



**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, 2022 and 2021

(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)

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KPMG LLP  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

## Independent Auditors' Report

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

### *Opinions*

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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 the Organization, as of June 30, 2022 and 2021, 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.

We did not audit the financial statements of Thomas Edison State University Foundation, Inc. (the Foundation), which represents 100% of the total assets and total revenues as of and for the years ended June 30, 2022 and June 30, 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the report of the other auditors.

### *Basis for Opinions*

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

### *Emphasis of Matter*

As discussed in notes 1(h) to the financial statements, the University adopted Governmental Accounting Standards Boards (GASB) Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to these matters.

### *Responsibilities of Management for the Financial Statements*

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



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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

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

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

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedules of employer contributions, schedules of proportionate share of the net pension liability, and schedule of proportionate share of the total OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



*Supplementary Information*

Our audits were 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 page 66 through 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*KPMG LLP*

Short Hills, New Jersey  
March 13, 2023

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Management's Discussion and Analysis

June 30, 2022 and 2021

(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, 2022 and 2021, with certain 2020 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. The financial statements for the Thomas Edison State University Foundation are presented discretely. The Foundation was formed to aid the University in obtaining private funds to meet the needs of the University.

**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, deferred inflows of resources, and net position. 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 \$31,659,404 at June 30, 2022 from \$26,812,064 at June 30, 2021, and increased from \$19,957,642 at June 30, 2020. In fiscal year 2022, the Organization's net position increase of \$4,847,340 which was primarily due to the recognition of negative pension expense in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) of \$5,187,106. In fiscal year 2021, the Organization's net position increase of \$6,854,422 was primarily due to an increase in student tuition of \$2,779,800, an increase in State of New Jersey appropriations of \$2,154,366 and \$1,165,751 in salary expense charged to stimulus grants.

The Organization recorded on its financial statements the state paid revenue and expenses for other employment benefits for fiscal year 2022, 2021 and 2020. The State has communicated that the associated unfunded liability, deferred inflows of resources and deferred outflows of resources are the responsibility of the

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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, 2022, decreased to \$59,714,465 from \$66,028,083 in 2021, which increased from \$61,837,136 in 2020. The decrease was primarily due to a decrease of \$8,363,156 in student tuition, which was partially offset by an increase in State of New Jersey grants and contracts of \$1,773,514 in fiscal year 2022. The increase in fiscal year 2021 was primarily due to an increase of \$2,779,800 in student tuition and an increase in federal grants of \$1,305,778, primarily at the Library. Library federal grants increased in 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.

Net nonoperating revenues for the year ended June 30, 2022 increased to \$37,502,207 from \$36,049,013 in fiscal year 2021, primarily due to an increase of \$2,260,930 in state appropriations, an increase of \$4,299,952 in State paid fringe benefits, which were partially offset by a decrease federal grants of \$3,661,377 and a decrease of \$1,212,604 in investment income. The increase in fringe benefits was related to a higher fringe benefit rate. The decrease in federal grants was due to spending down a higher percentage of stimulus funds in fiscal year 2021. Net nonoperating revenues for the year ended June 30, 2021, increased to \$36,049,013 from \$29,114,854 in fiscal year 2020, primarily due to an increase in federal grants 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.

The Organization implemented GASB Statement No. 87, *Leases* (GASB 87) and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* (GASB 96) in fiscal year 2022. The standards establish a single model for lease accounting based on the principle that leases and SBITAs are financings of the right to use an asset. The GASB 87 and GASB 96 fiscal year 2021 restatement resulted increased assets of \$4,414,562, increased liabilities of \$4,234,518 and increased net assets of \$180,044.

**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, as well as the net position of the Organization by category. The assets and liabilities are divided into current and noncurrent.

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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.

Net investment in capital assets consists of capital assets, including leases and SBITAs, 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, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u> <sup>(1)</sup>
Current assets	\$ 40,747,631	44,398,226	39,007,283
Capital assets, net	61,197,960	64,231,798	60,845,982
Other assets	<u>14,518,105</u>	<u>15,635,011</u>	<u>13,663,964</u>
Total assets	116,463,696	124,265,035	113,517,229
Deferred outflows of resources	<u>6,901,035</u>	<u>8,897,946</u>	<u>9,958,833</u>
Total assets and deferred outflows of resources	<u>\$ 123,364,731</u>	<u>133,162,981</u>	<u>123,476,062</u>
Current liabilities	\$ 13,354,965	15,559,834	13,527,714
Noncurrent liabilities	<u>60,960,657</u>	<u>74,272,476</u>	<u>73,907,716</u>
Total liabilities	74,315,622	89,832,310	87,435,430
Deferred inflows of resources	<u>17,389,705</u>	<u>16,518,607</u>	<u>16,082,990</u>
Total liabilities and deferred inflows of resources	<u>\$ 91,705,327</u>	<u>106,350,917</u>	<u>103,518,420</u>



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	<b>2022</b>	<b>2021</b>	<b>2020 <sup>(1)</sup></b>
Net position:			
Net investment in capital assets	\$ 61,324,024	58,895,938	58,480,785
Restricted	4,340,097	4,118,705	3,887,840
Unrestricted	(34,004,717)	(36,202,579)	(42,410,983)
Net position, end of year	\$ 31,659,404	26,812,064	19,957,642

<sup>(1)</sup> The 2020 amounts have not been restated to reflect the adoption of GASB 87 and 96.

**Net Position, End of Year**

The Organization's net position at June 30, 2022 increased \$4,847,340 or 18% from fiscal year 2021 to \$31,659,404. The Organization's net position at June 30, 2021, increased \$6,854,422 or 34% from fiscal year 2020. The increase in fiscal year 2022 was primarily due to the recognition of negative pension expense of \$5,187,106. The increase in fiscal year 2021 was primarily due to an increase in student tuition of \$2,779,800, an increase in State of New Jersey appropriations of \$2,154,366 and \$1,165,751 in salary expense charged to stimulus grants.

The Organization's total assets decreased to \$116,463,696 at June 30, 2022 from \$124,265,035 at June 30, 2021, which increased from \$113,517,229 at June 30, 2020. The fiscal year 2022 decrease of \$7,801,339 or 6% was primarily due to decreased cash of \$3,681,939 and decreased capital assets of \$3,033,838. The fiscal year 2021 increase of \$10,747,806 or 9% was primarily due to increased cash of \$9,425,560 and increased capital assets of \$3,385,816, which were partially offset by decreased receivables of \$2,606,871.

The Organization's total deferred outflows of resources decreased \$1,996,911 or 22% from fiscal year 2021 to \$6,901,035 (University share \$3,671,935 and Library share \$3,229,100). The Organization's total deferred inflows of resources increased \$871,098 or 5% from fiscal year 2021 to \$17,389,705 (University share \$10,370,676 and Library share \$7,019,029). 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 2021 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of \$4,409,997 (University share \$2,294,325 and Library share \$2,115,672).

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).

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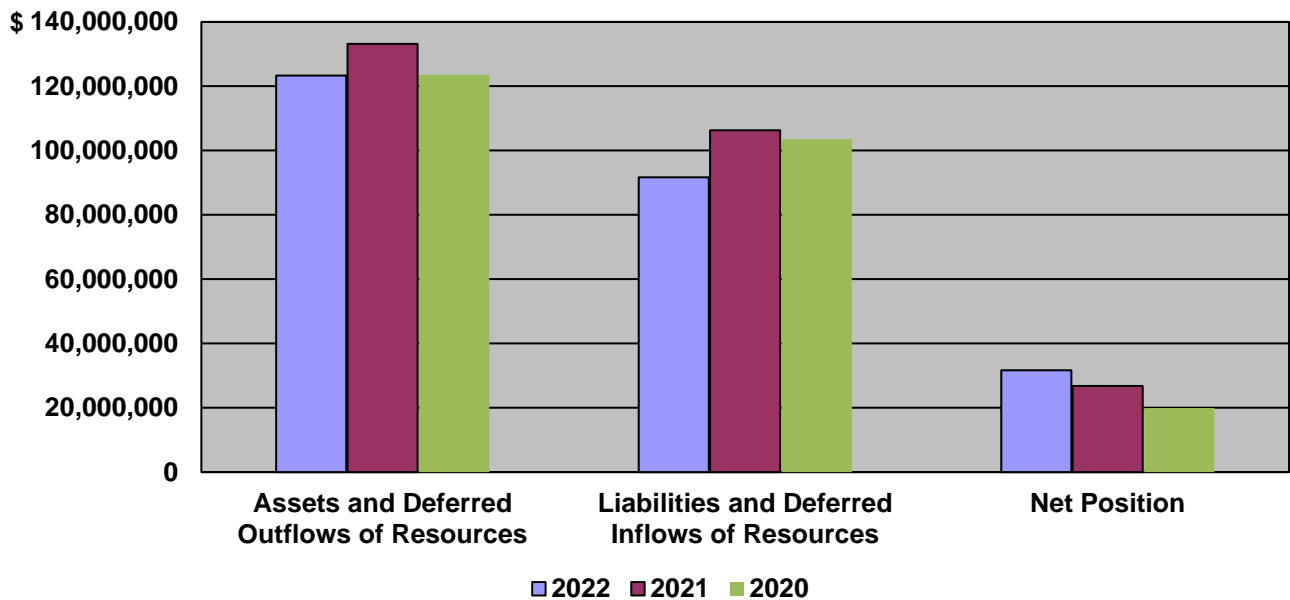
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The Organization's total liabilities decreased \$15,516,688 or 17% to \$74,315,622 in fiscal year 2022. The fiscal year 2022 decrease was primarily due to a \$8,292,168 decrease in the net pension liability (University share \$5,191,114 and Library share \$3,101,054), a decrease of \$487,055 in unearned tuition and fees, a \$637,466 decrease in unearned grants and contracts, and a \$5,461,924 decrease in long-term debt. The Organization's total liabilities increased \$2,396,880 or 3% to \$89,832,310 in fiscal year 2021. The fiscal year 2021 increase was primarily due to an increase in long term debt of \$2,970,663 and an increase in unearned grants of \$956,452, which were partially offset by a decrease of \$1,293,408 in the net pension liability (University share \$878,883 and Library share \$414,525).

**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

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position. A condensed summary of the Organization's revenues, expenses, and changes in net position for the years ended June 30, 2022, 2021 and 2020 follows:

**Condensed Statements of Revenues, Expenses and Changes in Net Position for the years ended  
June 30, 2023, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>2020 <sup>(1)</sup></u>
Operating revenues:			
Student tuition and fees, net of scholarships	\$ 37,674,516	46,037,672	43,257,872
Federal grants and contracts	10,868,144	10,629,475	9,323,697
State of New Jersey grants and contracts	<u>10,334,290</u>	<u>8,560,776</u>	<u>8,402,211</u>
Subtotal operating grants	21,202,434	19,190,251	17,725,908
Other	<u>837,515</u>	<u>800,160</u>	<u>853,356</u>
Total operating revenues	59,714,465	66,028,083	61,837,136
Operating expenses	<u>92,369,332</u>	<u>95,222,674</u>	<u>88,751,141</u>
Operating loss	<u>(32,654,867)</u>	<u>(29,194,591)</u>	<u>(26,914,005)</u>
Nonoperating revenues (expenses):			
Federal grants	2,380,550	6,041,927	892,166
State of New Jersey funding, including OPEB	35,109,270	29,186,621	22,922,044
Other nonoperating revenues, net	48,535	896,437	5,306,237
Loss on disposal of equipment	<u>(36,148)</u>	<u>(75,972)</u>	<u>(5,593)</u>
Net non-operating revenues	<u>37,502,207</u>	<u>36,049,013</u>	<u>29,114,854</u>
Increase in net position	4,847,340	6,854,422	2,200,849
Net position beginning of year	<u>26,812,064</u>	<u>19,957,642</u>	<u>17,756,793</u>
Net position end of year	<u>\$ 31,659,404</u>	<u>26,812,064</u>	<u>19,957,642</u>

<sup>(1)</sup> The 2020 amounts have not been restated to reflect the adoption of GASB 87 and 96

**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, 2022, the Organization generated \$59,714,465 in operating revenues. The sources of these revenues were: tuition and fees, net of scholarships of \$37,674,516; governmental grants and

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contracts of \$21,202,434; and other operating revenues of \$837,515. The University's share of operating revenues was \$44,035,328 and the Library's share of operating revenues was \$15,679,137.

- Student tuition and fees decreased \$8,363,156 or 18% in fiscal year 2022 due to a 23% decrease in new undergraduate student enrollment and 20% decrease in new graduate enrollment. Student tuition and fees increased \$2,779,800 or 6% in fiscal year 2021 due to a 19% increase in graduate student enrollment which was partially offset by a 2% decrease in undergraduate student enrollment.
- The increase in State of New Jersey grants and contracts of \$1,773,514 or 21% in fiscal year 2022 was primarily due the University receiving \$483,496 in a Opportunity Meets Innovation Challenge grant and an increase of \$1,081,957 in Library state aid. The increase in Library state aid was due to a \$1,000,000 increase appropriation to the Per Capita State aid program. 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.

	2022		2021		2020	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Operating revenues:						
Student tuition and fees (net of scholarship allowances of approximately \$2,953,000, \$2,982,000, and \$2,733,000, respectively)	\$ 37,674,516	63 %	\$ 46,037,672	70 %	\$ 43,257,872	70 %
Federal grants and contracts	10,868,144	18	10,629,475	16	9,323,697	15
State of New Jersey grants and contracts	<u>10,334,290</u>	18	<u>8,560,776</u>	13	<u>8,402,211</u>	14
Subtotal grants	<u>21,202,434</u>		<u>19,190,251</u>		<u>17,725,908</u>	
Other sources:						
Federal indirect cost recovery	150,627	—	183,705	—	285,246	—
Noncollegiate sponsored programs	—	—	15,175	—	18,725	—
Other operating revenue	<u>686,888</u>	1	<u>601,280</u>	1	<u>549,385</u>	1
Subtotal other sources	<u>837,515</u>		<u>800,160</u>		<u>853,356</u>	
Total operating revenues	<u>\$ 59,714,465</u>	<u>100 %</u>	<u>\$ 66,028,083</u>	<u>100 %</u>	<u>\$ 61,837,136</u>	<u>100 %</u>

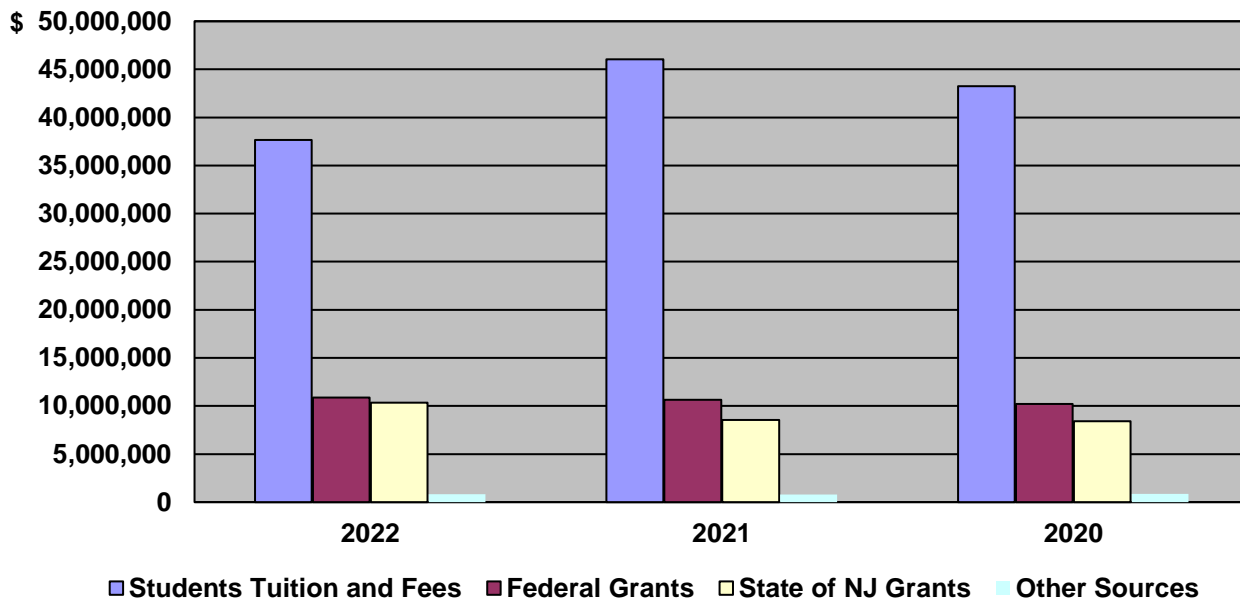
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**Operating Revenues**



**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, 2022, the Organization incurred total operating expenses of \$92,369,332, which were \$32,654,867 more than the operating revenues of \$59,714,465. The University's operating expenses share was \$70,272,321 and the Library's operating expenses share was \$22,097,011. The University's net operating loss share was \$26,236,993 and the Library's net operating loss share was \$6,417,874. The Organization's operating expenses decreased \$2,853,342 or 3% from fiscal years 2021 to 2022. The decrease is primarily due to decreases in pension expense and other post employment benefit (OPEB) expenses, which were partially offset by increases in fringe benefit expense. The fringe benefit rate increased from 45.6% in fiscal year 2021 to 53.4% in fiscal year 2022.

- The decrease in academic support expenses of \$755,423 or 3% in fiscal year 2022 is primarily due to decrease in pension expense of \$569,669 and OPEB expenses of \$109,520. 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 student services expenses of \$592,611 or 9% in fiscal year 2022 is primarily due to a decrease of \$902,798 in pension expense and \$95,601 in OPEB expense which were partially offset by a \$528,187 increase in fringe benefits. The increase in student services expenses of \$556,296 or 9% in

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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.

- Public services expenses decreased \$1,180,454 or 18% in fiscal year 2022. The decrease was primarily due the Watson Institute shifting to another New Jersey public institution during the second half of fiscal year 2021. The increase in fiscal year 2021 of \$781,371 or 13% was primarily due to increased federal grant funds available from Institute for Museum and Library Services (IMLS) for the response to the global pandemic. The Library received an IMLS award of \$802,581 that was funded with CARES act funds.
- General institutional expenses decreased \$227,863 or 2% and increased \$788,743 or less than 7% over the previous year in fiscal years 2022 and 2021, respectively. The decrease in fiscal year 2022 was primarily due to decreases of \$689,673 in bad debt expense, \$611,254 in pension expense, \$90,978 in OPEB expense, which were partially offset by increases in marketing of \$522,949 and fringe benefits of \$704,624. The increase in fringe benefits was due to the increased fringe benefit rate. 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 administration expenses increased \$1,717,564 or 10% and decreased \$385,510 or 2% in fiscal year 2022 and 2021, respectively. The increase in fiscal year 2022 was primarily due to a University increase in salary of \$1,366,705 and fringe benefits of \$1,465,643. The increase in salary was due to shifting salary to stimulus grants in fiscal year 2021 and collectively bargained cost of living and increment increases. The fringe benefit increase was due to higher salaries and the increased fringe benefit rate. These increases were partially offset by decreased pension expense of \$1,245,010. The decrease in fiscal year 2021 was primarily due to the impact of GASB 87 and 96 restatement which reduced the expense by \$792,142 which was partially offset by increased University fringe benefits expense of \$407,105.
- Other sponsored programs expenses decreased \$2,865,350 or 61% and increased \$3,120,497 or 202% in fiscal year 2022 and 2021, respectively. The increase in fiscal year 2021 and subsequent decrease in fiscal year 2022 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 \$1,068,896 and \$4,380,182 in CARES expenses during fiscal year 2022 and 2021, respectively.
- Scholarships decreased \$623,060 or 15% and increased \$1,099,690 or 35% in fiscal year 2022 and 2021, respectively. The decrease in fiscal year 2022 was due to no Coronavirus Relief Fund (CRF) scholarships compared to \$667,974 during FY 2021 and a \$648,261 decrease in Pell grants. This was partially offset by an increase of \$797,279 in Higher Education Emergency Relief Fund scholarships. 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.
- State of New Jersey Library expenses decreased \$852,907 or 18% and increased \$337,577 or 8% in fiscal year 2022 and 2021, respectively. The decrease in fiscal year 2022 was primarily due to decreased pension expense of \$1,291,540, which was partially offset by increased fringe benefit cost of \$308,422.

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The increase in fringe benefits was primarily due to the increased fringe benefit rate. 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.

- Talking Book & Braille Center decreased \$446,843 or 23% and increased \$62,695 or 3% in fiscal year 2022 and 2021, respectively. The decrease in fiscal year 2022 was primarily due to decreased pension expense of \$352,948 and OPEB of \$26,859. The increase in fiscal year 2021 was primarily due to salary expense.
- Grants to libraries increased \$2,428,331 or 43% and increased \$286,538 or 5% in fiscal year 2022 and 2021, respectively. The increase in fiscal year 2022 was due to the federal American Rescue Plan Act (ARPA) funds received by the State library that were subgranted to public libraries during fiscal year 2022. The increase in fiscal year 2021 was due to not having any grants de-obligated. There was a \$306,667 reduction in a grant to Library Link New Jersey (LLNJ) during fiscal year 2020 in response to State of New Jersey Network Aid funding being de-obligated during the fiscal year.
- Depreciation increased \$440,171 or 13% and \$960,741 or 43% in fiscal year 2022 and 2021, respectively. The increase in depreciation is related to the implementation of GASB 87 and 96. Depreciation for fiscal year 2022 and fiscal year 2021 includes the amortization of leased assets and subscription based information technology arrangements.

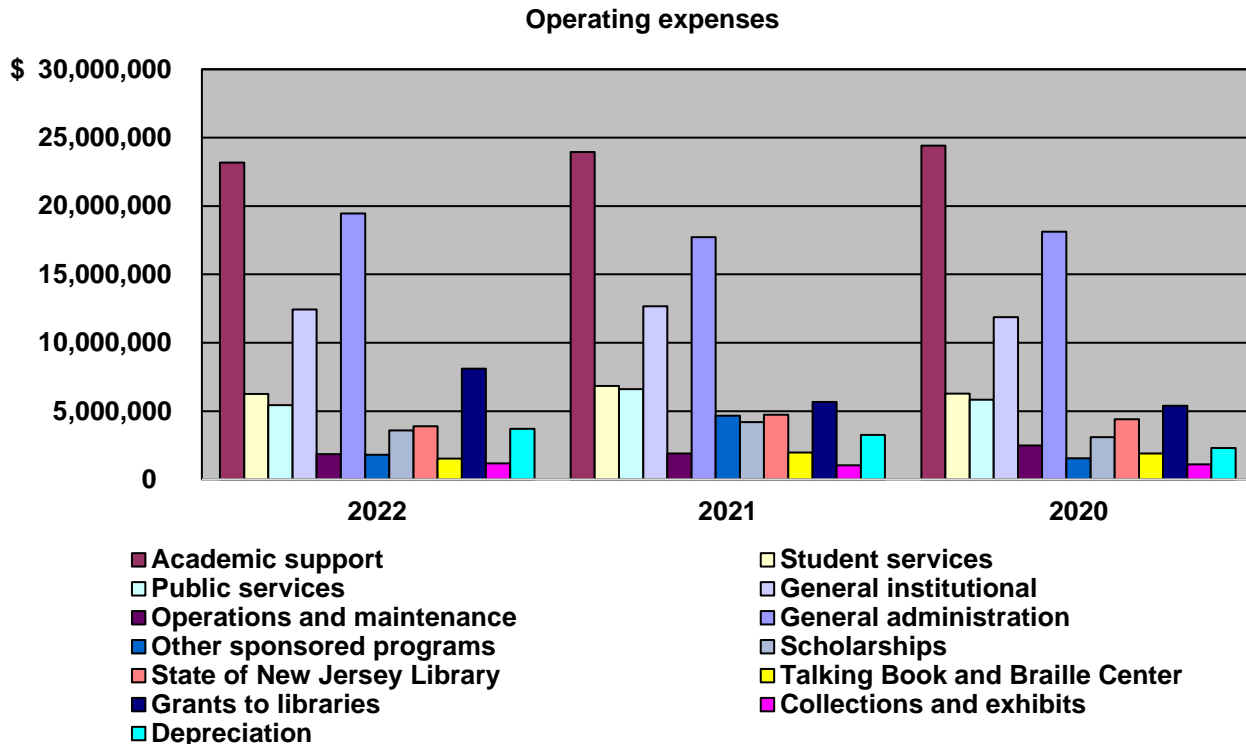
	2022		2021		2020	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Operating expenses:						
Academic support	\$ 23,186,681	25 %	\$ 23,942,104	25 %	\$ 24,423,210	28 %
Student services	6,248,581	7	6,841,192	7	6,284,896	7
Public services	5,432,145	6	6,612,599	7	5,831,228	7
General institutional	12,436,910	13	12,664,773	13	11,876,030	13
Operations and maintenance	1,862,433	2	1,887,138	2	2,483,618	3
General administration	19,448,614	21	17,731,050	19	18,116,560	20
Other sponsored programs	1,802,569	2	4,667,919	5	1,547,422	2
Scholarships	3,576,605	4	4,199,665	4	3,099,975	3
State of New Jersey Library	3,888,116	4	4,741,023	5	4,403,446	5
Talking Book and Braille Center	1,514,647	2	1,961,490	2	1,898,795	2
Grants to libraries	8,096,998	9	5,668,667	6	5,382,129	6
Collections and exhibits	1,168,436	1	1,038,628	1	1,098,147	1
Depreciation	3,706,597	4	3,266,426	4	2,305,685	3
Total operating expenses	\$ 92,369,332	100 %	\$ 95,222,674	100 %	\$ 88,751,141	100 %

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**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 2022, the Organization generated \$37,502,207 in net nonoperating revenues. The components of the nonoperating revenues were primarily federal grants of \$2,380,550, direct and indirect State of New Jersey appropriations of \$35,109,270, contributed U.S. Postal Service of \$170,760, private gifts of \$577,166, and investment loss of \$491,108. The University's nonoperating revenue share was \$28,803,314 and the Library's nonoperating revenue share was \$8,698,893.

- Federal grants of \$2,380,550 in fiscal year 2022 includes \$1,296,691 in student aid funded by the Higher Education Emergency Relief Fund (HEERF) and \$1,083,859 in Coronavirus Relief Funds (CRF). 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).



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- The increase of State of New Jersey appropriations of \$2,260,930 or 20% in fiscal year 2022 was due to an increase in outcomes based funding. 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 2020
- The increase in State of New Jersey paid fringe benefits of \$4,299,952 or 27% was primarily due to the negotiated fringe benefit rate increased from 53.25% in fiscal year 2021 to 61.05% in fiscal year 2022 and the increase in state paid positions for the full fiscal year that was available for nine months in the prior fiscal year. The increase in State of New Jersey paid fringe benefits of \$2,873,753 or 22% in fiscal year 2021 was primarily due to an increase in the number of state paid fringe benefits at the University. 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 State of New Jersey paid other post-employment benefits decreased by \$638,233 or 40% and increased by \$1,236,458 or 355% in fiscal years 2022 and 2021, 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 increased by \$283,992 or 97% and decreased by \$4,363,851 or 94% in fiscal years 2022 and 2021, respectively. The increase in fiscal year 2022 was related to multi private gifts that were received by from the University Foundation. The decrease in fiscal year 2021 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.

	2022		2021		2020	
	Total	Percentage of total	Total	Percentage of total	Total	Percentage of total
Nonoperating revenues:						
Federal grants	\$ 2,380,550	6 %	\$ 6,041,927	17 %	\$ 892,166	3 %
State of New Jersey appropriations	13,822,881	37	11,561,951	32	9,407,585	32
State of New Jersey paid fringe benefits	20,339,907	54	16,039,955	44	13,166,202	45
State of New Jersey paid other post employment benefits	946,482	3	1,584,715	4	348,257	1
Subtotal State of New Jersey	35,109,270		29,186,621		22,922,044	
Contributed U.S. Postal Service	170,760	—	146,776	—	163,598	—
Private gifts – restricted	577,166	1	293,174	1	4,657,025	16
Investment income	(491,108)	(1)	721,496	2	781,146	3
Nonoperating revenues	\$ 37,746,638	100 %	\$ 36,389,994	100 %	\$ 29,415,979	100 %

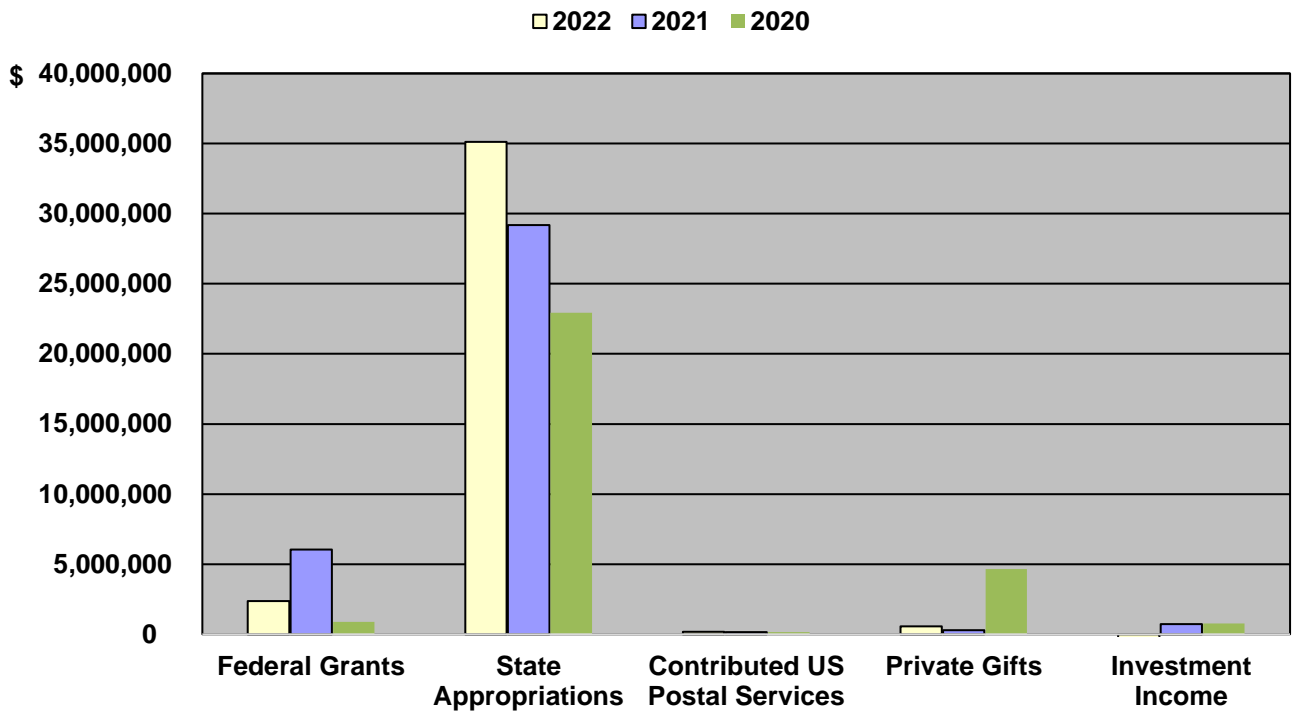
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**Nonoperating Revenues**



**Capital Assets and Debt Activities**

At June 30, 2022, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$67,328,607, net of accumulated depreciation of \$38,632,193. The amount invested in capital assets, net of related debt of \$6,004,583, was \$61,324,024. Depreciation charges totaled \$3,706,597 for the current fiscal year. The \$2,428,086 increase of net investment in capital assets was due to capital additions of \$708,907, principal paid on outstanding debt of \$5,753,081, less new lease and SBITA related debt of \$291,156 and depreciation of \$3,706,597 and net capital retirements of \$36,148. At June 30, 2021, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$70,362,445 net of accumulated depreciation of \$38,100,039. The amount invested in capital assets, net of related debt of \$11,466,507, was \$58,895,938. Depreciation charges totaled \$3,266,426 for fiscal year 2021. The \$415,153 increase of net investment in capital assets was due to capital additions of \$6,728,215, principal paid on outstanding debt of \$2,602,154, less new lease liability from GASB 87 and SBITA liability from GASB 96 of \$5,572,817 and depreciation of \$3,266,427 and net capital retirements of \$75,972. Capital assets are comprised of replacements, renovations, as well as investments in equipment, including information technology.

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Interest on indebtedness was \$208,283 in fiscal year 2022 as compared \$265,009 in fiscal year 2021, an increase of \$56,726 or 21%. The increase was due to new lease related liability from GASB 87 and SBITA related liability from GASB 96. Interest on indebtedness was \$265,009 in fiscal year 2021 as compared \$295,532 in fiscal year 2020, a decrease of \$30,523 or 10%. 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 2022, 2021 and 2020.

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 had a twenty-year term with an interest rate of 3.500%. The University elected to prepay the remaining balance during fiscal year 2022.

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.

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The Organization's net investment in capital assets at June 30, 2022, 2021 and 2020 were:

	<u>2022</u>	<u>2021</u>	<u>2020 <sup>(1)</sup></u>
Net investment in capital assets:			
Depreciable assets:			
Buildings and improvements	\$ 52,767,354	54,676,399	55,482,515
Equipment and vehicles	4,515,478	5,400,927	968,955
Furniture and fixtures	<u>1,462,448</u>	<u>1,701,792</u>	<u>1,941,832</u>
Subtotal	<u>58,745,280</u>	<u>61,779,118</u>	<u>58,393,302</u>
Nondepreciable assets:			
Land	2,452,680	2,452,680	2,452,680
Rare books, artwork, and historical documents	<u>6,130,647</u>	<u>6,130,647</u>	<u>6,130,647</u>
Subtotal	<u>8,583,327</u>	<u>8,583,327</u>	<u>8,583,327</u>
Total capital assets	67,328,607	70,362,445	66,976,629
Less related long-term debt, net of unspent proceeds	<u>(6,004,583)</u>	<u>(11,466,507)</u>	<u>(8,495,844)</u>
Net investment in capital assets	<u>\$ 61,324,024</u>	<u>58,895,938</u>	<u>58,480,785</u>

<sup>(1)</sup> The 2020 amounts have not been updated to reflect the adoption of GASB 87 and 96.

**Economic Outlook**

With net position of \$31,659,404, the Organization's financial position remains positive. A major challenge to the Organization has been the University's enrollment. The University had 12,829 enrollments in fiscal year 2022. This was 11% below the prior year. This resulted in a 18% decrease in student revenue. Student revenue increased by 6% in fiscal year 2021. 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 2023.

The University was impacted by the COVID-19 global pandemic during fiscal year 2021 and 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. Significant pandemic related grants are not expected after fiscal year 2022.

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Statements of Net Position

Business-Type Activities – Organization Only

June 30, 2022 and 2021

	<b>Assets</b>	<b>2022</b>	<b>2021</b>
Current assets:			
Cash (note 2)		\$ 18,491,614	22,173,553
Investments (notes 2 and 4)		16,001,710	15,717,076
Receivables:			
Students, less allowance for doubtful accounts of approximately \$959,000 in 2022 and \$1,412,000 in 2021		4,169,402	4,346,924
State of New Jersey		824,243	715,546
Federal		554,263	511,524
Corporate accounts, less allowance for doubtful accounts of approximately \$87,000 in 2022 and \$39,000 in 2021		22,855	370,650
Other receivables		53,359	102,984
Total receivables		5,624,122	6,047,628
Prepaid expenses and other assets		630,185	459,969
Total current assets		40,747,631	44,398,226
Noncurrent assets:			
Investments (notes 2 and 4)		3,492,482	3,924,434
Restricted investments (notes 2 and 4)		3,882,545	4,489,080
Trustee held investments – restricted (notes 3 and 4)		1,012,431	1,090,850
Rare books, artwork, and historical documents		6,130,647	6,130,647
Capital assets, net (notes 5 and 9)		61,197,960	64,231,798
Total noncurrent assets		75,716,065	79,866,809
Total assets		116,463,696	124,265,035
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources:			
Pensions related (note 9)		6,901,035	8,897,946
Total assets and deferred outflows of resources		123,364,731	133,162,981
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued expenses (notes 6 and 7)		7,458,996	8,076,494
Unearned tuition and fees		3,145,631	3,632,686
Unearned grants and contracts		607,984	1,245,450
Deposits held in custody for others		4,898	4,818
Long-term debt – current portion (note 8 and 9)		2,137,456	2,600,386
Total current liabilities		13,354,965	15,559,834
Noncurrent liabilities:			
Compensated absences – noncurrent portion (note 7)		622,457	643,114
Long-term debt (note 8 and 9)		3,867,127	8,866,121
Net pension liability (notes 7 and 10)		56,471,073	64,763,241
Total noncurrent liabilities		60,960,657	74,272,476
Total liabilities		74,315,622	89,832,310
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources:			
Pensions related (note 10)		17,389,705	16,518,607
Total liabilities and deferred inflows of resources		91,705,327	106,350,917
<b>Net Position</b>			
Net investment in capital assets		61,324,024	58,895,938
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		287,938	287,545
Library for the Blind and Handicapped		1,355,713	1,588,617
Public policy		1,946,731	1,492,828
Unrestricted		(34,004,717)	(36,202,579)
Total net position		\$ 31,659,404	26,812,064

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, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash	\$ 100,586	342,062
Investments	14,233,875	12,272,397
Contributions and grants receivable	114,516	313,874
Other assets	70,843	68,691
Total assets	\$ <u>14,519,820</u>	<u>12,997,024</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Contributions and grants payable	\$ 504,743	726,942
Accrued liabilities	127,168	57,055
Total liabilities	<u>631,911</u>	<u>783,997</u>
Net assets:		
Without donor restrictions	6,399,612	5,711,869
With donor restrictions	7,488,297	6,501,158
Total net assets	<u>13,887,909</u>	<u>12,213,027</u>
Total liabilities and net assets	\$ <u>14,519,820</u>	<u>12,997,024</u>

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – Organization Only

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Operating revenues:		
Student tuition and fees (net of scholarship allowances of approximately \$2,953,000 in 2022 and \$2,982,000 in 2021)	\$ 37,674,516	46,037,672
Federal grants and contracts	10,868,144	10,629,475
Federal indirect cost recovery	150,627	183,705
State of New Jersey grants and contracts	10,334,290	8,560,776
Noncollegiate sponsored programs	—	15,175
Other operating revenues	686,888	601,280
Total operating revenues	59,714,465	66,028,083
Operating expenses:		
Academic support	23,186,681	23,942,104
Student services	6,248,581	6,841,192
Public services	5,432,145	6,612,599
General institutional	12,436,910	12,664,773
Operations and maintenance	1,862,433	1,887,138
General administration	19,448,614	17,731,050
Other sponsored programs	1,802,569	4,667,919
Scholarships	3,576,605	4,199,665
State of New Jersey Library	3,888,116	4,741,023
Talking Book and Braille Center	1,514,647	1,961,490
Grants to libraries	8,096,998	5,668,667
Collections and exhibits	1,168,436	1,038,628
Depreciation	3,706,597	3,266,426
Total operating expenses	92,369,332	95,222,674
Operating loss	(32,654,867)	(29,194,591)
Nonoperating revenues (expenses):		
Federal grants	2,380,550	6,041,927
State of New Jersey appropriations	13,822,881	11,561,951
State of New Jersey paid fringe benefits	20,339,907	16,039,955
State of New Jersey paid other postemployment benefits (note 9)	946,482	1,584,715
Contributed U.S. Postal Service	170,760	146,776
Private gifts – restricted	577,166	293,174
Investment (expense) income	(491,108)	721,496
Interest on indebtedness	(208,283)	(265,009)
Loss on disposal of equipment	(36,148)	(75,972)
Net nonoperating revenues	37,502,207	36,049,013
Increase in net position	4,847,340	6,854,422
Net position as of beginning of year	26,812,064	19,957,642
Net position as of end of year	\$ 31,659,404	26,812,064

See accompanying notes to financial statements.

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## Statement of Activities

Year ended December 31, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Support and revenues:			
Contributions and grants	\$ 120,195	587,922	708,117
Special events	144,234	—	144,234
Donated services and auction materials	6,755	—	6,755
Less costs of direct benefits to donors	<u>(89,534)</u>	<u>—</u>	<u>(89,534)</u>
Special events, net	61,455	—	61,455
Donated personnel	283,729	—	283,729
Donated securities	25,494	12,525	38,019
In-kind contributions	1,350	—	1,350
Investment return, net	663,913	1,029,490	1,693,403
Net assets released from restrictions	<u>642,798</u>	<u>(642,798)</u>	<u>—</u>
Total support and revenues	<u>1,798,934</u>	<u>987,139</u>	<u>2,786,073</u>
Expenses:			
Program expenses	1,000,097	—	1,000,097
Management and general	35,133	—	35,133
Fundraising	<u>75,961</u>	<u>—</u>	<u>75,961</u>
Total expenses	<u>1,111,191</u>	<u>—</u>	<u>1,111,191</u>
Change in net assets	687,743	987,139	1,674,882
Net assets, beginning of year	<u>5,711,869</u>	<u>6,501,158</u>	<u>12,213,027</u>
Net assets, end of year	<u>\$ 6,399,612</u>	<u>7,488,297</u>	<u>13,887,909</u>

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

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>(63,140)</u>	<u>—</u>	<u>(63,140)</u>
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	<u>754,689</u>	<u>(754,689)</u>	<u>—</u>
Total support and revenues	<u>1,707,513</u>	<u>515,438</u>	<u>2,222,951</u>
Expenses:			
Program expenses	937,671	—	937,671
Management and general	23,827	—	23,827
Fundraising	<u>70,051</u>	<u>—</u>	<u>70,051</u>
Total expenses	<u>1,031,549</u>	<u>—</u>	<u>1,031,549</u>
Change in net assets	675,964	515,438	1,191,402
Net assets, beginning of year	<u>5,035,905</u>	<u>5,985,720</u>	<u>11,021,625</u>
Net assets, end of year	<u>\$ 5,711,869</u>	<u>6,501,158</u>	<u>12,213,027</u>

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, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Student tuition and fees	\$ 40,392,222	49,573,350
Grants, contracts, and other revenues	17,632,720	17,618,359
Payments for salaries	(35,454,344)	(34,316,855)
Payments for fringe benefits	(1,192,387)	(1,720,275)
Payments for materials and supplies	(1,390,650)	(1,328,376)
Payments for services	(24,545,714)	(26,905,416)
Payments for maintenance	(1,103,836)	(1,216,922)
Payments to students	(3,866,310)	(4,197,125)
Payments for grants and contracts	(3,431,201)	(1,963,486)
Payments for noncapital improvements	(480,555)	(1,222,313)
Net cash used by operating activities	<u>(13,440,055)</u>	<u>(5,679,059)</u>
Cash flows from noncapital financing activities:		
Federal appropriations	1,296,691	7,125,786
State of New Jersey appropriations	13,822,881	11,561,951
Private gifts – restricted	573,176	291,413
Agency receipts	193,300	187,799
Agency disbursements	(192,262)	(185,726)
Net cash provided by noncapital financing activities	<u>15,693,786</u>	<u>18,981,223</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(271,204)	(1,085,592)
Net deposits with trustee	16,679	52,686
Principal paid on capital debt	(5,753,703)	(2,630,837)
Interest paid on capital debt	(245,318)	(263,966)
Net cash used by capital financing activities	<u>(6,253,546)</u>	<u>(3,927,709)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	8,037,966	7,818,005
Purchases of investments	(8,036,516)	(8,275,965)
Interest on investments	316,426	509,065
Net cash provided by investing activities	<u>317,876</u>	<u>51,105</u>
Net increase in cash	(3,681,939)	9,425,560
Cash as of beginning of the year	<u>22,173,553</u>	<u>12,747,993</u>
Cash as of end of the year	<u>\$ 18,491,614</u>	<u>22,173,553</u>

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Statements of Cash Flows

Business-Type Activities – Organization Only

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (32,654,867)	(29,194,591)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	3,706,597	3,295,859
Noncash transactions	21,460,955	17,773,380
Change in assets and liabilities:		
Receivables	423,506	3,109,323
Prepaid expenses and other assets	(170,216)	(72,829)
Accounts payable and accrued expenses	(631,380)	385,383
Deposits held in custody of others	(80)	(10,346)
Unearned tuition and fees	487,055	(1,040,927)
Unearned grants and contracts	(637,466)	(127,407)
Net pension liability and related deferred amounts	(5,424,159)	203,096
Net cash used by operating activities	\$ (13,440,055)	(5,679,059)
Noncash transactions:		
State of New Jersey paid fringe benefits	\$ 20,339,907	16,039,955
State of New Jersey paid other postemployment benefits	946,482	1,584,715
Contributed U.S. Postal Service	170,760	146,776
Contributed services	3,806	1,934
Student waivers expense	(2,790,077)	(2,982,114)
Student tuition and fees	2,790,077	2,982,114
State of New Jersey paid grants to local libraries expense	(4,601,354)	(3,639,240)
State of New Jersey paid grants to local libraries revenue	4,601,354	3,639,240
	\$ 21,460,955	17,773,380

See accompanying notes to financial statements.

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**(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 2022 was 12,829 students and 2021 was 14,351. Since the University was founded, 71,431 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.

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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, including leases and SBITAs, 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.

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**(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.

	<u>Useful lives</u>
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 \$1,200,000 and \$1,000,000 in 2022 and 2021, 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

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about PERS, please refer to the State of New Jersey, Division of Pensions and Benefits' Annual Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. Additional information regarding pensions is discussed in note 10.

**(g) Postemployment Benefits Other than Pensions**

The organization follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which replaced previous 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) Leases and Software Subscriptions**

In fiscal year 2022, the Organization adopted GASB Statement No. 87, *Leases*, effective July 1, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Organization recognizes the intangible right-to-use lease assets in capital assets and lease liability in long-term debt.

In fiscal year 2022, the Organization adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Organization recognizes the SBITA right-to-use subscription asset as capital assets recognizes the SBITA liability in long-term debt.

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The table below illustrates the restatement of fiscal year 2021 for the adoption of GASB 87 and GASB 96:

	<b>July 1, 2020 as previously reported</b>	<b>GASB 87 adoption</b>	<b>GASB 96 adoption</b>	<b>July 1, 2020 as restated</b>
Capital assets, net	\$ 60,845,982	1,271,198	—	62,117,180
Long-term debt	8,495,844	1,271,198	—	9,767,042
Total net position	19,957,642	—	—	19,957,642
	<b>June 30, 2021 as previously reported</b>	<b>GASB 87 adoption</b>	<b>GASB 96 adoption</b>	<b>June 30, 2021 as restated</b>
Prepaid expenses	\$ 612,859	—	(152,890)	459,969
Capital assets, net	59,663,300	834,587	3,733,911	64,231,798
Accounts payable and accrued expenses	8,068,526	—	7,968	8,076,494
Long-term debt – current portion	1,300,039	435,905	864,442	2,600,386
Long-term debt – noncurrent portion	5,938,872	399,388	2,527,861	8,866,121
Net investment in capital assets	58,555,037	(706)	341,607	58,895,938
Unrestricted net position	(36,041,722)	—	(160,857)	(36,202,579)
	<b>For the year ended June 30, 2021 as previously reported</b>	<b>GASB 87 adoption</b>	<b>GASB 96 adoption</b>	<b>For the year ended June 30, 2021 as restated</b>
Operating expenses:				
Operations and maintenance	\$ 2,289,138	(402,000)	—	1,887,138
General administration	18,523,192	—	(792,142)	17,731,050
Depreciation	2,262,107	436,611	567,708	3,266,426
Nonoperating expenses:				
Interest expense	(255,230)	(1,811)	(7,968)	(265,009)
Net position as of end of year	26,632,020	(706)	180,750	26,812,064

**(i) 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.



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**(j) State of New Jersey and Federal Grants and Contracts**

State of New Jersey and Federal grants and contracts revenues 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.

**(k) 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 \$20,339,907 and \$16,039,955 in 2022 and 2021, respectively, have been included in the accompanying financial statements as revenues and expenses.

**(l) 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 \$171,000 and \$147,000 for the years ended June 30, 2022 and 2021, respectively. Such contributed services have been included in the accompanying financial statements as revenues and expenses.

**(m) 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.

**(n) 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.

**(o) Income Taxes**

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

**(p) 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

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statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(q) Reclassifications**

Certain reclassifications have been made to the 2021 financial statements in order to conform to the presentation of the current year's financial statements.

**(2) Cash and Investments**

**(a) Cash**

Cash consisted of the following demand deposits in a financial institution as of June 30, 2022 and 2021:

	<b>Carrying amount</b>	<b>Bank balances</b>
2022:		
University	\$ 10,923,926	10,895,460
Library	7,567,688	7,613,496
Total deposits	\$ 18,491,614	18,508,956
	<b>Carrying amount</b>	<b>Bank balances</b>
2021:		
University	\$ 15,206,388	16,007,002
Library	6,967,165	6,999,113
Total deposits	\$ 22,173,553	23,006,115

Bank balances in excess of FDIC insured amounts totaling \$18,062,748 in 2022 and \$22,414,197 in 2021 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.

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Investments consist of the following as of June 30, 2022 and 2021:

	<b>2022</b>		
	<b>University</b>	<b>Library</b>	<b>Total</b>
State of New Jersey Cash Management Fund	\$ 9,284,574	439,636	9,724,210
Money market accounts	47,811	2,023,583	2,071,394
Equities and equity exchange traded funds (ETFs)	585,696	632,963	1,218,659
Fixed income ETFs	2,839,088	523,386	3,362,474
Certificates of deposit	7,000,000	—	7,000,000
Total	<u>\$ 19,757,169</u>	<u>3,619,568</u>	<u>23,376,737</u>
	<b>2021</b>		
	<b>University</b>	<b>Library</b>	<b>Total</b>
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>

The bank balances of the certificate of deposits in excess of FDIC insured amounts totaling \$6,750,000 in 2022 and \$6,916,647 in 2021 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.

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The following table summarizes the Organization's fixed income investments as of June 30, 2022 and 2021:

	<b>2022</b>		<b>2021</b>	
	<b>Rating</b>	<b>Fair value</b>	<b>Rating</b>	<b>Fair value</b>
University:				
Fixed income ETFs	Not Rated	\$ 2,839,088	Not Rated	\$ 3,144,367
Library:				
Fixed income ETFs	Not Rated	\$ 523,386	Not Rated	\$ 568,943

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, 2022 and 2021:

	<b>2022</b>				
	<b>Fair value</b>	<b>Maturities in years</b>			
	<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	
University:					
State of New Jersey Cash Management Fund	\$ 9,284,574	9,284,574	—	—	—
Money market accounts	47,811	47,811	—	—	—
Fixed income ETFs	2,839,088	—	—	2,839,088	—
Certificates of deposit	7,000,000	7,000,000	—	—	—
Library:					
State of New Jersey Cash Management Fund	439,636	439,636	—	—	—
Money market accounts	2,023,583	2,023,583	—	—	—
Fixed income ETFs	523,386	—	—	523,386	—
	<b>\$ 22,158,078</b>	<b>18,795,604</b>	<b>—</b>	<b>3,362,474</b>	<b>—</b>

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	<b>2021</b>				
	<b>Maturities in years</b>				
	<b>Fair value</b>	<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-15</b>
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	—
	<u>\$ 22,652,609</u>	<u>18,939,299</u>	<u>—</u>	<u>3,713,310</u>	<u>—</u>

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, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
State of New Jersey Cash Management Fund	\$ 613,005	611,560
Money market accounts	16,166	17,927
Alternative assets ETFs	98,247	113,782
Fixed income ETFs	73,470	81,656
Equity ETFs	211,543	265,925
Total	<u>\$ 1,012,431</u>	<u>1,090,850</u>

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.

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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, 2022 and 2021:

	<u>2022</u>		<u>2021</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	\$ 613,004	613,004	611,560	611,560
Money market accounts	16,166	16,166	17,927	17,927
Fixed income ETFs	73,470	73,470	81,656	81,656
	<u>\$ 702,640</u>	<u>702,640</u>	<u>711,143</u>	<u>711,143</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.

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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, 2022 are summarized in the following table by their fair value hierarchy:

	<b>2022 Investments</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value:				
Equities and equity ETFs	\$ 1,218,659	1,218,659	—	—
Fixed income ETFs	<u>3,362,474</u>	<u>3,362,474</u>	—	—
Subtotal	<u>4,581,133</u>	<u>\$ 4,581,133</u>	<u>—</u>	<u>—</u>
Investments measured at amortized cost:				
Money market accounts	2,071,394			
Certificates of deposit	<u>7,000,000</u>			
Subtotal	<u>9,071,394</u>			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	<u>9,724,210</u>			
Total investments	<u>\$ 23,376,737</u>			

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	<b>2022 Trustee held investments</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments measured at fair value:				
Alternative asset ETFs	\$ 98,247	98,247	—	—
Fixed income ETFs	73,470	73,470	—	—
Equity ETFs	211,543	211,543	—	—
Subtotal	383,260	\$ 383,260	—	—
Investments measured at amortized cost:				
Money market accounts	16,166			
Subtotal	16,166			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	613,005			
Total investments	\$ 1,012,431			

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

	<b>2021 Investments</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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	5,191,290	\$ 5,191,290	—	—
Investments measured at amortized cost:				
Money market accounts	2,068,515			
Certificates of deposit	7,166,647			
Subtotal	9,235,162			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	9,704,138			
Total investments	\$ 24,130,590			



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	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			

**(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, 2022 and 2021, capital assets and accumulated depreciation activity was as follows:

	2022			
	Beginning balance	Additions	Retirements	Ending balance
Depreciable assets:				
Buildings and improvements	\$ 64,807,167	192,943	1,100	64,999,010
Equipment and vehicles	3,430,876	129,481	375,540	3,184,817
Furniture and fixtures	4,064,217	—	56,624	4,007,593
University subtotal	72,302,260	322,424	433,264	72,191,420
Buildings and improvements	20,082,656	—	87,835	19,994,821
Equipment and vehicles	1,663,802	95,327	320,589	1,438,540
Furniture and fixtures	257,621	—	—	257,621
Library subtotal	22,004,079	95,327	408,424	21,690,982
Total depreciable assets	94,306,339	417,751	841,688	93,882,402

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	<b>2022</b>			
	<b>Beginning balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending balance</b>
Less accumulated depreciation:				
Buildings and improvements	\$ 15,356,832	1,477,275	1,100	16,833,007
Equipment and vehicles	2,395,273	250,630	342,727	2,303,176
Furniture and fixtures	2,540,085	220,287	53,755	2,706,617
University subtotal	20,292,190	1,948,192	397,582	21,842,800
Buildings and improvements	15,658,489	223,299	87,369	15,794,419
Equipment and vehicles	1,065,079	154,335	320,589	898,825
Furniture and fixtures	79,961	16,188	—	96,149
Library subtotal	16,803,529	393,822	407,958	16,789,393
Total accumulated depreciation	37,095,719	2,342,014	805,540	38,632,193
Total depreciable assets, net	57,210,620	(1,924,263)	36,148	55,250,209
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 excluding leases	\$ 59,663,300	(1,924,263)	36,148	57,702,889
Lease and subscription IT assets, net				3,495,071
Total capital assets, net				\$ 61,197,960

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	<b>2021</b>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
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	<u>72,214,201</u>	<u>718,992</u>	<u>630,933</u>	<u>72,302,260</u>
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	<u>22,976,699</u>	<u>436,405</u>	<u>1,409,025</u>	<u>22,004,079</u>
Total depreciable assets	<u>95,190,900</u>	<u>1,155,397</u>	<u>2,039,958</u>	<u>94,306,339</u>
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	<u>18,959,276</u>	<u>1,927,254</u>	<u>594,340</u>	<u>20,292,190</u>
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	<u>17,838,322</u>	<u>334,853</u>	<u>1,369,646</u>	<u>16,803,529</u>
Total accumulated depreciation	<u>36,797,598</u>	<u>2,262,107</u>	<u>1,963,986</u>	<u>37,095,719</u>
Total depreciable assets, net	<u>58,393,302</u>	<u>(1,106,710)</u>	<u>75,972</u>	<u>57,210,620</u>
Nondepreciable assets:				
University land	1,363,088	—	—	1,363,088
Library land	1,089,592	—	—	1,089,592
Total nondepreciable assets	<u>2,452,680</u>	<u>—</u>	<u>—</u>	<u>2,452,680</u>
Total capital assets, net excluding leases	<u>\$ 60,845,982</u>	<u>(1,106,710)</u>	<u>75,972</u>	<u>59,663,300</u>
Lease and subscription IT assets, net				<u>4,568,498</u>
Total Capital assets, net				<u>\$ 64,231,798</u>

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**(6) Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist of the following as of June 30, 2022 and 2021:

	<b>2022</b>			<b>2021</b>
	<b>University</b>	<b>Library</b>	<b>Total</b>	<b>Total</b>
Vendors	\$ 3,108,441	389,050	3,497,491	4,285,572
Accrued salaries and benefits	1,172,029	275,588	1,447,617	1,235,264
Compensated absences	1,825,304	396,616	2,221,920	2,274,381
Other accrued expenses	77,197	214,771	291,968	281,277
Total	<u>\$ 6,182,971</u>	<u>1,276,025</u>	<u>7,458,996</u>	<u>8,076,494</u>

**(7) Noncurrent Liabilities**

For the years ended June 30, 2022 and 2021, noncurrent liabilities activity was as follows:

	<b>2022</b>				
	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Current portion</b>
Compensated absences:					
University	\$ 2,261,461	—	39,826	2,221,635	1,825,304
Library	656,034	9,296	42,588	622,742	396,616
Total compensated absences	<u>2,917,495</u>	<u>9,296</u>	<u>82,414</u>	<u>2,844,377</u>	<u>2,221,920</u>
Net pension liability:					
University	37,161,992	—	5,191,114	31,970,878	—
Library	27,601,249	—	3,101,054	24,500,195	—
Total net pension liability	<u>64,763,241</u>	<u>—</u>	<u>8,292,168</u>	<u>56,471,073</u>	<u>—</u>
Total	<u>\$ 67,680,736</u>	<u>9,296</u>	<u>8,374,582</u>	<u>59,315,450</u>	<u>2,221,920</u>

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	<b>2021</b>				
	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
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>

**(8) Long-Term Debt**

For the years ended June 30, 2022 and 2021, long-term debt activity was as follows:

	<b>2022</b>				
	<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	\$ 105,387	—	70,257	35,130	35,130
TD Bank Finance, Inc.:					
2012 Tax Exempt Lease	3,605,426	—	3,605,426	—	—
Capital Improvement Fund:					
102-104 West State Street	335,800	—	19,060	316,740	20,035
Capital Improvement Fund:					
Kelsey/Townhouse Complex	459,852	—	26,101	433,751	27,437
Equipment Leasing Fund:					
Nursing Equipment	33,835	—	16,502	17,333	17,333
PNC Bank:					
Nursing Center	2,650,000	—	745,000	1,905,000	735,000
Capital Improvement Fund:					
Kelsey Entryway	48,611	—	2,067	46,544	2,174
Total, excluding leases and subscription IT liabilities	<u>\$ 7,238,911</u>	<u>—</u>	<u>4,484,413</u>	<u>2,754,498</u>	<u>837,109</u>
Lease and subscription IT liabilities				<u>3,250,085</u>	<u>1,300,347</u>
Total long-term debt				<u>\$ 6,004,583</u>	<u>2,137,456</u>

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	2021				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
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, excluding leases and subscription IT liabilities	<u>\$ 8,495,844</u>	<u>—</u>	<u>1,256,933</u>	<u>7,238,911</u>	<u>1,300,039</u>
Lease and subscription IT liabilities				<u>4,227,596</u>	<u>1,269,291</u>
Total long-term debt				<u>\$ 11,466,507</u>	<u>2,569,330</u>

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. 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. The third schedule has an interest rate of 4.570%, which will be repaid over a fifteen-year period. As of June 30, 2022 and 2021, the Organization owes \$35,130 and \$105,387, 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. The lease rental payment schedule had a twenty-year term. There were 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. had the option

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to declare the entire outstanding principal and outstanding interest, due and payable in full on the ten year anniversary date. The organization elected to pay off this loan in full on April 29, 2022.

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 Learning Technology. The Organization's share of the bond debt service is \$662,932. 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, 2022 and 2021, the Organization owes \$316,740 and \$335,800, 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. 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, 2022, and 2021, the Organization owes \$433,751 and \$459,852, 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. 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, 2022, and 2021, the Organization owes \$17,333 and \$33,835, respectively.

In October 2014, the Organization entered 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. The bond debt service payment schedule has a ten year term. There are 121 monthly loan payments of principal plus interest at 2.486%. As of June 30, 2022 and 2021, the Organization owes \$1,905,000 and \$2,650,000, respectively.

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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. 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, 2022 and 2021, the Organization owes \$46,544 and \$48,611, respectively.

The following is a schedule, by year, of future minimum payments under long-term debt, excluding leases and subscription IT liabilities, as of June 30, 2022:

	<b>Principal</b>	<b>Interest</b>
Year ending June 30:		
2023	\$ 837,109	75,695
2024	812,195	52,964
2025	464,863	33,014
2026	57,649	27,034
2027–2031	328,881	94,437
2032–2036	249,467	21,111
2037–2038	4,334	108
Total	\$ 2,754,498	304,363

**(9) Leases (Lessee) and Similar Subscription-Based Information Technology Arrangements**

The Organization is a lessee for various noncancellable leases of buildings and equipment. The Organization also has noncancellable subscription arrangements for the right-to-use various information technology software (subscription IT arrangements).



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A summary of lease and subscription IT asset activity during the year ended June 30, 2022 is as follows:

	<b>2022</b>			<b>Ending balance</b>
	<b>Beginning balance</b>	<b>Additions</b>	<b>Deductions</b>	
University lease assets:				
Buildings	\$ 1,202,846	—	—	1,202,846
Equipment	68,353	202,860	—	271,213
Total lease assets	<u>1,271,199</u>	<u>202,860</u>	<u>—</u>	<u>1,474,059</u>
Less accumulated amortization:				
Buildings	400,949	400,948	—	801,897
Equipment	35,662	36,072	—	71,734
Total accumulated amortization	<u>436,611</u>	<u>437,020</u>	<u>—</u>	<u>873,631</u>
Total lease assets, net	<u>834,588</u>	<u>(234,160)</u>	<u>—</u>	<u>600,428</u>
Subscription IT assets:	4,301,619	88,296	—	4,389,915
Less accumulated amortization	<u>567,709</u>	<u>927,563</u>	<u>—</u>	<u>1,495,272</u>
Subscription IT assets, net	<u>3,733,910</u>	<u>(839,267)</u>	<u>—</u>	<u>2,894,643</u>
Total lease and subscription, net	<u>\$ 4,568,498</u>	<u>(1,073,427)</u>	<u>—</u>	<u>3,495,071</u>

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A summary of lease and subscription IT asset activity during the year ended June 30, 2021 is as follows:

	<b>2021</b>			
	<b>Beginning balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending balance</b>
University lease assets:				
Buildings	\$ 1,202,846	—	—	1,202,846
Equipment	68,353	—	—	68,353
Total lease assets	<u>1,271,199</u>	<u>—</u>	<u>—</u>	<u>1,271,199</u>
Less accumulated amortization:				
Buildings	—	400,949	—	400,949
Equipment	—	35,662	—	35,662
Total accumulated amortization	<u>—</u>	<u>436,611</u>	<u>—</u>	<u>436,611</u>
Total lease assets, net	<u>1,271,199</u>	<u>(436,611)</u>	<u>—</u>	<u>834,588</u>
Subscription IT assets:	—	4,301,619	—	4,301,619
Less accumulated amortization	—	567,709	—	567,709
Subscription IT assets, net	<u>—</u>	<u>3,733,910</u>	<u>—</u>	<u>3,733,910</u>
Total lease and subscription, net	<u>\$ 1,271,199</u>	<u>3,297,299</u>	<u>—</u>	<u>4,568,498</u>

Lease and subscription IT liabilities

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2022 is as follows:

	<b>2022</b>			
	<b>Beginning balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending balance</b>
Lease liabilities	\$ 835,293	202,860	436,786	601,367
Subscription IT liabilities	3,392,303	88,297	831,882	2,648,718
Total	<u>\$ 4,227,596</u>	<u>291,157</u>	<u>1,268,668</u>	<u>3,250,085</u>

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A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2021 is as follows:

	2021			
	Beginning balance	Additions	Deductions	Ending balance
Lease liabilities	\$ 1,271,198	—	435,905	835,293
Subscription IT liabilities	—	4,301,619	909,316	3,392,303
Total	\$ 1,271,198	4,301,619	1,345,221	4,227,596

Future annual lease payments are as follows:

	Principal	Interest
Year ending June 30:		
2023	\$ 1,299,344	75,812
2024	932,313	53,085
2025	936,823	33,014
2026	41,954	27,034
2027	39,651	108
Total	\$ 3,250,085	189,053

**(10) 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/gasb-notices.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

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contributions supplemental to those under the Alternate Benefit Program for the Supplemental Alternate 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 at [https://www.state.nj.us/treasury/pensions/annual reports.shtml](https://www.state.nj.us/treasury/pensions/annual%20reports.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 7.5% of their annual covered salary for the years ended June 30, 2022 and 2021. 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 \$4,409,997 and \$3,173,200 for 2022 and 2021, respectively.

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(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, 2022 and 2021, the Organization reported a liability of \$56,471,073 and \$64,763,241, respectively, for its proportionate share of the net pension liability.

The total pension liability used to calculate the net pension liability at June 30, 2022 was determined by an actuarial valuation as of July 1, 2020 and rolled forward to the measurement date of June 30, 2021.

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 June 30, 2021 and 2020 PERS net pension liability was recorded in the statement of net position as of June 30, 2022 and June 30, 2021, 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, 2021 and 2020:

	<b>2021</b>		
	<b>University</b>	<b>Library</b>	<b>Total</b>
Proportionate share of net pension liability	\$ 31,970,878	24,500,195	56,471,073
Allocation percentage – State Group	0.1478114675 %	0.1132721427 %	0.2610836102 %
Allocation percentage – Total Plan*	0.0951449653 %	0.0729122986 %	0.1680572639 %
Pension exp benefit for the year ended	\$ (337,055)	(440,053)	(777,108)

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

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	<b>2020</b>		
	<u>University</u>	<u>Library</u>	<u>Total</u>
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 exp benefit 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.

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

	<b>2022</b>		
	<u>University</u>	<u>Library</u>	<u>Total</u>
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 777,030	595,460	1,372,490
Changes of assumptions	65,243	49,997	115,240
Changes in proportionate share	535,337	467,971	1,003,308
Contributions subsequent to the measurement date	<u>2,294,325</u>	<u>2,115,672</u>	<u>4,409,997</u>
	<u>\$ 3,671,935</u>	<u>3,229,100</u>	<u>6,901,035</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 110,457	84,646	195,103
Changes in assumptions	4,531,184	3,472,375	8,003,559
Net differences between projected and actual investment earnings on pension plan investments	1,005,489	770,535	1,776,024
Changes in proportionate share	<u>4,723,546</u>	<u>2,691,473</u>	<u>7,415,019</u>
	<u>\$ 10,370,676</u>	<u>7,019,029</u>	<u>17,389,705</u>

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	<b>2021</b>		
	<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>

\$4,409,997 reported as deferred outflows of resources at June 30, 2022 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense as follows:

	<u>University</u>	<u>Library</u>	<u>Total</u>
Years ending:			
2023	\$ (3,285,195)	(2,324,647)	(5,609,842)
2024	(2,598,432)	(1,694,967)	(4,293,399)
2025	(1,659,649)	(1,010,269)	(2,669,918)
2026	(1,329,464)	(809,654)	(2,139,118)
2027	(120,326)	(66,064)	(186,390)
	<u>(8,993,066)</u>	<u>(5,905,601)</u>	<u>(14,898,667)</u>

(iii) *Actuarial Assumptions*

The total pension liability as of June 30, 2022 is measured as of June 30, 2021 (based on the July 1, 2020 actuarial valuation rolled forward to June 30, 2021) and the total pension liability as of

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June 30, 2021 is measured as of June 30, 2020 (based on the July 1, 2019 actuarial valuation rolled forward to June 30, 2020). The total pension liability as of June 30, 2022 and June 30, 2021 was determined using the following actuarial assumptions:

	2022	2021
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 %	7.00 %

*2021*

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

*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.

The actuarial assumptions used in the July 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.



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

The long-term expected rate of return on pension plan investments 7.00% at June 30, 2021 and 2020 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, 2021 and 2020 are summarized in the following table:

Asset class	PERS 2021		PERS 2020	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
U.S. equity	27.00 %	8.09 %	27.00 %	7.71 %
Non-US developed markets equity	13.50	8.71	13.50	8.57
Emerging markets equity	5.50	10.96	5.50	10.23
Private equity	13.00	11.30	13.00	11.42
Real estate/equity related real estate	8.00	9.15	8.00	9.56
Real assets/private real asset	3.00	7.40	3.00	9.73
High yield	2.00	3.75	2.00	5.95
Private credit/debt related private credit	8.00	7.60	8.00	7.59
Investment grade credit	8.00	1.68	8.00	2.67
Cash equivalents	4.00	0.50	4.00	0.50
U.S. treasuries	5.00	0.95	5.00	1.94
Risk mitigation strategies	3.00	3.35	3.00	3.40

(v) *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer, and 100% of actuarily 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 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

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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.

(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, 2021 and 2020 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:

		<b>2021</b>		
		<b>At 1% decrease (6.00%)</b>	<b>At current discount rate (7.00%)</b>	<b>At 1% increase (8.00%)</b>
	University	\$ 36,693,653	31,970,878	27,974,935
	Library	28,119,393	24,500,195	21,437,991
	Total	\$ 64,813,046	56,471,073	49,412,926

		<b>2020</b>		
		<b>At 1% decrease (6.00%)</b>	<b>At current discount rate (7.00%)</b>	<b>At 1% increase (8.00%)</b>
	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

**(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 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

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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, 2022 and 2021, ABP received employer and employee contributions as follows:

	<b>2022</b>			<b>2021</b>
	<b>University</b>	<b>Library</b>	<b>Total</b>	<b>Total</b>
Employer contributions	\$ 1,760,682	49,156	1,809,838	1,729,348
Employee contributions	1,100,426	30,723	1,131,149	1,080,842
Basis for contributions:				
Participating employee salaries	22,008,520	614,452	22,622,972	21,616,846

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 2022 was \$175,000. There were no employee contributions during fiscal year 2022 or 2021. The employer contributions made during fiscal year 2022 and 2021 were \$43,787 and \$38,224, respectively.

*(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

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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 2022 or 2021. The employer contributions made during fiscal year 2022 and 2021 were \$7,762 and \$7,282, 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. 1966 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 criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

**(i) Total OPEB Liability and OPEB Expense**

As of June 30, 2022 and 2021, the State recorded a liability of \$82,446,961 and \$90,409,045 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

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Organization's share was based on the ratio of its members to the total members of the Plan. At June 30, 2022 and 2021, the Organization's share was 1.213233% and 1.130539%, and 0.330395% and 0.319504% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2022 and 2021, the Organization recognized OPEB expense of \$946,482 and \$1,584,715 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 OPEB liability associated with the Organization at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. The State's liability associated with the Organization at June 30, 2021 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:

	2022	2021
Inflation	2.50 %	2.50 %
Discount rate	2.16	2.21
Salary increases:		
PERS through 2026	2.00–6.00 %	2.00–6.00 %
PERS thereafter	3.00–7.00	3.00–7.00
ABP through 2026	1.55–4.45 %	1.55–4.45 %
ABP thereafter	2.75–5.65	2.75–5.65

For the June 30, 2020 actuarial valuation, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS/JRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "Teachers" (TPAF/ABP), and "General" (PERS/JRS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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)

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classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Certain actuarial assumptions used in the June 30, 2020 and 2019 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, 2018), ABP (using the experience of the Teacher's Pension and Annuity Fund – July 1, 2015 through June 30, 2018), and PFRS (July 1, 2013 through June 30, 2018).

*Health Care Trend Assumptions* – The June 30, 2020 valuations initially used a trend rate of 5.65% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.79% in fiscal year 2024, increasing to 13.79% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 5.98% in fiscal year 2024, increasing to 15.49% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

The June 30, 2019 valuations initially used a trend rate of 5.6% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

*Discount Rate* – The discount rate for June 30, 2021 and 2020 was 2.16% and 2.21%, 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/Aa or higher.

**(11) 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 \$79,045 and \$13,512, respectively, in 2022. In 2021, the University and Library paid \$68,864 and \$45,000 respectively. The University and Library have accrued amounts of \$396,331 and \$226,126; and \$426,284 and \$216,830, respectively, as of June 30, 2022 and 2021, 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 \$226,126 and \$216,830, respectively, has been recorded as of June 30, 2022 and 2021 in the accompanying

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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 2022 will continue into fiscal year 2023 and beyond. If the State did not provide reimbursement to the University for these amounts in the future, the University would still be liable for the payments to these employees.

**(12) Component Unit**

Thomas Edison State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Organization. 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 December 31, 2021 and December 31, 2020, the Foundation expensed \$713,513 and \$664,419 respectively, to the University for restricted purposes. Complete financial statements for the Foundation can be obtained from the Controller's Office at 111 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.

During fiscal year 2022, the Foundation elected to change their year end to June 30.

**(13) 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 nine of the State of New Jersey Public Colleges and Universities. The Organization's risk management program involves insurance for all property risk and certain liability risk in the joint insurance program and all remaining liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long term disability, unemployment liability, life insurance and employee retirement programs).

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All-Risk Property Insurance provides coverage for buildings, plant, equipment, and business interruption to the extent that losses exceed \$100,000 per occurrence with a maximum limit of liability in an occurrence of \$2,000,000,000. Commercial Crime Insurance coverage provides limits of liability of: \$5,000,000 for Employee Theft, Computer Fraud, and Funds Transfer Fraud Coverages, subject to \$150,000 retention; \$500,000 limits of liability for Premises, In Transit, Forgery, Money Orders and Counterfeit Currency Fraud, Credit Card, and Client Coverages, subject to \$50,000 retention; and \$150,000 limit of liability for Social Engineering Fraud Coverage, subject to \$150,000 retention. Student Blanket Professional and General Liability Insurance provides coverage for students in curriculum-based practicums/internships with a limit of liability of \$2,000,000 each occurrence, \$4,000,000 in the aggregate. Executive Auto Liability Insurance provides coverage for three executive vehicles, with a limit of liability of \$1,000,000 and a \$1,000 deductible applying to collision & comprehensive coverage. A fine arts insurance policy was added in fiscal year 21 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. 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 have been no settlements in excess of insurance coverage in the past four years. In fiscal year 2022, property insurance coverage for data restoration/owned network interruption and data service provider property damage/data service provider time element have each been reduced from \$1,000,000 to \$10,000 aggregate limits for the nine participating state colleges and universities.



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Required Supplementary Information (Unaudited)

Schedules of Employer Contributions

<b>State of New Jersey Public Employees' Retirement System Thomas Edison State University</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 2,294,325	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>2,294,325</u>	<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	\$ 6,043,755	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	37.96 %	26.30 %	23.52 %	18.96 %	15.16 %	10.79 %	7.18 %	4.35 %
<b>New Jersey State Library</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Contractually required contribution	\$ 2,115,672	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>2,115,672</u>	<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	\$ 5,487,027	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	38.56 %	27.39 %	22.67 %	19.01 %	15.90 %	11.48 %	8.36 %	4.95 %
<b>Total</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
Contractually required contribution	\$ 4,409,997	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>4,409,997</u>	<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	\$ 11,530,782	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	38.25 %	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.

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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**

	2022	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.148 %	0.167 %	0.165 %	0.168 %	0.173 %	0.162 %	0.146 %	0.136 %
Organization proportion of the net pension liability – Total Plan	0.095	0.096	0.092	0.092	0.090	0.081	0.075	0.071
Organization proportionate share of the net pension liability	\$ 31,970,878	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	6,709,265	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	476.52 %	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	33.85	42.90	42.04	40.45	36.78	31.20	38.21	42.74

**New Jersey State Library**

	2022	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.113 %	0.124 %	0.122 %	0.123 %	0.126 %	0.123 %	0.123 %	0.127 %
Organization proportion of the net pension liability – Total Plan	0.073	0.071	0.068	0.067	0.066	0.061	0.063	0.066
Organization proportionate share of the net pension liability	\$ 24,500,195	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	5,141,500	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	446.51 %	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	33.85	42.90	42.04	40.45	36.78	31.20	38.21	42.74

**Total**

	2022	2021	2020	2019	2018	2017	2016	2015
Organization proportion of the net pension liability – State Group	0.261 %	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	0.168	0.160	0.159	0.156	0.142	0.138	0.136
Organization proportionate share of the net pension liability	\$ 56,471,073	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	11,850,765	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	489.74 %	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	33.85	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 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2021.

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 with improvement scale MP-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 with improvement scale MP-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%.

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Schedule of Proportionate Share of the Total OPEB Liability

	Total				
	2022	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	\$ 82,446,961	90,409,045	58,339,465	77,203,200	92,565,771
Total OPEB Liability	\$ 82,446,961	90,409,045	58,339,465	77,203,200	92,565,771
Organization employee covered-payroll	\$ 31,510,962	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 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021.

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%

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Schedule of Net Position by Entity

June 30, 2022

<b>Assets</b>	<b>University</b>	<b>Library</b>	<b>Total</b>
<b>Current assets:</b>			
Cash	\$ 10,923,926	7,567,688	18,491,614
Investments	14,882,754	1,118,956	16,001,710
<b>Receivables:</b>			
Students, net	4,169,402	—	4,169,402
State of New Jersey	285,547	538,696	824,243
Federal	1,885	552,378	554,263
Corporate accounts, net	22,855	—	22,855
Other receivables	49,097	4,262	53,359
Total receivables	4,528,786	1,095,336	5,624,122
Prepaid expenses and other assets	351,227	278,958	630,185
Due to University from Library	546,618	(546,618)	—
Total current assets	31,233,311	9,514,320	40,747,631
<b>Noncurrent assets:</b>			
Investments	2,904,263	588,219	3,492,482
Restricted investments	1,970,152	1,912,393	3,882,545
Trustee held investments – restricted	—	1,012,431	1,012,431
Rare books, artwork, and historical documents	4,566,597	1,564,050	6,130,647
Capital assets	55,206,779	5,991,181	61,197,960
Total noncurrent assets	64,647,791	11,068,274	75,716,065
Total assets	95,881,102	20,582,594	116,463,696
<b>Deferred Outflows of Resources</b>			
<b>Deferred outflows of resources:</b>			
Pensions related	3,671,935	3,229,100	6,901,035
Total assets and deferred outflows of resources	99,553,037	23,811,694	123,364,731
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	6,182,971	1,276,025	7,458,996
Unearned tuition and fees	3,145,631	—	3,145,631
Unearned grants and contracts	—	607,984	607,984
Deposits held in custody for others	4,898	—	4,898
Long-term debt – current portion	2,137,456	—	2,137,456
Total current liabilities	11,470,956	1,884,009	13,354,965
<b>Noncurrent liabilities:</b>			
Compensated absences – noncurrent portion	396,331	226,126	622,457
Long-term debt	3,867,127	—	3,867,127
Net pension liability	31,970,878	24,500,195	56,471,073
Total noncurrent liabilities	36,234,336	24,726,321	60,960,657
Total liabilities	47,705,292	26,610,330	74,315,622
<b>Deferred Inflows of Resources</b>			
<b>Deferred inflows of resources:</b>			
Pensions related	10,370,676	7,019,029	17,389,705
Total liabilities and deferred inflows of resources	58,075,968	33,629,359	91,705,327
<b>Net Position</b>			
Net investment in capital assets	53,768,793	7,555,231	61,324,024
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	—	287,938	287,938
Library for the Blind and Handicapped	—	1,355,713	1,355,713
Public policy	1,946,731	—	1,946,731
Unrestricted	(14,238,455)	(19,766,262)	(34,004,717)
Total net position	\$ 41,477,069	(9,817,665)	31,659,404

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Schedule of Net Position by Entity

June 30, 2021

<b>Assets</b>	<b>University</b>	<b>Library</b>	<b>Total</b>
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	4,346,924	—	4,346,924
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	5,173,534	874,094	6,047,628
Prepaid expenses and other assets	174,097	285,872	459,969
Due to University from Library	480,359	(480,359)	—
Total current assets	35,430,128	8,968,098	44,398,226
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	57,941,655	6,290,143	64,231,798
Total noncurrent assets	68,456,298	11,410,511	79,866,809
Total assets	103,886,426	20,378,609	124,265,035
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources:			
Pensions related	5,241,059	3,656,887	8,897,946
Total assets and deferred outflows of resources	109,127,485	24,035,496	133,162,981
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued expenses	6,894,511	1,181,983	8,076,494
Unearned tuition and fees	3,632,686	—	3,632,686
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	2,600,386	—	2,600,386
Total current liabilities	14,216,260	1,343,574	15,559,834
Noncurrent liabilities:			
Compensated absences – noncurrent portion	426,284	216,830	643,114
Long-term debt	8,866,121	—	8,866,121
Net pension liability	37,161,992	27,601,249	64,763,241
Total noncurrent liabilities	46,454,397	27,818,079	74,272,476
Total liabilities	60,670,657	29,161,653	89,832,310
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources:			
Pensions related	9,546,080	6,972,527	16,518,607
Total liabilities and deferred inflows of resources	70,216,737	36,134,180	106,350,917
<b>Net Position</b>			
Net investment in capital assets	51,041,745	7,854,193	58,895,938
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	(13,623,825)	(22,578,754)	(36,202,579)
Total net position	\$ 38,910,748	(12,098,684)	26,812,064

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 by Entity

Year ended June 30, 2022

	<u>University</u>	<u>Library</u>	<u>Total</u>
Operating revenues:			
Student tuition and fees, net	\$ 37,674,516	—	37,674,516
Federal grants and contracts	4,672,657	6,195,487	10,868,144
Federal indirect cost recovery	150,627	—	150,627
State of New Jersey grants and contracts	851,643	9,482,647	10,334,290
Other operating revenues	685,885	1,003	686,888
	<u>44,035,328</u>	<u>15,679,137</u>	<u>59,714,465</u>
Total operating revenues			
Operating expenses:			
Academic support	23,186,681	—	23,186,681
Student services	6,248,581	—	6,248,581
Public services	926,425	4,505,720	5,432,145
General institutional	12,436,910	—	12,436,910
Operations and maintenance	1,837,667	24,766	1,862,433
General administration	16,944,108	2,504,506	19,448,614
Other sponsored programs	1,802,569	—	1,802,569
Scholarships	3,576,605	—	3,576,605
State of New Jersey Library	—	3,888,116	3,888,116
Talking Book and Braille Center	—	1,514,647	1,514,647
Grants to libraries	—	8,096,998	8,096,998
Collections and exhibits	—	1,168,436	1,168,436
Depreciation	3,312,775	393,822	3,706,597
	<u>70,272,321</u>	<u>22,097,011</u>	<u>92,369,332</u>
Total operating expenses			
Operating loss	<u>(26,236,993)</u>	<u>(6,417,874)</u>	<u>(32,654,867)</u>
Nonoperating revenues (expenses):			
Federal grants	2,380,550	—	2,380,550
State of New Jersey appropriations	8,344,000	5,478,881	13,822,881
State of New Jersey paid fringe benefits	17,371,087	2,968,820	20,339,907
State of New Jersey paid other post employment benefits	705,885	240,597	946,482
Contributed U.S. Postal Service	—	170,760	170,760
Private gifts – restricted	534,599	42,567	577,166
Investment expense	(288,842)	(202,266)	(491,108)
Interest on indebtedness	(208,283)	—	(208,283)
Loss on disposal of equipment	(35,682)	(466)	(36,148)
	<u>28,803,314</u>	<u>8,698,893</u>	<u>37,502,207</u>
Net nonoperating revenues			
Increase in net position	2,566,321	2,281,019	4,847,340
Net position as of beginning of year	<u>38,910,748</u>	<u>(12,098,684)</u>	<u>26,812,064</u>
Net position as of end of year	<u>\$ 41,477,069</u>	<u>(9,817,665)</u>	<u>31,659,404</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 by Entity

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	1,850,270	36,868	1,887,138
General administration	15,253,508	2,477,542	17,731,050
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	2,931,573	334,853	3,266,426
	<u>74,054,703</u>	<u>21,167,971</u>	<u>95,222,674</u>
Total operating expenses			
Operating loss	<u>(21,658,922)</u>	<u>(7,535,669)</u>	<u>(29,194,591)</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	(265,009)	—	(265,009)
Loss on disposal of equipment	(36,593)	(39,379)	(75,972)
	<u>27,293,469</u>	<u>8,755,544</u>	<u>36,049,013</u>
Net nonoperating revenues			
Increase in net position	5,634,547	1,219,875	6,854,422
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>\$ 38,910,748</u>	<u>(12,098,684)</u>	<u>26,812,064</u>

See accompanying independent auditors' report.