for the years ended June 30, 2021 and 2020, respectively. Such contributed services have been included in the accompanying financial statements as revenues and expenses.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(l) Classification of Revenue

The Organization's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the Organization'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 (1) student tuition and fees, net of scholarship allowances, and (2) most Federal, State, and private grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as operating appropriations from the State, Federal COVID grants, contributed U.S. Postal Service, private gifts, and investment income.

(m) Financial Dependency

The Organization receives a substantial amount of support from Federal and State sources. A significant reduction in the level of this support, if this were to occur, may have adverse effects on the Organization's programs and activities.

(n) Income Taxes

The Organization's income is excluded from Federal income taxes under Internal Revenue Code Section 115.

(o) Use of Estimates

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

(p) Reclassifications

Certain reclassifications have been made to the 2020 financial statements in order to conform to the presentation of the current year's financial statements.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(2) Cash and Investments

(a) Cash

Cash consisted of the following demand deposits in a financial institution as of June 30, 2021 and 2020:

	Carrying amount	Bank balances
2021:		
University	\$ 15,206,388	16,007,002
Library	6,967,165	6,999,113
Total deposits	\$ 22,173,553	23,006,115
	Carrying amount	Bank balances
2020:		
University	\$ 7,128,799	7,936,874
Library	5,619,194	5,401,747
Total deposits	\$ 12,747,993	13,338,621

Bank balances in excess of FDIC insured amounts totaling \$22,414,197 in 2021 and \$12,738,501 in 2020 are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

(b) Investments

The Organization has an investment policy which establishes guidelines for permissible investments. The investment policy for the Organization is based on a disciplined, consistent and diversified approach. The Organization may be invested in instruments such as, but not limited to, obligations of the United States government; certificates of deposit; domestic investment grade commercial paper; money market funds; domestic fixed income investments; and equities. Fixed income and equity investments may be part of an exchange traded fund.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

Investments consist of the following as of June 30, 2021 and 2020:

	2021		
	University	Library	Total
State of New Jersey Cash Management Fund	\$ 9,265,409	438,729	9,704,138
Money market accounts	47,191	2,021,324	2,068,515
Equities and equity exchange traded funds (ETFs)	720,182	757,798	1,477,980
Fixed income ETFs	3,144,367	568,943	3,713,310
Certificates of deposit	7,166,647	—	7,166,647
Total	<u>\$ 20,343,796</u>	<u>3,786,794</u>	<u>24,130,590</u>
		2020	
	University	Library	Total
State of New Jersey Cash Management Fund	\$ 9,259,783	438,463	9,698,246
Money market accounts	46,636	2,017,559	2,064,195
Equities and equity exchange traded funds (ETFs)	507,920	573,350	1,081,270
Fixed income ETFs	3,101,135	526,441	3,627,576
Certificates of deposit	7,091,492	—	7,091,492
Total	<u>\$ 20,006,966</u>	<u>3,555,813</u>	<u>23,562,779</u>

The bank balances of the certificate of deposits in excess of FDIC insured amounts totaling \$6,916,647 in 2021 and \$6,841,492 in 2020 are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

The Organization's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Individual debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's). The Organizations ETF mutual funds are comprised of many securities and therefore are not rated overall as a fund by the major rating agencies.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

The following table summarizes the Organization's fixed income investments as of June 30, 2021 and 2020:

	2021		2020	
	Rating	Fair value	Rating	Fair value
University:				
Fixed income ETFs	Not Rated	\$ 3,144,367	Not Rated	\$ 3,101,135
Library:				
Fixed income ETFs	Not Rated	\$ 568,943	Not Rated	\$ 526,441

The Organization participates in the State of New Jersey Cash Management Fund wherein amounts, also contributed by other State entities, are combined into a large-scale investment program. The State of New Jersey Cash Management Fund and money market funds are unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Organization does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

The following tables summarize the maturities of the Organization's fixed income investments as of June 30, 2021 and 2020:

	2021				
	Maturities in years				
	Fair value	Less than 1	1-5	6-10	11-15
University:					
State of New Jersey Cash Management Fund	\$ 9,265,409	9,265,409	—	—	—
Money market accounts	47,191	47,191	—	—	—
Fixed income ETFs	3,144,367	—	—	3,144,367	—
Certificates of Deposit	7,166,647	7,166,647	—	—	—
Library:					
State of New Jersey Cash Management Fund	438,728	438,728	—	—	—
Money market accounts	2,021,324	2,021,324	—	—	—
Fixed income ETFs	568,943	—	—	568,943	—
	\$ 22,652,609	18,939,299	—	3,713,310	—

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

		2020				
		Maturities in years				
Fair value		Less than 1	1-5	6-10	11-15	
University:						
State of New Jersey Cash Management Fund	\$ 9,259,783	9,259,783	—	—	—	
Money market accounts	46,636	46,636	—	—	—	
Fixed income ETFs	3,101,135	—	—	3,101,135	—	
Certificates of Deposit	7,091,492	4,000,000	3,091,492	—	—	
Library:						
State of New Jersey Cash Management Fund	438,463	438,463	—	—	—	
Money market accounts	2,017,559	2,017,559	—	—	—	
Fixed income ETFs	526,441	—	—	526,441	—	
Total	\$ 22,481,509	15,762,441	3,091,492	3,627,576	—	

State of New Jersey Cash Management Funds, money market accounts, fixed income ETFs are included in the above tables using their average weighted maturity.

(3) Trustee Held Investments – Restricted

Trustee held investments include restricted funds held for Library specific purposes by third party trustees. Trustee held investments consist of the following as of June 30, 2021 and 2020:

	2021	2020
State of New Jersey Cash Management Fund	\$ 611,560	647,057
Money market accounts	17,927	16,240
Alternative assets ETFs	113,782	91,324
Fixed income ETFs	81,656	62,350
Equity ETFs	265,925	218,328
Total	\$ 1,090,850	1,035,299

The Organization's trustee held investments – restricted are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

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

The Organization participates in the State of New Jersey Cash Management Fund wherein amounts are also contributed by other State entities are combined into a large-scale investment program. The State of New Jersey Cash Management Fund, fixed income ETFs held by trustees and money market funds are unrated.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Organization does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

The following table summarizes the maturities of the Organization's trustee held investments – restricted as of June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Maturities in years</u>		<u>Maturities in years</u>	
	<u>Fair value</u>	<u>Less than 1</u>	<u>Fair value</u>	<u>Less than 1</u>
Library:				
State of New Jersey Cash Management Fund	\$ 611,560	611,560	647,057	647,057
Money market accounts	17,927	17,927	16,240	16,240
Fixed income ETFs	81,656	81,656	62,350	62,350
	<u>\$ 711,143</u>	<u>711,143</u>	<u>725,647</u>	<u>725,647</u>

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

While the Organization 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.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

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

- U.S. Government bonds and notes and corporate bonds – The fair value of government bonds and notes and corporate bonds are based on unadjusted quoted prices for identical assets or liabilities in inactive markets.
- Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- Exchange traded funds – The fair value of ETFs are based on the quoted or published market price on an active market as of the measurement date.
- State of New Jersey Cash Management Fund – The fair value of the State of New Jersey cash management fund is based on a compilation of primarily observable market information or broker quotes in a non-active market.
- Money market accounts and certificates of deposit – These investments are measured at amortized cost and have been excluded from fair value leveling.

The Organization’s investments as of June 30, 2021 are summarized in the following table by their fair value hierarchy:

	2021 Investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equities and equity ETFs	\$ 1,477,980	1,477,980	—	—
Fixed income ETFs	3,713,310	3,713,310	—	—
Subtotal	<u>5,191,290</u>	<u>\$ 5,191,290</u>	<u>—</u>	<u>—</u>
Investments measured at amortized cost:				
Money market accounts	2,068,515			
Certificates of deposit	<u>7,166,647</u>			
Subtotal	<u>9,235,162</u>			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	<u>9,704,138</u>			
Total investments	<u>\$ 24,130,590</u>			

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2021 and 2020

	2021 Trustee held investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Alternative asset ETFs	\$ 113,782	113,782	—	—
Fixed income ETFs	81,656	81,656	—	—
Equity ETFs	265,925	265,925	—	—
Subtotal	461,363	\$ 461,363	—	—
Investments measured at amortized cost:				
Money market accounts	17,927			
Subtotal	17,927			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	611,560			
Total investments	\$ 1,090,850			

The Organization's investments as of June 30, 2020 are summarized in the following table by their fair value hierarchy:

	2020 Investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equities and equity ETFs	\$ 1,081,270	1,081,270	—	—
Fixed income ETFs	3,627,576	3,627,576	—	—
Subtotal	4,708,846	\$ 4,708,846	—	—
Investments measured at amortized cost:				
Money market accounts	2,064,195			
Certificates of deposit	7,091,492			
Subtotal	9,155,687			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	9,698,246			
Total investments	\$ 23,562,779			

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2021 and 2020

	2020 Trustee held investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Alternative asset ETFs	\$ 91,324	91,324	—	—
Fixed income ETFs	62,350	62,350	—	—
Equity ETFs	218,328	218,328	—	—
Subtotal	372,002	\$ 372,002	—	—
Investments measured at amortized cost:				
Money market accounts	16,240			
Subtotal	16,240			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	647,057			
Total investments	\$ 1,035,299			

(5) Capital Assets, Net

The Organization's principal locations are in buildings, some of which are owned by the State and are dedicated for use by the Organization. Although legal title for buildings owned by the State rests with the State, the Organization has been given, through legislation, exclusive use of the buildings and has included the cost of capital assets in the accompanying statements of net position. For the years ended June 30, 2021 and 2020, capital assets and accumulated depreciation activity was as follows:

	2021			
	Beginning balance	Additions	Retirements	Ending balance
Depreciable assets:				
Buildings and improvements	\$ 64,717,930	89,237	—	64,807,167
Equipment and vehicles	3,432,054	629,755	630,933	3,430,876
Furniture and fixtures	4,064,217	—	—	4,064,217
University subtotal	72,214,201	718,992	630,933	72,302,260
Buildings and improvements	20,082,656	—	—	20,082,656
Equipment and vehicles	2,636,422	436,405	1,409,025	1,663,802
Furniture and fixtures	257,621	—	—	257,621
Library subtotal	22,976,699	436,405	1,409,025	22,004,079
Total depreciable assets	95,190,900	1,155,397	2,039,958	94,306,339

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

	2021			
	Beginning balance	Additions	Retirements	Ending balance
Less accumulated depreciation:				
Buildings and improvements	\$ 13,883,337	1,473,495	—	15,356,832
Equipment and vehicles	2,759,706	221,960	586,393	2,395,273
Furniture and fixtures	2,316,233	231,799	7,947	2,540,085
University subtotal	18,959,276	1,927,254	594,340	20,292,190
Buildings and improvements	15,434,734	223,755	—	15,658,489
Equipment and vehicles	2,339,815	94,910	1,369,646	1,065,079
Furniture and fixtures	63,773	16,188	—	79,961
Library subtotal	17,838,322	334,853	1,369,646	16,803,529
Total accumulated depreciation	36,797,598	2,262,107	1,963,986	37,095,719
Total depreciable assets, net	58,393,302	(1,106,710)	75,972	57,210,620
Nondepreciable assets:				
University land	1,363,088	—	—	1,363,088
Library land	1,089,592	—	—	1,089,592
Total nondepreciable assets	2,452,680	—	—	2,452,680
Total capital assets, net	\$ 60,845,982	(1,106,710)	75,972	59,663,300

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2021 and 2020

	2020			
	Beginning balance	Additions	Retirements	Ending balance
Depreciable assets:				
Buildings and improvements	\$ 64,663,026	54,904	—	64,717,930
Equipment and vehicles	3,503,099	33,955	105,000	3,432,054
Furniture and fixtures	4,064,217	—	—	4,064,217
University subtotal	72,230,342	88,859	105,000	72,214,201
Buildings and improvements	20,101,946	5,745	25,035	20,082,656
Equipment and vehicles	2,567,440	68,982	—	2,636,422
Furniture and fixtures	257,621	—	—	257,621
Library subtotal	22,927,007	74,727	25,035	22,976,699
Total depreciable assets	95,157,349	163,586	130,035	95,190,900
Less accumulated depreciation:				
Buildings and improvements	12,415,362	1,467,975	—	13,883,337
Equipment and vehicles	2,620,260	244,446	105,000	2,759,706
Furniture and fixtures	2,050,981	265,252	—	2,316,233
University subtotal	17,086,603	1,977,673	105,000	18,959,276
Buildings and improvements	15,230,031	224,145	19,442	15,434,734
Equipment and vehicles	2,252,465	87,350	—	2,339,815
Furniture and fixtures	47,256	16,517	—	63,773
Library subtotal	17,529,752	328,012	19,442	17,838,322
Total accumulated depreciation	34,616,355	2,305,685	124,442	36,797,598
Total depreciable assets, net	60,540,994	(2,142,099)	5,593	58,393,302
Nondepreciable assets:				
University land	1,363,088	—	—	1,363,088
Library land	1,089,592	—	—	1,089,592
Total nondepreciable assets	2,452,680	—	—	2,452,680
Total capital assets, net	\$ 62,993,674	(2,142,099)	5,593	60,845,982

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2021 and 2020:

		2021			2020
		University	Library	Total	Total
Vendors	\$	3,943,330	342,242	4,285,572	4,154,455
Accrued salaries and benefits		1,020,781	214,483	1,235,264	994,609
Compensated absences		1,835,177	439,204	2,274,381	2,015,268
Other accrued expenses		87,255	186,054	273,309	631,126
Total	\$	<u>6,886,543</u>	<u>1,181,983</u>	<u>8,068,526</u>	<u>7,795,458</u>

(7) Noncurrent Liabilities

For the years ended June 30, 2021 and 2020, noncurrent liabilities activity was as follows:

		2021				
		Beginning balance	Additions	Reductions	Ending balance	
Compensated absences:						
University	\$	2,091,458	176,453	6,450	2,261,461	1,835,177
Library		535,965	120,069	—	656,034	439,204
Total compensated absences		<u>2,627,423</u>	<u>296,522</u>	<u>6,450</u>	<u>2,917,495</u>	<u>2,274,381</u>
Net pension liability:						
University		38,040,875	2,640,665	3,519,548	37,161,992	—
Library		28,015,774	966,339	1,380,864	27,601,249	—
Total net pension liability		<u>66,056,649</u>	<u>3,607,004</u>	<u>4,900,412</u>	<u>64,763,241</u>	<u>—</u>
Total	\$	<u>68,684,072</u>	<u>3,903,526</u>	<u>4,906,862</u>	<u>67,680,736</u>	<u>2,274,381</u>

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

	2020				
	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Compensated absences:					
University	\$ 1,886,645	227,287	22,474	2,091,458	1,659,790
Library	456,515	103,305	23,855	535,965	355,477
Total compensated absences	<u>2,343,160</u>	<u>330,592</u>	<u>46,329</u>	<u>2,627,423</u>	<u>2,015,267</u>
Net pension liability:					
University	39,906,414	3,285,886	5,151,425	38,040,875	—
Library	29,181,858	1,081,321	2,247,405	28,015,774	—
Total net pension liability	<u>69,088,272</u>	<u>4,367,207</u>	<u>7,398,830</u>	<u>66,056,649</u>	<u>—</u>
Total	<u>\$ 71,431,432</u>	<u>4,697,799</u>	<u>7,445,159</u>	<u>68,684,072</u>	<u>2,015,267</u>

(8) Long-Term Debt

For the years ended June 30, 2021 and 2020, long-term debt activity was as follows:

	2021				
	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt:					
University:					
Banc of America Leasing & Capital, LLC:					
2007 Tax Exempt Lease	\$ 175,644	—	70,257	105,387	70,257
TD Bank Finance, Inc.:					
2012 Tax Exempt Lease	4,026,479	—	421,053	3,605,426	421,053
Capital Improvement Fund:					
102-104 West State Street	353,923	—	18,123	335,800	19,060
Capital Improvement Fund:					
Kelsey/Townhouse Complex	484,671	—	24,819	459,852	26,101
Equipment Leasing Fund:					
Nursing Equipment	49,549	—	15,714	33,835	16,501
PNC Bank:					
Nursing Center	3,355,000	—	705,000	2,650,000	745,000
Capital Improvement Fund:					
Kelsey Entryway	50,578	—	1,967	48,611	2,067
Total	<u>\$ 8,495,844</u>	<u>—</u>	<u>1,256,933</u>	<u>7,238,911</u>	<u>1,300,039</u>

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements
June 30, 2021 and 2020

	2020				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Long-term debt:					
University:					
Banc of America Leasing & Capital, LLC:					
2007 Tax Exempt Lease	\$ 245,901	—	70,257	175,644	70,257
TD Bank Finance, Inc.:					
2012 Tax Exempt Lease	4,447,532	—	421,053	4,026,479	421,053
Capital Improvement Fund:					
102-104 West State Street	371,163	—	17,240	353,923	18,123
Capital Improvement Fund:					
Kelsey/Townhouse Complex	508,280	—	23,609	484,671	24,819
Equipment Leasing Fund:					
Nursing Equipment	64,523	—	14,974	49,549	15,714
PNC Bank:					
Nursing Center	4,035,000	—	680,000	3,355,000	705,000
Capital Improvement Fund:					
Kelsey Entryway	52,446	—	1,868	50,578	1,967
Total	<u>\$ 9,724,845</u>	<u>—</u>	<u>1,229,001</u>	<u>8,495,844</u>	<u>1,256,933</u>

In December 2016, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$170,000 to the University was used for alterations and renovations to the entryway of the Kelsey/Townhouse Complex. The Organization's share of the bond debt service is \$55,399. As of June 30, 2021, the Organization has fully drawn down the funds. The bond debt service payment schedule has a twenty-year term. There are nineteen interest-only payments totaling \$15,786 and twenty principal plus interest payments totaling \$73,100 with interest rates ranging from 3.000% to 5.500%. As of June 30, 2021 and 2020, the Organization owes \$48,611 and \$50,578, respectively.

In October 2014, the Organization entered into a tax exempt lease financing arrangement in which PNC Bank is the lessor, the New Jersey Educational Facilities Authority is the lessee, and the Organization is the sublessee. The lease financing of \$7,000,000 was to assist the University in covering costs associated with the construction of the Nursing Education Center in Trenton, NJ. As of June 30, 2021, the Organization has fully drawn down the funds. The bond debt service payment schedule has a ten year term. There are 121 loan payments of principal plus interest at 2.486%. As of June 30, 2021 and 2020, the Organization owes \$2,650,000 and \$3,355,000, respectively.

In March 2014, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$1,397,000 to the University was used for the renovations to 102 – 104 West State Street to house its new Center for

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

Learning Technology. The Organization's share of the bond debt service is \$662,932. As of June 30, 2021, the Organization has fully drawn down the funds. The bond debt service payment schedule has a twenty-year term. There are twenty interest-only payments totaling \$118,131 and nineteen principal plus interest payments totaling \$544,801 with interest rates ranging from 3.500% to 5.000%. As of June 30, 2021 and 2020, the Organization owes \$335,800 and \$353,923, respectively.

In March 2014, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$1,913,000 to the University was used for capital improvements and renovations to the Kelsey/Townhouse Complex. The Organization's share of the bond debt service is \$907,836. As of June 30, 2021, the Organization has fully drawn down the funds. The bond debt service payment schedule has a twenty-year term. There are twenty interest-only payments totaling \$161,772 and nineteen principal plus interest payments totaling \$593,360 with interest rates ranging from 3.500% to 5.00%. As of June 30, 2021, and 2020, the Organization owes \$459,852 and \$484,671, respectively.

In January 2014, the Organization received leasing funds as part of the Higher Education Equipment Leasing Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the lessor, and the Organization is the lessee. The lease agreement funding of \$585,000 to the University is being used for computing and instructional equipment for the School of Nursing. The Organization's share of the bond debt service is \$163,791. As of June 30, 2021, the Organization has fully drawn down the funds. The bond debt service payment schedule has a nine-year term. There are nine interest-only payments totaling \$19,306 and nine principal plus interest payments totaling \$144,485 with an interest rate of 5.000%. As of June 30, 2021, and 2020, the Organization owes \$33,835 and \$49,549, respectively.

In October 2011, the Organization entered into a tax-exempt lease financing arrangement in which TD Bank Finance, Inc. is the lessor, the New Jersey Educational Facilities Authority is the lessee, and the Organization is the sublessee. The lease financing of \$8,000,000 by the University was used for renovations to the historic Kuser Mansion in Trenton. As of June 30, 2021 the Organization has fully drawn down the funds. The lease rental payment schedule has a twenty-year term. There are four interest-only payments totaling \$265,222, followed by 76 lease payments of \$105,263 plus interest at 3.500% that started quarterly on March 31, 2013. As of June 30, 2014, the Organization made a one-time pay-down in the amount of \$815,626 from the bond proceeds that remained unspent at the end of construction. Upon notice to the Organization, TD Bank Finance, Inc. has the option to declare the entire outstanding principal and outstanding interest, due and payable in full on the ten year anniversary date. As of June 30, 2021 and 2020, the Organization owes \$3,605,426 and \$4,026,479, respectively.

In September 2007, the Organization entered into a tax-exempt lease financing arrangement in which Banc of America Leasing & Capital, LLC is the lessor, the New Jersey Educational Facilities Authority is the lessee, and the Organization is the sublessee. The lease financing of \$2,700,000 by the University was used for renovations to the Kelsey building and security, equipment and data processing upgrades. As of June 30, 2021 the Organization has fully drawn down the funds. The lease is made up of three rental payment schedules. The first schedule has an interest rate of 4.100%, which will be repaid over a five-year period. The second schedule has an interest rate of 4.380%, which will be repaid over a seven-year period.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

The third schedule has an interest rate of 4.570%, which will be repaid over a fifteen-year period. As of June 30, 2021 and 2020, the Organization owes \$105,387 and \$175,644, respectively.

The following is a schedule, by year, of future minimum payments under long-term debt as of June 30, 2021:

	Principal	Interest
Year ending June 30:		
2022	\$ 1,300,039	223,051
2023	1,258,162	183,109
2024	1,233,247	145,674
2025	885,916	110,544
2026–2030	2,236,551	272,280
2031–2035	316,536	34,273
2036–2037	8,460	428
Total	\$ 7,238,911	969,359

(9) Retirement Plans

The Organization participates in two major retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the Division), for its employees – Public Employees’ Retirement System (PERS) and the Alternate Benefit Program (ABP), which presently makes contributions to Teachers Insurance and Annuity Association (TIAA), Aetna Life Insurance, Lincoln Life Insurance, Metropolitan Life Insurance, Travelers Insurance, and VALIC. PERS is a cost sharing, multiple-employer defined benefit pension plan. The ABP alternatives are defined contribution plans that are administered by a separate Board of Trustees. The Organization is charged pension costs through a fringe benefit charge assessed by the State, which is included within the state paid fringe benefits in the accompanying financial statements.

A publicly available annual report of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS’s and ABP’s fiduciary net position, can be obtained at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml> or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Effective July 1, 2010, the Organization established two supplemental retirement plans – Supplemental Alternate Benefit Plan and Supplemental Retirement Plan for the benefit of its eligible employees. The objective of the plans is to help provide for additional security on retirement, by means of employer contributions supplemental to those under the Alternate Benefit Program for the Supplemental Alternate

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

Benefit Plan and supplemental to those under the Alternate Benefit Program and the Supplemental Alternate Benefit Plan for the Supplemental Retirement Plan.

(a) Defined Benefit Pension Plan

(i) Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits (the Division). For additional information about PERS, please refer to the Division's annual audited financial statements which can be found <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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.

PERS members were required to contribute 7.50% of their annual covered salary for the years ended June 30, 2021 and 2020. The State makes employer contributions on behalf of the Organization. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The State's contribution for the Organization was \$3,173,200 and \$2,726,590 for 2021 and 2020, respectively.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(ii) *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*

The Organization's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for PERS are calculated by the Division. At June 30, 2021 and 2020, the Organization reported a liability of \$64,763,241 and \$66,056,649, respectively, for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability at June 30, 2021 was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date of June 30, 2020. The total pension liability used to calculate the net pension liability at June 30, 2020 was determined by an actuarial valuation as of July 1, 2018 and rolled forward to the measurement date of June 30, 2019. The June 30, 2020 and 2019 PERS net pension liability was recorded in the statement of net position as of June 30, 2021 and June 30, 2020, respectively. The Organization's proportionate share of the respective net pension liability for the fiscal year was based on the actual contributions made by the State on behalf of the University relative to the total contributions of participating employers of the State Group for the respective fiscal years. Below is a summary of PERS information for June 30, 2020 and 2019:

	2020		
	University	Library	Total
Proportionate share of net pension liability	\$ 37,161,992	27,601,249	64,763,241
Allocation percentage – State Group	0.1672158301 %	0.1241958654 %	0.2914116955 %
Allocation percentage – Total Plan*	0.0961262078	0.0713956183	0.1675218261
Pension expense for the year ended	\$ 2,640,663	966,339	3,607,002

* Allocation percentage calculated as the Organization's respective net pension liability as a percentage of the total plan's net pension liability.

	2019		
	University	Library	Total
Proportionate share of net pension liability	\$ 38,040,875	28,015,774	66,056,649
Allocation percentage – State Group	0.1653058421 %	0.1217419689 %	0.2870478110 %
Allocation percentage – Total Plan*	0.0924303665	0.0680717323	0.1605020988
Pension expense for the year ended	\$ 3,285,886	1,081,321	4,367,207

* Allocation percentage calculated as the Organization's respective net pension liability as a percentage of the total plan's net pension liability.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

The Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	2021		
	<u>University</u>	<u>Library</u>	<u>Total</u>
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 976,981	725,631	1,702,612
Changes of assumptions	619,992	460,485	1,080,477
Net differences between projected and actual investment earnings on pension plan investments	421,725	313,227	734,952
Changes in proportionate share Contributions subsequent to the measurement date	1,457,674	749,031	2,206,705
	<u>1,764,687</u>	<u>1,408,513</u>	<u>3,173,200</u>
	<u>\$ 5,241,059</u>	<u>3,656,887</u>	<u>8,897,946</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 200,242	148,725	348,967
Changes in assumptions	8,367,083	6,214,466	14,581,549
Changes in proportionate share	978,755	609,336	1,588,091
	<u>9,546,080</u>	<u>6,972,527</u>	<u>16,518,607</u>

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

	2020		
	<u>University</u>	<u>Library</u>	<u>Total</u>
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 392,909	289,363	682,272
Changes of assumptions	2,112,173	1,555,541	3,667,714
Net differences between projected and actual investment earnings on pension plan investments	36,818	27,115	63,933
Changes in proportionate share	2,430,056	388,268	2,818,324
Contributions subsequent to the measurement date	<u>1,527,293</u>	<u>1,199,297</u>	<u>2,726,590</u>
	<u>\$ 6,499,249</u>	<u>3,459,584</u>	<u>9,958,833</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 272,379	200,598	472,977
Changes in assumptions	7,629,123	5,618,582	13,247,705
Changes in proportionate share	<u>1,317,549</u>	<u>1,044,759</u>	<u>2,362,308</u>
	<u>\$ 9,219,051</u>	<u>6,863,939</u>	<u>16,082,990</u>

\$3,173,200 reported as deferred outflows of resources at June 30, 2021 related to pensions resulting from contributions made on behalf of the Organization by the State subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense as follows:

	<u>University</u>	<u>Library</u>	<u>Total</u>
Years ending:			
2022	\$ (1,778,762)	(1,690,211)	(3,468,973)
2023	(2,281,500)	(1,703,049)	(3,984,549)
2024	(1,483,728)	(1,010,875)	(2,494,603)
2025	(452,900)	(274,361)	(727,261)
2026	<u>(72,818)</u>	<u>(45,657)</u>	<u>(118,475)</u>
	<u>\$ (6,069,708)</u>	<u>(4,724,153)</u>	<u>(10,793,861)</u>

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(iii) *Actuarial Assumptions*

The total pension liability as of June 30, 2021 is measured as of June 30, 2020 (based on the July 1, 2019 actuarial valuation rolled forward to June 30, 2020) and the total pension liability as of June 30, 2020 is measured as of June 30, 2019 (based on the July 1, 2018 actuarial valuation rolled forward to June 30, 2019). The total pension liability as of June 30, 2021 and June 30, 2020 was determined using the following actuarial assumptions:

	2021	2020
Inflation rate:		
Price	2.75 %	2.75 %
Wage	3.25 %	3.25 %
Salary increases:		
Through 2026	2.00–6.00% based on years service	2.00–6.00% based on years service
Thereafter	3.00–7.00% based on years service	3.00–7.00% based on years service
Investment rate of return	7.00 %	7.00 %
Discount rate	7.00	6.28

2020

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-2020.

2019

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-2019.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(iv) *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments 7.00% at June 30, 2020 and June 30, 2019, respectively, is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

Asset class	PERS 2020		PERS 2019	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Risk mitigation strategies	3.00 %	3.40 %	3.00 %	4.67 %
Cash equivalents	4.00	0.50	5.00	2.00
U.S. treasuries	5.00	1.94	5.00	2.68
Investment grade credit	8.00	2.67	10.00	4.25
High yield	2.00	5.95	2.00	5.37
Private credit/debt related private credit	8.00	7.59	6.00	7.92
Real assets/private real asset	3.00	9.73	2.50	9.31
Real estate/equity related real estate	8.00	9.56	7.50	8.33
U.S. equity	27.00	7.71	28.00	8.26
Non-US developed markets equity	13.50	8.57	12.50	9.00
Emerging markets equity	5.50	10.23	6.50	11.37
Private equity	13.00	11.42	12.00	10.85

(v) *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that conditions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer, and 100% of actuarially determined contributors for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine total pension liability.

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

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 determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(vi) *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the collective net pension liability for participating PERS employers as of June 30, 2020 and 2019 calculated using the discount rate as disclosed above as well as what the collective 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:

		2020		
		At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
	University	\$ 42,395,498	37,161,992	32,734,691
	Library	31,488,320	27,601,249	24,312,969
	Total	\$ 73,883,818	64,763,241	57,047,660
		2019		
		At 1% decrease (5.28%)	At current discount rate (6.28%)	At 1% increase (7.28%)
	University	\$ 43,765,911	38,040,875	33,230,057
	Library	32,232,062	28,015,774	24,472,774
	Total	\$ 75,997,973	66,056,649	57,702,831

(b) Defined Contribution Benefit Plans

(i) *Alternate Benefit Program*

ABP provides the choice of seven investment carriers all of which are privately operated defined contribution retirement plans. The Organization assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate in this optional

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

retirement program. Participation eligibility, as well as contributory and noncontributory requirements, are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating Organization employees are required to contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pretax basis. Employer contributions are 8%. During the years ended June 30, 2021 and 2020, ABP received employer and employee contributions as follows:

	2021			2020
	University	Library	Total	Total
Employer contributions	\$ 1,685,056	44,292	1,729,348	1,682,496
Employee contributions	1,053,160	27,682	1,080,842	1,051,560
Basis for contributions:				
Participating employee salaries	21,063,198	553,648	21,616,846	21,031,200

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as State paid fringe benefits revenue and as expenses. The maximum compensation to be considered for employer retirement contributions is \$141,000 per New Jersey state law Chapter 31, P.L. 2010. This law was effective as of July 1, 2010. P.L. 2018, Chapter 14 increased the annual compensation limit to \$175,000 effective July 1, 2018. The Organization created the Supplemental Alternate Benefit Program to fund the 8% employer match above the compensation limit. These contributions are funded by the Organization.

(ii) *Supplemental Alternate Benefit Program*

The Plan is administered by the Organization. TIAA CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the Organization with Non State funds. The plan is intended to qualify as a governmental plan that is a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code 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 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 Organization will contribute 8% of the employee's compensation in excess of the State limit on compensation. The accumulated base salary limit during fiscal year 2021 was \$175,000. There were no employee contributions during fiscal year 2021 or 2020. The employer contributions made during fiscal year 2021 and 2020 were \$38,224 and \$31,048, respectively.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(iii) Supplemental Retirement Program

The Plan is administered by the Organization. TIAA-CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the Organization with Non-State funds. The plan is intended to qualify as a governmental plan that is a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code 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). The Organization may contribute to the plan, on behalf of participants who are employees of the employer during the plan year and are eligible to share in the employer contributions for such plan year, as determined by the Compensation Committee and approved by the Board of Trustees. There were no employee contributions during fiscal year 2021 or 2020. The employer contributions made during fiscal year 2021 and 2020 were \$7,282 and \$8,482, respectively.

(c) Postemployment Benefits Other than Pensions

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

Plan description, including benefits provided – The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in *GASB Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

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

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

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

(i) *Total OPEB Liability and OPEB Expense*

As of June 30, 2021 and 2020, the State recorded a liability of \$90,409,045 and \$58,339,465 respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the Organization (the Organization's share). The Organization's share was based on the ratio of its members to the total members of the Plan. At June 30, 2021 and 2020, the Organization's share was 1.130539% and 1.062179%, and 0.319504% and 0.320443% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2021 and 2020, the Organization recognized OPEB expense of \$1,584,715 and \$348,257 respectively. As the State is legally obligated for benefit payments on behalf of the Organization, the Organization recognized revenue equal to the support provided by the State.

Actuarial assumptions and other inputs – The State's liability associated with the Organization at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. The State's liability associated with the Organization at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019. These valuations used the following assumptions, applied to all periods in the measurement:

	2021	2020
Inflation	2.50 %	2.50 %
Discount rate	2.21	3.50
Salary increases:		
Through 2026	2.00–6.00%	2.00–6.00%
Thereafter	3.00–7.00	3.00–7.00

For the June 30, 2019 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS/JRS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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 Scale MP-2020. Disability mortality was based on the Pub-2010 "Safety" (PFRS/SPRS), "Teachers" (TPAF/ABP), and "General" (PERS/JRS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

For the June 30, 2018 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS/JRS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "Safety" (PFRS/SPRS), "Teachers" (TPAF/ABP), and "General" (PERS/JRS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Certain actuarial assumptions used in the June 30, 2019 and 2018 valuations are based on the results of actuarial experience studies of the State of New Jersey's defined benefit plans, including PERS (July 1, 2014 through June 30, 2020), ABP (using the experience of the Teacher's Pension and Annuity Fund – July 1, 2015 through June 30, 2020), and PFRS (July 1, 2013 through June 30, 2020).

Health Care Trend Assumptions – For pre-Medicare medical benefits, the trend rate is initially is 5.6% and 5.7% for the June 30, 2019 and 2018 valuations, respectively, and decreases to a 4.5% and 4.5% long-term trend rate after seven and eight years, respectively. For prescription drug benefits, the initial trend rate is 7.0% and 7.5% for the June 30, 2019 and 2018 valuations, respectively, decreasing to a 4.5% and 4.5% long-term trend rate after seven and eight years, respectively. For post-65 medical benefits, the actually fully-insured Medicare Advantage trend rate for fiscal year are reflected. The Medicare Advantage trend rate is 4.5% for the June 30, 2017 valuation and will continue in all future years. For the Medicare Part B reimbursement, the trend rate is 5.0% for the June 30, 2019 and 2018 valuations.

Discount Rate – The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa2 or higher.

(10) Commitments

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. Since Federal and State funds comprise approximately 99% of the total revenues of the Library, and through developing a memorandum of understanding between the University and the State with respect to the Library, accrued sick time will be funded by the State for Library employees.

The University and Library paid \$68,864 and \$45,000, respectively, in 2021. In 2020, the University and Library paid \$101,320 and \$8,367 respectively. The University and Library have accrued amounts of \$426,284 and \$216,830 and \$431,668 and \$387,540, respectively, as of June 30, 2021 and 2020, for anticipated future payments to employees who are planning to retire in the foreseeable future and are eligible for payment of a portion of their accumulated sick time. A receivable from the State for \$216,830 and \$180,488, respectively, has been recorded as of June 30, 2021 and 2020 in the accompanying statements of net position for Library sick accrual reimbursable from the State. At the current time, it is uncertain whether the policy followed by the State regarding unused sick time reimbursement during fiscal year 2021 will continue into fiscal year 2022 and beyond. If the State did not provide reimbursement to the

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

University for these amounts in the future, the University would still be liable for the payments to these employees.

(11) Component Unit

Thomas Edison State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Organization with a fiscal year-end of December 31. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University and Library in support of its programs. The Board of Directors of the Foundation, which consists of at least five and no more than thirty persons, is self-perpetuating and consists of qualified persons elected by majority vote of the Board of Directors of the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds and invests are used exclusively for the benefit, support, and promotion of the University for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of the University and Library, the Foundation is considered a component unit of the Organization and is discretely presented in the Organization's financial statements.

During the years ended June 30, 2021 and 2020, the Foundation distributed \$712,296 and \$738,268, respectively, to the University for restricted purposes. Complete financial statements for the Foundation can be obtained from the Controller's Office at 101 West State Street, Trenton, NJ 08608.

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

(12) Risk Management

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

Buildings, plant, equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed \$100,000 per occurrence with a per occurrence limit of \$2,000,000,000. Money and securities coverage provides for the actual loss in excess of \$100,000 with a per loss limit of \$5,000,000. A new policy was added in FY21 for art work with a limit of \$4,000,000. As an instrumentality of the State of New Jersey the liability of Thomas Edison State University is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1-1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13-1 et seq.) and the availability of appropriations.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2021 and 2020

The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties.

All insurance policies are renewed on an annual basis. All of the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature.

There has been no decrease in insurance coverage during the current year. There have been no settlements in excess of insurance coverage in the past three years. In fiscal year 2021, the communicable disease coverage limit has been reduced from \$1,000,000 to \$10,000, and cyber security coverage has been reduced from \$10,000,000 to \$1,000,000 aggregate limits for the nine participating state universities.

(13) COVID-19 Pandemic

The State of New Jersey fully funded the University for the amounts appropriated in fiscal year 2021. The State of New Jersey increased support for fiscal year 2022. The University had increased student tuition during fiscal year 2021 and ended the year with a significant surplus. There is a risk that the State of New Jersey could de-obligate funds in fiscal year 2022 if the pandemic intensifies and an economic shut down occurs. State of New Jersey appropriations increased by over \$2 million in fiscal year 2021. In addition, the number of state paid fringe benefit positions increased by 95 positions as of October 1, 2020. It is unknown if the level of State funding will remain stable in future years.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Employer Contributions

**State of New Jersey Public Employees' Retirement System
Thomas Edison State University**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,764,687	1,527,293	1,322,073	1,078,012	807,305	527,950	328,993
Contributions in relation to the contractually required contribution	<u>1,764,687</u>	<u>1,527,293</u>	<u>1,322,073</u>	<u>1,078,012</u>	<u>807,305</u>	<u>527,950</u>	<u>328,993</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—
Organization employee covered—payroll	\$ 6,709,265	6,492,369	6,971,915	7,109,582	7,481,975	7,349,168	7,555,305
Contributions as a percentage of employee covered payroll	26.30 %	23.52 %	18.96 %	15.16 %	10.79 %	7.18 %	4.35 %
New Jersey State Library							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,408,513	1,199,297	1,027,121	831,781	626,220	444,325	276,882
Contributions in relation to the contractually required contribution	<u>1,408,513</u>	<u>1,199,297</u>	<u>1,027,121</u>	<u>831,781</u>	<u>626,220</u>	<u>444,325</u>	<u>276,882</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—
Organization employee covered—payroll	\$ 5,141,500	5,290,815	5,403,489	5,229,833	5,454,972	5,313,407	5,592,606
Contributions as a percentage of employee covered payroll	27.39 %	22.67 %	19.01 %	15.90 %	11.48 %	8.36 %	4.95 %
Total							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,173,200	2,726,590	2,349,194	1,909,793	1,433,525	972,275	605,875
Contributions in relation to the contractually required contribution	<u>3,173,200</u>	<u>2,726,590</u>	<u>2,349,194</u>	<u>1,909,793</u>	<u>1,433,525</u>	<u>972,275</u>	<u>605,875</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—
Organization employee covered—payroll	\$ 11,850,765	11,783,184	12,375,404	12,339,415	12,936,947	12,662,575	13,147,911
Contributions as a percentage of employee covered payroll	26.78 %	23.14 %	18.98 %	15.48 %	11.08 %	7.68 %	4.61 %

Information provided for required supplementary information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

**State of New Jersey Public Employees' Retirement System
Thomas Edison State University**

	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.167 %	0.165 %	0.168 %	0.173 %	0.162 %	0.146 %	0.136 %
Organization proportion of the net pension liability – Total Plan	0.092	0.092	0.092	0.090	0.081	0.075	0.071
Organization proportionate share of the net pension liability	\$ 37,161,992	38,040,875	39,906,414	44,250,453	47,406,184	34,608,556	27,459,799
Organization employee covered–payroll	6,492,369	6,971,915	7,109,582	7,481,975	7,349,168	7,555,305	6,978,413
Organization proportionate share of the net pension liability as a percentage of the employee covered–payroll	572.39 %	545.63 %	561.30 %	591.43 %	634.94 %	458.07 %	393.50 %
Plan fiduciary net position as a percentage of the total pension liability	42.90	42.04	40.45	36.78	31.20	38.21	42.74
New Jersey State Library							
	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.124 %	0.122 %	0.123 %	0.126 %	0.123 %	0.123 %	0.127 %
Organization proportion of the net pension liability – Total Plan	0.071	0.068	0.067	0.066	0.061	0.063	0.066
Organization proportionate share of the net pension liability	\$ 27,601,249	28,015,774	29,181,858	32,425,786	36,129,572	29,126,717	25,544,272
Organization employee covered–payroll	5,290,815	5,403,489	5,229,833	5,454,972	5,313,407	5,592,606	5,527,456
Organization proportionate share of the net pension liability as a percentage of the employee covered–payroll	521.68 %	518.48 %	557.99 %	594.43 %	662.32 %	520.81 %	462.13 %
Plan fiduciary net position as a percentage of the total pension liability	42.90	42.04	40.45	36.78	31.20	38.21	42.74
Total							
	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.291 %	0.287 %	0.291 %	0.299 %	0.285 %	0.269 %	0.263 %
Organization proportion of the net pension liability – Total Plan	0.168	0.160	0.159	0.156	0.142	0.138	0.136
Organization proportionate share of the net pension liability	\$ 64,763,241	66,056,649	69,088,272	76,676,239	83,535,756	63,735,273	53,004,071
Organization employee covered–payroll	11,783,184	12,375,404	12,339,415	12,936,947	12,662,575	13,147,911	12,505,869
Organization proportionate share of the net pension liability as a percentage of the employee covered–payroll	549.62 %	533.77 %	559.90 %	592.70 %	646.49 %	484.76 %	423.83 %
Plan fiduciary net position as a percentage of the total pension liability	42.90	42.04	40.45	36.78	31.20	38.21	42.74

Information provided for required supplementary information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to Required Supplementary Information

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate and the change in the long-term rate of return as follows:

PERS

For 2020, the discount rate changed to 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 in 2020.

For 2019, the discount rate changed to 6.28% and the long-term rate of return remained at 7.00%. The mortality tables utilized changed from RP 2006 in 2018 to Pub-2010 in 2019.

For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%.

For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%.

For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%.

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Total OPEB Liability

Total	2021	2020	2019	2018
Organization proportion of the collective total OPEB liability	— %	— %	— %	— %
Organization proportionate share of the collective total OPEB liability	— %	— %	— %	— %
State's proportionate share of the total OPEB liability associated with the Organization	\$ 90,409,045	58,339,465	77,203,200	92,565,771
Total OPEB Liability	<u>\$ 90,409,045</u>	<u>58,339,465</u>	<u>77,203,200</u>	<u>92,565,771</u>
Organization employee covered—payroll	\$ 30,699,447	31,918,154	32,984,372	29,528,781
Organization proportionate share of the collective total OPEB liability as a percentage of the employee covered—payroll	— %	— %	— %	— %

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

Notes to Required Supplementary Information

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

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.

For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.

For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.

For 2019, the discount rate changed to 3.87% from 3.58%

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Schedule of Net Position

June 30, 2021

Assets	University	Library	Total
Current assets:			
Cash	\$ 15,206,388	6,967,165	22,173,553
Investments	14,395,750	1,321,326	15,717,076
Receivables:			
Students, net	3,844,472	—	3,844,472
State of New Jersey	350,444	365,102	715,546
Federal	6,610	504,914	511,524
Corporate accounts, net	370,650	—	370,650
Other receivables	98,906	4,078	102,984
Total receivables	4,671,082	874,094	5,545,176
Prepaid expenses and other assets	326,987	285,872	612,859
Due to University from Library	480,359	(480,359)	—
Total current assets	35,080,566	8,968,098	44,048,664
Noncurrent assets:			
Investments	3,371,359	553,075	3,924,434
Restricted investments	2,576,687	1,912,393	4,489,080
Trustee held investments – restricted	—	1,090,850	1,090,850
Rare books, artwork, and historical documents	4,566,597	1,564,050	6,130,647
Capital assets	53,373,157	6,290,143	59,663,300
Total noncurrent assets	63,887,800	11,410,511	75,298,311
Total assets	98,968,366	20,378,609	119,346,975
Deferred Outflows of Resources			
Deferred outflows of resources:			
Pensions related	5,241,059	3,656,887	8,897,946
Total assets and deferred outflows of resources	104,209,425	24,035,496	128,244,921
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	6,886,543	1,181,983	8,068,526
Unearned tuition and fees	3,130,234	—	3,130,234
Unearned grants and contracts	1,083,859	161,591	1,245,450
Deposits held in custody for others	4,818	—	4,818
Long-term debt – current portion	1,300,039	—	1,300,039
Total current liabilities	12,405,493	1,343,574	13,749,067
Noncurrent liabilities:			
Compensated absences – noncurrent portion	426,284	216,830	643,114
Long-term debt	5,938,872	—	5,938,872
Net pension liability	37,161,992	27,601,249	64,763,241
Total noncurrent liabilities	43,527,148	27,818,079	71,345,227
Total liabilities	55,932,641	29,161,653	85,094,294
Deferred Inflows of Resources			
Deferred inflows of resources:			
Pensions related	9,546,080	6,972,527	16,518,607
Total liabilities and deferred inflows of resources	65,478,721	36,134,180	101,612,901
Net Position			
Net investment in capital assets	50,700,844	7,854,193	58,555,037
Restricted for:			
Nonexpendable:			
Aid to local libraries	—	416,073	416,073
Library for the Blind and Handicapped	—	333,642	333,642
Expendable:			
Aid to local libraries	—	287,545	287,545
Library for the Blind and Handicapped	—	1,588,617	1,588,617
Public policy	1,492,828	—	1,492,828
Unrestricted	(13,462,968)	(22,578,754)	(36,041,722)
Total net position	\$ 38,730,704	(12,098,684)	26,632,020

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Schedule of Net Position

June 30, 2020

Assets	University	Library	Total
Current assets:			
Cash	\$ 7,128,799	5,619,194	12,747,993
Investments	15,333,461	1,731,300	17,064,761
Receivables:			
Students, net	5,436,056	—	5,436,056
State of New Jersey	519,523	394,243	913,766
Federal	923,689	893,072	1,816,761
Corporate accounts, net	339,035	—	339,035
Other receivables	144,630	4,251	148,881
Total receivables	7,362,933	1,291,566	8,654,499
Prepaid expenses and other assets	258,530	281,500	540,030
Due to University from Library	259,089	(259,089)	—
Total current assets	30,342,812	8,664,471	39,007,283
Noncurrent assets:			
Investments	3,168,148	497,311	3,665,459
Restricted investments	1,505,357	1,327,202	2,832,559
Trustee held investments – restricted	—	1,035,299	1,035,299
Rare books, artwork, and historical documents	4,566,597	1,564,050	6,130,647
Capital assets	54,618,013	6,227,969	60,845,982
Total noncurrent assets	63,858,115	10,651,831	74,509,946
Total assets	94,200,927	19,316,302	113,517,229
Deferred Outflows of Resources			
Deferred outflows of resources:			
Pensions related	6,499,249	3,459,584	9,958,833
Total assets and deferred outflows of resources	100,700,176	22,775,886	123,476,062
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	6,992,247	803,211	7,795,458
Unearned tuition and fees	4,171,161	—	4,171,161
Unearned grants and contracts	57,965	231,033	288,998
Deposits held in custody for others	15,164	—	15,164
Long-term debt – current portion	1,256,933	—	1,256,933
Total current liabilities	12,493,470	1,034,244	13,527,714
Noncurrent liabilities:			
Compensated absences – noncurrent portion	431,668	180,488	612,156
Long-term debt	7,238,911	—	7,238,911
Net pension liability	38,040,875	28,015,774	66,056,649
Total noncurrent liabilities	45,711,454	28,196,262	73,907,716
Total liabilities	58,204,924	29,230,506	87,435,430
Deferred Inflows of Resources			
Deferred inflows of resources:			
Pensions related	9,219,051	6,863,939	16,082,990
Total liabilities and deferred inflows of resources	67,423,975	36,094,445	103,518,420
Net Position			
Net investment in capital assets	50,688,766	7,792,019	58,480,785
Restricted for:			
Nonexpendable:			
Aid to local libraries	—	416,073	416,073
Library for the Blind and Handicapped	—	333,642	333,642
Expendable:			
Aid to local libraries	—	361,531	361,531
Library for the Blind and Handicapped	—	1,271,237	1,271,237
Public policy	1,505,357	—	1,505,357
Unrestricted	(18,917,922)	(23,493,061)	(42,410,983)
Total net position	\$ 33,276,201	(13,318,559)	19,957,642

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2021

	<u>University</u>	<u>Library</u>	<u>Total</u>
Operating revenues:			
Student tuition and fees, net	\$ 46,037,672	—	46,037,672
Federal grants and contracts	5,400,055	5,229,420	10,629,475
Federal indirect cost recovery	183,705	—	183,705
State of New Jersey grants and contracts	160,086	8,400,690	8,560,776
Noncollegiate sponsored programs	15,175	—	15,175
Other operating revenues	599,088	2,192	601,280
	<u>52,395,781</u>	<u>13,632,302</u>	<u>66,028,083</u>
Total operating revenues			
Operating expenses:			
Academic support	23,942,104	—	23,942,104
Student services	6,841,192	—	6,841,192
Public services	1,703,699	4,908,900	6,612,599
General institutional	12,664,773	—	12,664,773
Operations and maintenance	2,252,270	36,868	2,289,138
General administration	16,045,650	2,477,542	18,523,192
Other sponsored programs	4,667,919	—	4,667,919
Scholarships	4,199,665	—	4,199,665
State of New Jersey Library	—	4,741,023	4,741,023
Talking Book and Braille Center	—	1,961,490	1,961,490
Grants to libraries	—	5,668,667	5,668,667
Collections and exhibits	—	1,038,628	1,038,628
Depreciation	1,927,254	334,853	2,262,107
	<u>74,244,526</u>	<u>21,167,971</u>	<u>95,412,497</u>
Total operating expenses			
Operating loss	<u>(21,848,745)</u>	<u>(7,535,669)</u>	<u>(29,384,414)</u>
Nonoperating revenues (expenses):			
Federal grants	6,041,927	—	6,041,927
State of New Jersey appropriations	6,147,000	5,414,951	11,561,951
State of New Jersey paid fringe benefits	13,558,682	2,481,273	16,039,955
State of New Jersey paid other post employment benefits	1,175,106	409,609	1,584,715
Contributed U.S. Postal Service	—	146,776	146,776
Private gifts – restricted	263,457	29,717	293,174
Investment income	408,899	312,597	721,496
Interest on indebtedness	(255,230)	—	(255,230)
Loss on disposal of equipment	(36,593)	(39,379)	(75,972)
	<u>27,303,248</u>	<u>8,755,544</u>	<u>36,058,792</u>
Net nonoperating revenues			
Increase in net position	5,454,503	1,219,875	6,674,378
Net position as of beginning of year	<u>33,276,201</u>	<u>(13,318,559)</u>	<u>19,957,642</u>
Net position as of end of year	<u>\$ 38,730,704</u>	<u>(12,098,684)</u>	<u>26,632,020</u>

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Schedule of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

	<u>University</u>	<u>Library</u>	<u>Total</u>
Operating revenues:			
Student tuition and fees, net	\$ 43,257,872	—	43,257,872
Federal grants and contracts	5,213,194	4,110,503	9,323,697
Federal indirect cost recovery	285,246	—	285,246
State of New Jersey grants and contracts	107,911	8,294,300	8,402,211
Noncollegiate sponsored programs	18,725	—	18,725
Other operating revenues	546,108	3,277	549,385
	<u>49,429,056</u>	<u>12,408,080</u>	<u>61,837,136</u>
Operating expenses:			
Academic support	24,423,210	—	24,423,210
Student services	6,284,896	—	6,284,896
Public services	1,716,259	4,114,969	5,831,228
General institutional	11,876,030	—	11,876,030
Operations and maintenance	2,443,584	40,034	2,483,618
General administration	15,664,995	2,451,565	18,116,560
Other sponsored programs	1,547,422	—	1,547,422
Scholarships	3,099,975	—	3,099,975
State of New Jersey Library	—	4,403,446	4,403,446
Talking Book and Braille Center	—	1,898,795	1,898,795
Grants to libraries	—	5,382,129	5,382,129
Collections and exhibits	—	1,098,147	1,098,147
Depreciation	1,977,673	328,012	2,305,685
	<u>69,034,044</u>	<u>19,717,097</u>	<u>88,751,141</u>
Operating loss	<u>(19,604,988)</u>	<u>(7,309,017)</u>	<u>(26,914,005)</u>
Nonoperating revenues (expenses):			
Federal grants	892,166	—	892,166
State of New Jersey appropriations	4,277,132	5,130,453	9,407,585
State of New Jersey paid fringe benefits	11,051,388	2,114,814	13,166,202
State of New Jersey paid other post employment benefits	262,984	85,273	348,257
Contributed U.S. Postal Service	—	163,598	163,598
Private gifts – restricted	4,576,440	80,585	4,657,025
Investment income	717,673	63,473	781,146
Interest on indebtedness	(295,532)	—	(295,532)
Loss on disposal of equipment	—	(5,593)	(5,593)
	<u>21,482,251</u>	<u>7,632,603</u>	<u>29,114,854</u>
Net nonoperating revenues	<u>21,482,251</u>	<u>7,632,603</u>	<u>29,114,854</u>
Increase in net position	1,877,263	323,586	2,200,849
Net position as of beginning of year	<u>31,398,938</u>	<u>(13,642,145)</u>	<u>17,756,793</u>
Net position as of end of year	<u>\$ 33,276,201</u>	<u>(13,318,559)</u>	<u>19,957,642</u>

See accompanying independent auditors' report.