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# 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, 2023 and 2022

(With Independent Auditors' Report Thereon)

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

## Table of Contents

KPMG LLP
New Jersey Headquarters
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# 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, 2023 and 2022, 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 audits 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, 2023 and 2022, 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 of the discretely presented component unit as of and for the year ended June 30, 2023 and as of and for the six-months ended June 30, 2022. 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.

*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, as listed in the table of contents, 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
February 5, 2024

## 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, 2023 and 2022, with certain 2021 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 (Foundation) are presented discretely. The Foundation was formed to aid the University in obtaining private funds to meet the needs of the University. The Foundation elected to change their year-end from December 31 to June 30 during fiscal year 2022. Therefore, the accompanying statement of activities for fiscal year 2022 is for the six-month period ending June 30, 2022 (January 1, 2022 – June 30, 2022). The Foundation fiscal year 2023 period was the same as the Organization period of July 1, 2022 to June 30, 2023.

## 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 $36,615,620 at June 30, 2023 from $31,659,404 at June 30, 2022, and increased from $26,812,064 at June 30, 2021. In fiscal year 2023, the Organization's net position increase of $4,956,216 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 $6,043,757 which was partially offset by decreased student tuition. 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.

The Organization recorded on its financial statements the state paid revenue and expenses for other post-employment benefits for fiscal year 2023, 2022 and 2021. The State has communicated that the associated unfunded liability, deferred inflows of resources and deferred outflows of resources are the responsibility of the State and therefore, are not reported on the Organization's financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The Organization recorded on its financial statements the net pension liability and related pension amounts as determined by the State of New Jersey, Division of Pensions and Benefits. The State has communicated that the GASB 68 pension liability allocations do not impact State laws or past funding arrangements that have been established annually in the State budget. The State has historically made and has communicated it will continue to make direct payments on behalf of the Organization to the Public Employees Retirement System (PERS) plan.

Operating revenues for the year ended June 30, 2023, decreased to $56,935,882 from $59,714,465 in 2022, which decreased from $66,028,083 in 2021. The decrease was primarily due to a decrease of $3,167,012 in student tuition in fiscal year 2023. The decrease in fiscal year 2022 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.

Net nonoperating revenues for the year ended June 30, 2023 increased to $40,039,439 from $37,502,207 in fiscal year 2022, primarily due to an increase of $3,385,099 in state appropriations, an increase of $3,069,477 in State paid fringe benefits, an increase in investment income of $1,454,276, which were partially offset by a decrease in federal grants of $2,380,550 and a decrease of $2,956,338 in State of New Jersey paid other postemployment benefits. The increase in fringe benefits was related to a higher fringe benefit rate. The decrease in federal grants was due to spending down stimulus funds in fiscal year 2022. 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 in 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.

### Statements 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.

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 subscription-based information technology arrangements (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 Statements of Net Position as of June 30, 2023, 2022 and 2021**

| | | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Current assets | $ | 41,508,802 | 40,747,631 | 44,398,226 |
| Capital assets, net | | 58,175,870 | 61,197,960 | 64,231,798 |
| Other assets | | 13,657,703 | 14,518,105 | 15,635,011 |
| Total assets | | 113,342,375 | 116,463,696 | 124,265,035 |
| Deferred outflows of resources | | 8,343,500 | 6,901,035 | 8,897,946 |
| Total assets and deferred outflows of resources | $ | 121,685,875 | 123,364,731 | 133,162,981 |
| Current liabilities | $ | 13,296,193 | 13,354,965 | 15,559,834 |
| Noncurrent liabilities | | 59,076,899 | 60,960,657 | 74,272,476 |
| Total liabilities | | 72,373,092 | 74,315,622 | 89,832,310 |
| Deferred inflows of resources | | 12,697,163 | 17,389,705 | 16,518,607 |
| Total liabilities and deferred inflows of resources | $ | 85,070,255 | 91,705,327 | 106,350,917 |


(Continued)

| | | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Net position: | | | | |
| Net investment in capital assets | $ | 60,343,297 | 61,324,024 | 58,895,938 |
| Restricted | | 3,963,540 | 4,340,097 | 4,118,705 |
| Unrestricted | | (27,691,217) | (34,004,717) | (36,202,579) |
| Net position, end of year | $ | 36,615,620 | 31,659,404 | 26,812,064 |

**Net Position, End of Year**

The Organization's net position at June 30, 2023 increased $4,956,216 or 16% from fiscal year 2022 to $36,615,620. The Organization's net position at June 30, 2022 increased $4,847,340 or 18% from fiscal year 2021 to $31,659,404. The increase in fiscal year 2023 was primarily due to the recognition of negative pension expense of $6,043,757, and increased State appropriations of $3,385,099, which was partially offset by $3,167,012 in decreased student tuition. The increase in fiscal year 2022 was primarily due to the recognition of negative pension expense of $5,187,106.

The Organization's total assets decreased to $113,342,375 at June 30, 2023 from $116,463,696 at June 30, 2022, which decreased from $124,265,035 at June 30, 2021. The fiscal year 2023 decrease of $3,121,321 or 3% was primarily due to decreased capital assets of $3,022,090 and decreased cash of $9,439,545, which was partially offset by increased investments of $9,282,363. 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 Organization's total deferred outflows of resources increased $1,442,465 or 21% from fiscal year 2022 to $8,343,500 (University share $3,776,035 and Library share $4,567,465). The Organization's total deferred inflows of resources decreased $4,692,542 or 27% from fiscal year 2022 to $12,697,163 (University share $8,695,785 and Library share $4,001,378). 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 2022 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of $4,451,751 (University share $2,322,731 and Library share $2,129,020).

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).


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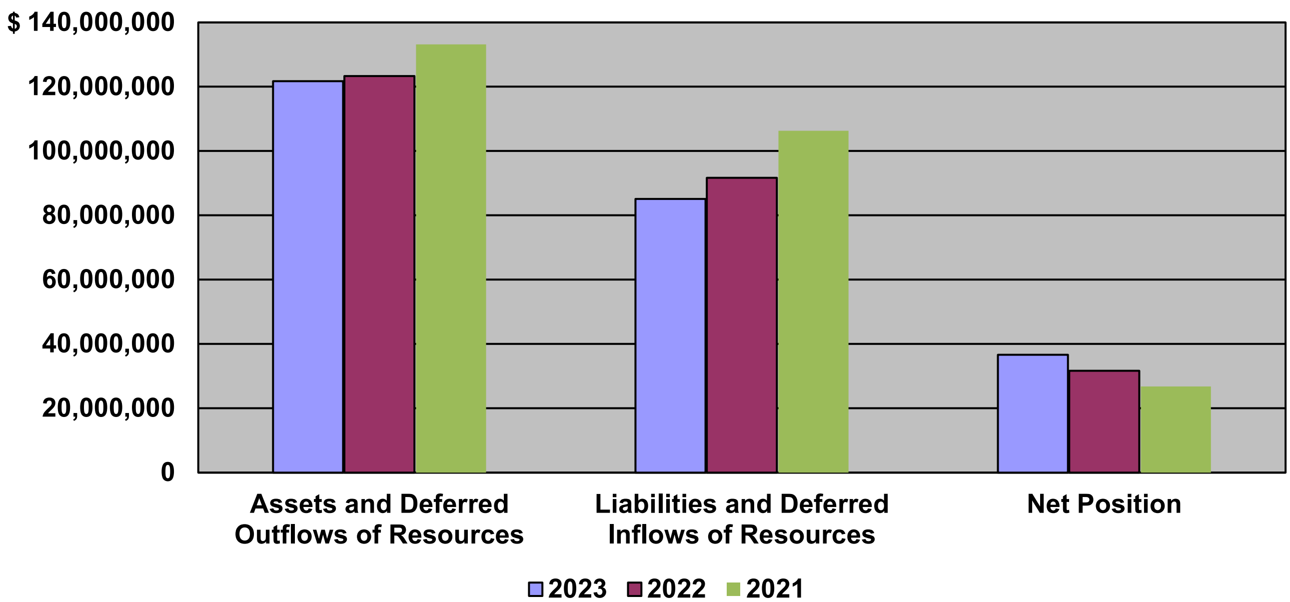
The Organization’s total liabilities decreased $1,942,530 or 3% to $72,373,092 in fiscal year 2023. The fiscal year 2023 decrease was primarily due to a decrease of $2,041,363 in long-term debt, and a decrease of $318,749 in accounts payable and accrued expenses, which was partially offset by an increase of $315,373 in unearned grants and contracts. 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.

**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 Organization both operating and nonoperating, expenses paid by the Organization , operating and nonoperating, and any other changes to net position. A condensed summary of the Organization's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022 and 2021 follows:

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

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Operating revenues: | | | |
| Student tuition and fees, net of scholarships | $ 34,507,504 | 37,674,516 | 46,037,672 |
| Federal grants and contracts | 10,848,439 | 10,868,144 | 10,629,475 |
| State of New Jersey grants and contracts | 10,600,453 | 10,334,290 | 8,560,776 |
| Subtotal operating grants | 21,448,892 | 21,202,434 | 19,190,251 |
| Other | 979,486 | 837,515 | 800,160 |
| Total operating revenues | 56,935,882 | 59,714,465 | 66,028,083 |
| Operating expenses | 92,019,105 | 92,369,332 | 95,222,674 |
| Operating loss | (35,083,223) | (32,654,867) | (29,194,591) |
| Nonoperating revenues (expenses): | | | |
| Federal grants | — | 2,380,550 | 6,041,927 |
| State of New Jersey funding, including OPEB | 38,607,508 | 35,109,270 | 29,186,621 |
| Other nonoperating revenues, net | 1,500,315 | 48,535 | 896,437 |
| Loss on disposal of equipment | (68,384) | (36,148) | (75,972) |
| Net non-operating revenues | 40,039,439 | 37,502,207 | 36,049,013 |
| Increase in net position | 4,956,216 | 4,847,340 | 6,854,422 |
| Net position beginning of year | 31,659,404 | 26,812,064 | 19,957,642 |
| Net position end of year | $ 36,615,620 | 31,659,404 | 26,812,064 |

### Operating Revenues

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

During the year ended June 30, 2023, the Organization generated $56,935,882 in operating revenues. The sources of these revenues were: tuition and fees, net of scholarships of $34,507,504; governmental grants and contracts of $21,448,892; and other operating revenues of $979,486. The University's share of operating revenues was $41,580,701 and the Library's share of operating revenues was $15,355,181.

- Student tuition and fees decreased $3,167,012 or 8% in fiscal year 2023 due to an 11% decrease in the number of students served which was partially offset by a tuition increase of 2%. 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.
- The increase in State of New Jersey grants and contracts of $266,163 or 3% in fiscal year 2023 was primarily due to the University receiving $679,864 in Grant Opportunity (GO)-TESU State need-based aid for part-time students for the first time. This was partially offset by spending down grants received during fiscal year 2022. The increase of $1,773,514 or 21% in fiscal year 2022 was primarily due to the University receiving $483,496 in an 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.

| | 2023 | | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total |
| Operating revenues: | | | | | | |
| Student tuition and fees (net of scholarship allowances of approximately $3,403,000, $2,953,000, and $2,982,000, respectively) | $ 34,507,504 | 61 % | $ 37,674,516 | 63 % | $ 46,037,672 | 70 % |
| Federal grants and contracts | 10,848,439 | 19 | 10,868,144 | 18 | 10,629,475 | 16 |
| State of New Jersey grants and contracts | 10,600,453 | 19 | 10,334,290 | 18 | 8,560,776 | 13 |
| Subtotal grants | 21,448,892 | | 21,202,434 | | 19,190,251 | |
| Other sources: | | | | | | |
| Federal indirect cost recovery | 356,829 | — | 150,627 | — | 183,705 | — |
| Noncollegiate sponsored programs | — | — | — | — | 15,175 | — |
| Other operating revenue | 622,657 | 1 | 686,888 | 1 | 601,280 | 1 |
| Subtotal other sources | 979,486 | | 837,515 | | 800,160 | |
| Total operating revenues | $ 56,935,882 | 100 % | $ 59,714,465 | 100 % | $ 66,028,083 | 100 % |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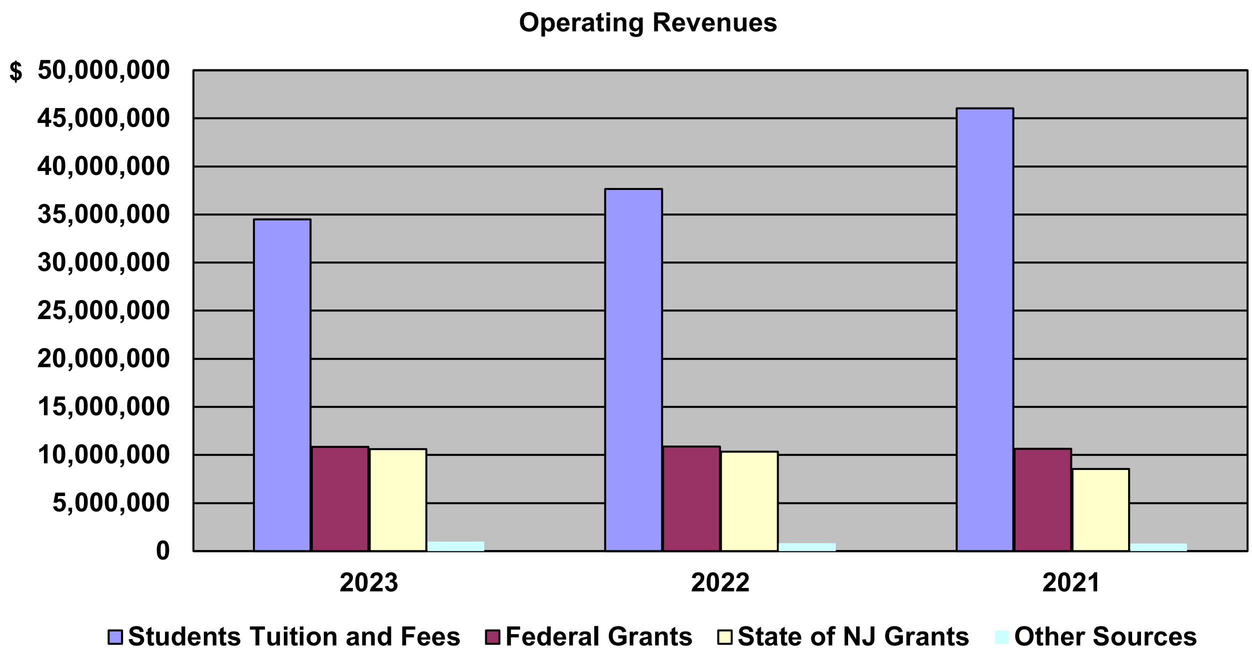


### Operating Expenses

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, 2023, the Organization incurred total operating expenses of $92,019,105, which were $35,083,223 more than the operating revenues of $56,935,882. The University's operating expenses share was $70,255,767 and the Library's operating expenses share was $21,763,338. The University's net operating loss share was $28,675,066 and the Library's net operating loss share was $6,408,157. The Organization's operating expenses decreased $350,227 or less than 1% from fiscal years 2022 to 2023. 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 53.4% in fiscal year 2022 to 60.8% in fiscal year 2023.

- The increase in academic support expenses of $178,908 or 1% in fiscal year 2023 is primarily due to an increase in state paid fringe benefit expense of $799,606, which was partially offset by a decrease in pension expense of $146,954 and OPEB expenses of $330,203. 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.


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- The increase in student services expenses of $148,909 or 2% in fiscal year 2023 is primarily due to an increase in salary of $320,985 and state paid fringe benefit expense of $501,000, which was partially offset by a decrease of $243,803 in pension expense and $559,990 in OPEB expense. The University has made a concerted effort to shift resources to student services. 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.
- Public services expenses decreased $509,960 or 9% in fiscal year 2023. The decrease was primarily due the Library spending down stimulus funds received from the Institute for Museum and Library Services in the prior year that was received during fiscal year 2021. Public service decreased $1,180,454 or 18% in fiscal year 2022. The decrease was primarily from the Watson Institute shifting to another New Jersey public institution during the second half of fiscal year 2022.
- General institutional expenses decreased $795,012 or 6% and decreased $227,863 or 2% over the previous year in fiscal years 2023 and 2022, respectively. The decrease in fiscal year 2023 was primarily due to decreases of $166,818 in salary expense, $193,833 in pension expense, $379,750 in OPEB expense. 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.
- General administration expenses increased $934,965 or 5% and decreased $1,717,564 or 10% in fiscal year 2023 and 2022, respectively. The increase in fiscal year 2023 was primarily due to an increase in salary of $904,490 and fringe benefits of $1,227,877, which were partially offset by a decrease of $509,854 in pension expense and $910,570 in OPEB expense. 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 grant in fiscal year 2021 and collectively bargained cost of living and increment increases. These increases were partially offset by decreased pension expense of $1,245,010.
- Other sponsored programs expenses decreased $443,849 or 25% and decreased $2,865,350 or 61% in fiscal year 2023 and 2022, respectively. The decrease in fiscal year 2023 and 2022 was primarily due to federal Coronavirus Aid, Relief, and Economic Security (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 did not have any federal CARES act funds during fiscal year 2023. The University had $1,068,896 and $4,380,182 in CARES expenses during fiscal year 2022 and 2021, respectively.
- Scholarships decreased $553,240 or 15% and decreased $623,060 or 15% in fiscal year 2023 and 2022, respectively. The decrease in fiscal year 2023 was due to no Higher Education Emergency Relief Fund (HEERF) scholarships awarded compared to $1,201,775 during fiscal year 2022, which was partially offset by the new need-based aid GO-TESU of $679,864. The decrease in fiscal year 2022 was primarily due to no Coronavirus Relief Fund (CRF) scholarships awarded compared to $667,974 during fiscal year 2021 and a $646,261 decrease in Pell grants. The was partially offset by an increase of $797,279 in HEERF scholarships.


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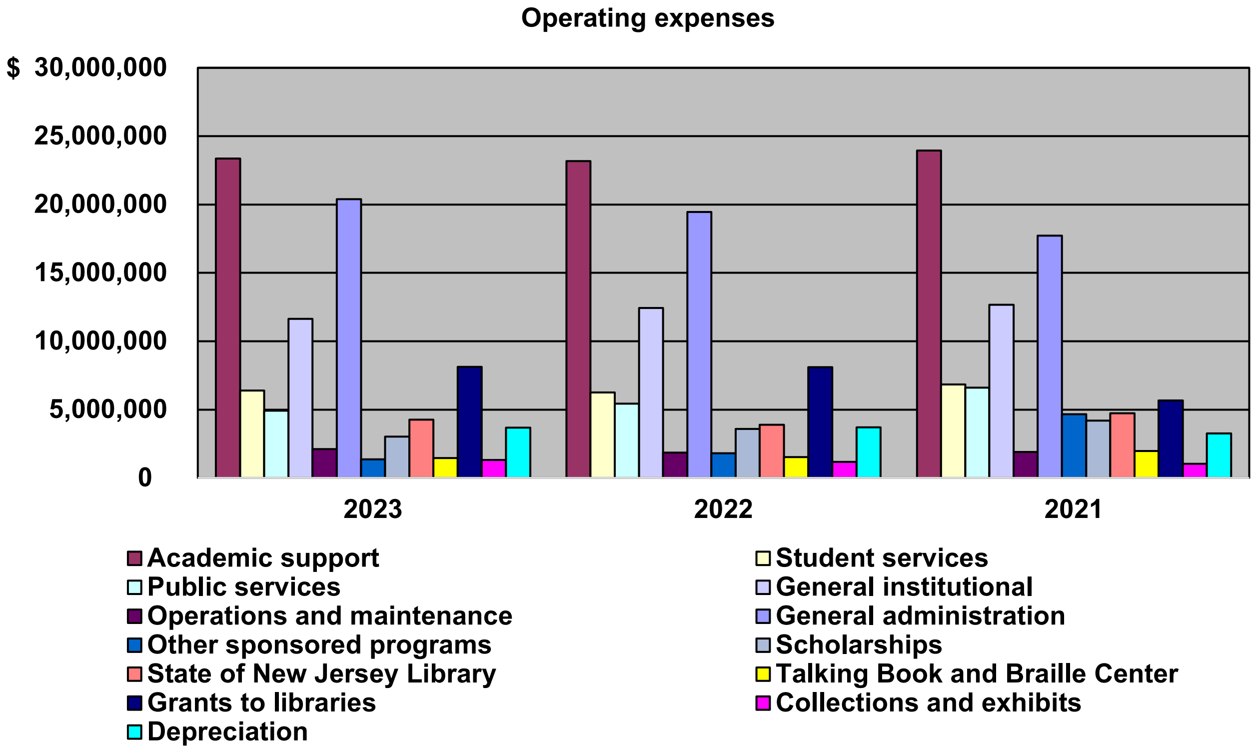
- State of New Jersey Library expenses increased $363,079 or 9% and increased $852,907 or 18% in fiscal year 2023 and 2022, respectively. The increase in fiscal year 2023 was primarily due to increased pension expense of $205,024, and increased fringe benefit cost of $416,673, which were partially offset by decreased OPEB expense of $444,629. The increase in fringe benefits was primarily due to the increased fringe benefit rate. 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. The increase was due to the increased fringe benefit rate.
- Talking Book & Braille Center decreased $67,501 or 4% and decreased $446,843 or 23% in fiscal year 2023 and 2022, respectively. The decrease in fiscal year 2023 was primarily due to decreased OPEB expense of $119,029, which was partially offset by $62,770 increase in pension expense. The decrease in fiscal year 2022 was primarily due to decreased pension expense of $352,948 and OPEB expense of $26,859.
- Grants to libraries increased $34,062 or less than 1% and increased $2,428,331 or 43% in fiscal year 2023 and 2022, respectively. The expense remained stable in fiscal year 2023. The increase in fiscal year 2022 was due to the federal American Rescue Plan Act funds received by the State library that were subgranted to public libraries during fiscal year 2023 and 2022.
- Depreciation decreased $36,245 or 1% and increased $440,171 or 13% in fiscal year 2023 and 2022, respectively. Depreciation remained stable during fiscal year 2023 due to minimal capital assets acquired. The increase in depreciation in fiscal year 2022 was related to the implementation of Governmental Accounting Standards Boards (GASB) Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Depreciation for fiscal year 2023 and fiscal year 2022 includes the amortization of leased assets and SBITAs.

| | 2023 | | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | Amount | Percentage of total | Amount | Percentage of total | Amount | Percentage of total |
| Operating expenses: | | | | | | |
| Academic support | $ 23,365,589 | 25 % | $ 23,186,681 | 25 % | $ 23,942,104 | 25 % |
| Student services | 6,397,489 | 7 | 6,248,581 | 7 | 6,841,192 | 7 |
| Public services | 4,922,185 | 5 | 5,432,145 | 6 | 6,612,599 | 7 |
| General institutional | 11,641,898 | 13 | 12,436,910 | 13 | 12,664,773 | 13 |
| Operations and maintenance | 2,116,158 | 2 | 1,862,433 | 2 | 1,887,138 | 2 |
| General administration | 20,383,579 | 22 | 19,448,614 | 21 | 17,731,050 | 19 |
| Other sponsored programs | 1,358,720 | 2 | 1,802,569 | 2 | 4,667,919 | 5 |
| Scholarships | 3,023,365 | 3 | 3,576,605 | 4 | 4,199,665 | 4 |
| State of New Jersey Library | 4,251,195 | 5 | 3,888,116 | 4 | 4,741,023 | 5 |
| Talking Book and Braille Center | 1,447,146 | 2 | 1,514,647 | 2 | 1,961,490 | 2 |
| Grants to libraries | 8,131,060 | 9 | 8,096,998 | 9 | 5,668,667 | 6 |
| Collections and exhibits | 1,310,369 | 1 | 1,168,436 | 1 | 1,038,628 | 1 |
| Depreciation and amortization | 3,670,352 | 4 | 3,706,597 | 4 | 3,266,426 | 4 |
| Total operating expenses | $ 92,019,105 | 100 % | $ 92,369,332 | 100 % | $ 95,222,674 | 100 % |




**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 2023, the Organization generated $40,039,439 in net nonoperating revenues. The components of the nonoperating revenues were primarily direct and indirect State of New Jersey appropriations of $38,607,508, contributed U.S. Postal Service of $178,963, private gifts of $449,141, and investment income of $963,168. The University's net nonoperating revenue share was $29,999,401 and the Library's nonoperating revenue share was $10,040,038.

- There were no nonoperating Federal grants during fiscal year 2023. Federal grants of $2,380,550 in fiscal year 2022 includes $1,296,691 in student aid funded HEERF and $1,083,859 in CRF.
- The increase of State of New Jersey appropriations of $3,385,099 or 24% in fiscal year 2023 was due to a legislative appropriation increase of $3,000,000 for the University and $1,201,099 for the Library, respectively, which were partially offset by the unbundling and transfer of the Garden State Guarantee portion of the outcomes-based funding to the Higher Education Student Assistance Authority which means that the funds are no longer provided via an appropriation to the University. 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.

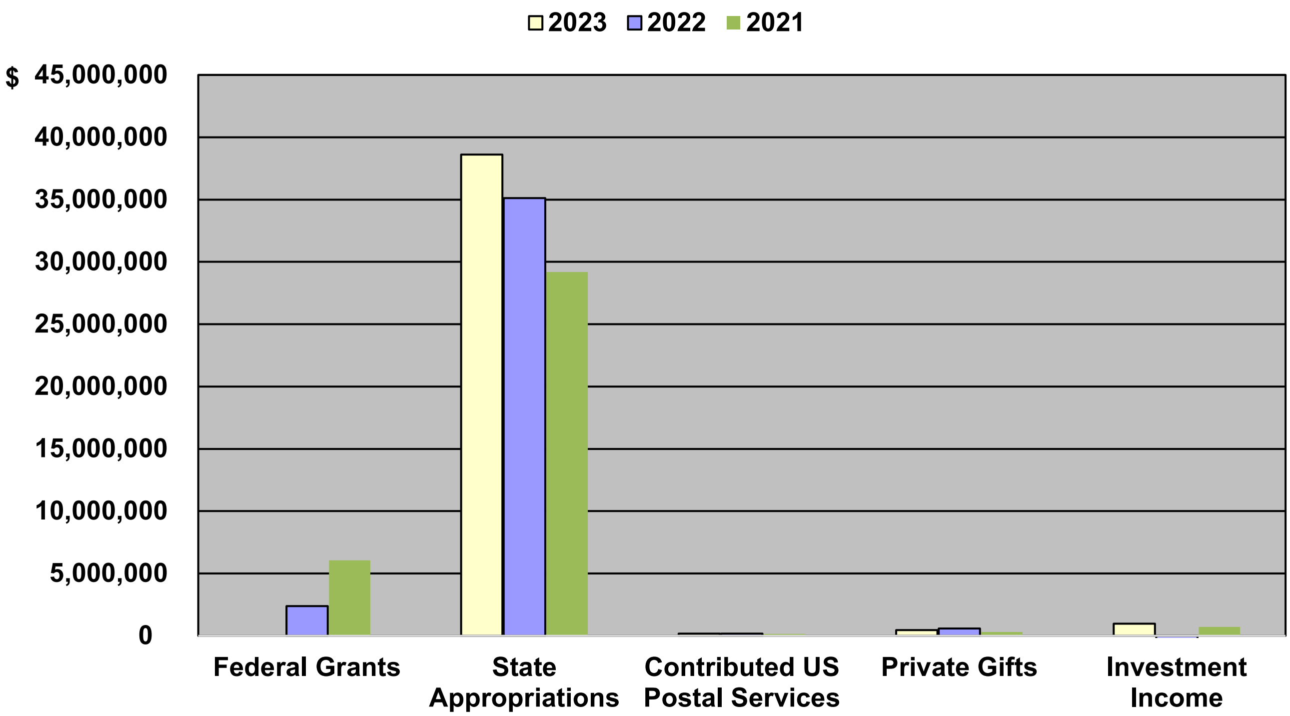
- The increase in State of New Jersey paid fringe benefits of $3,069,477 or 15% was primarily due to the negotiated fringe benefit rate increased from 61.05% in fiscal year 2022 to 68.45% in fiscal year 2023. The increase in State of New Jersey paid fringe benefits of $4,299,952 or 27% in fiscal year 2022 was primarily due to an increase in the number of state paid fringe positions that was available for nine months in the prior fiscal year 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 53.25% in fiscal year 2021 to 61.05% in fiscal year 2022.
- The State of New Jersey paid other postemployment benefits decreased by $2,956,338 or 312% and increased by $638,233 or 40% in fiscal years 2023 and 2022, respectively. The amount to record is provided by the State of New Jersey and represents the organization's prorated share of the total (benefit) expense.
- Private gifts decreased by $128,025 or 22% and increased by $283,992 or 97% in fiscal years 2023 and 2022, respectively. The decrease in fiscal year 2023 was related to timing of grants from the University Foundation. The increase in fiscal year 2022 was related to multi private gifts that were received by from the University Foundation.
- Investment income increased by $1,454,276 and decreased by $1,212,604 in fiscal year 2023 and 2022, respectively. The changes are due to market fluctuations and higher interest rates during fiscal year 2023.

| | 2023 | | 2022 | | 2021 | |
|---|---|---|---|---|---|---|
| | Total | Percentage of total | Total | Percentage of total | Total | Percentage of total |
| Nonoperating revenues: | | | | | | |
| Federal grants | $ — | — % | $ 2,380,550 | 6 % | $ 6,041,927 | 17 % |
| State of New Jersey appropriations | 17,207,980 | 43 | 13,822,881 | 37 | 11,561,951 | 32 |
| State of New Jersey paid fringe benefits | 23,409,384 | 58 | 20,339,907 | 54 | 16,039,955 | 44 |
| State of New Jersey paid other post employment benefits | (2,009,856) | (5) | 946,482 | 3 | 1,584,715 | 4 |
| Subtotal State of New Jersey | 38,607,508 | | 35,109,270 | | 29,186,621 | |
| Contributed U.S. Postal Service | 178,963 | — | 170,760 | — | 146,776 | — |
| Private gifts – restricted | 449,141 | 1 | 577,166 | 1 | 293,174 | 1 |
| Investment income | 963,168 | 3 | (491,108) | (1) | 721,496 | 2 |
| Nonoperating revenues | $ 40,198,780 | 100 % | $ 37,746,638 | 100 % | $ 36,389,994 | 100 % |



(Continued)

**Nonoperating Revenues**




**Capital Assets and Debt Activities**

At June 30, 2023, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to $64,306,517, net of accumulated depreciation and amortization of $42,157,329. The amount invested in capital assets, net of related debt of $3,963,220, was $60,343,297. Depreciation and amortization charges totaled $3,670,352 for the current fiscal year. The $980,727 decrease of net investment in capital assets was due to capital additions of $716,646, principal paid on outstanding debt of $2,178,603, less new lease and SBITA related debt of $137,240 and depreciation of $3,670,352 and net capital retirements of $68,384. 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 and amortization 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. Capital assets are comprised of replacements, renovations, as well as investments in equipment, including information technology.



(Continued)

Interest on indebtedness was $90,957 in fiscal year 2023 as compared $208,283 in fiscal year 2022, a decrease of $117,326 or 56%. The decrease was due to the prepayment of TD Bank debt during fiscal year 2022 and the planned allocation of principal and interest per the amortization schedules. Interest on indebtedness was $208,283 in fiscal year 2022 as compared to $265,009 in fiscal year 2021, a decrease of $56,726 or 21%. The increase was due to new lease related liability from GASB 87 and SBITA related liability from GASB 96.

**Tax-Exempt Lease Financing**

There were no State issued bonds awarded to fund capital improvements at the Organization in fiscal years 2023, 2022 and 2021.

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.



(Continued)

The Organization's net investment in capital assets at June 30, 2023, 2022 and 2021 were:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Net investment in capital assets: | | | |
| Depreciable assets: | | | |
| Buildings and improvements | $ 50,661,693 | 52,767,354 | 54,676,399 |
| Equipment and vehicles, including leases and subscription IT right-to-use assets | 3,872,648 | 4,515,478 | 5,400,927 |
| Furniture and fixtures | 1,188,849 | 1,462,448 | 1,701,792 |
| Subtotal | 55,723,190 | 58,745,280 | 61,779,118 |
| Nondepreciable assets: | | | |
| Land | 2,452,680 | 2,452,680 | 2,452,680 |
| Rare books, artwork, and historical documents | 6,130,647 | 6,130,647 | 6,130,647 |
| Subtotal | 8,583,327 | 8,583,327 | 8,583,327 |
| Total capital assets | 64,306,517 | 67,328,607 | 70,362,445 |
| Less related long-term debt, including lease and subscription IT liabilities | (3,963,220) | (6,004,583) | (11,466,507) |
| Net investment in capital assets | $ 60,343,297 | 61,324,024 | 58,895,938 |

**Economic Outlook**

With net position of $36,615,620, the Organization's financial position remains positive. A major challenge to the Organization has been the University's enrollment. The University had 11,431 enrollments in fiscal year 2023. This was 11% below the prior year. This resulted in an 8% decrease in student revenue. Student revenue decreased by 18% in fiscal year 2022. 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 2024.

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

Statements of Net Position

Business-Type Activities – Organization Only

June 30, 2023 and 2022

| **Assets** | **2023** | **2022** |
|---|---|---|
| Current assets: | | |
| Cash (note 2) | $ 9,052,069 | 18,491,614 |
| Investments (notes 2 and 4) | 26,144,475 | 16,001,710 |
| Receivables: | | |
| Students, less allowance for doubtful accounts of approximately $732,096 in 2023 and $1,046,000 in 2022 | 3,712,324 | 4,192,257 |
| State of New Jersey | 790,261 | 824,243 |
| Federal | 760,891 | 554,263 |
| Other receivables | 150,649 | 53,359 |
| Total receivables | 5,414,125 | 5,624,122 |
| Prepaid expenses and other assets | 898,133 | 630,185 |
| Total current assets | 41,508,802 | 40,747,631 |
| Noncurrent assets: | | |
| Investments (notes 2 and 4) | 3,563,516 | 3,492,482 |
| Restricted investments (notes 2 and 4) | 2,913,154 | 3,882,545 |
| Trustee held investments – restricted (notes 3 and 4) | 1,050,386 | 1,012,431 |
| Rare books, artwork, and historical documents | 6,130,647 | 6,130,647 |
| Capital assets, net (notes 5 and 9) | 58,175,870 | 61,197,960 |
| Total noncurrent assets | 71,833,573 | 75,716,065 |
| Total assets | 113,342,375 | 116,463,696 |
| **Deferred Outflows of Resources** | | |
| Deferred outflows of resources: | | |
| Pensions related (note 9) | 8,343,500 | 6,901,035 |
| Total assets and deferred outflows of resources | $ 121,685,875 | 123,364,731 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses (notes 6 and 7) | $ 7,140,247 | 7,458,996 |
| Unearned tuition and fees | 3,229,523 | 3,145,631 |
| Unearned grants and contracts | 923,357 | 607,984 |
| Deposits held in custody for others | 214,343 | 4,898 |
| Long-term debt – current portion (note 8 and 9) | 1,788,723 | 2,137,456 |
| Total current liabilities | 13,296,193 | 13,354,965 |
| Noncurrent liabilities: | | |
| Compensated absences – noncurrent portion (note 7) | 591,902 | 622,457 |
| Long-term debt (note 8 and 9) | 2,174,497 | 3,867,127 |
| Net pension liability (notes 7 and 10) | 56,310,500 | 56,471,073 |
| Total noncurrent liabilities | 59,076,899 | 60,960,657 |
| Total liabilities | 72,373,092 | 74,315,622 |
| **Deferred Inflows of Resources** | | |
| Deferred inflows of resources: | | |
| Pensions related (note 10) | 12,697,163 | 17,389,705 |
| Total liabilities and deferred inflows of resources | $ 85,070,255 | 91,705,327 |
| **Net Position** | | |
| Net investment in capital assets | $ 60,343,297 | 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 | 306,773 | 287,938 |
| Library for the Blind and Handicapped | 1,471,545 | 1,355,713 |
| Public policy | 1,435,507 | 1,946,731 |
| Unrestricted | (27,691,217) | (34,004,717) |
| Total net position | $ 36,615,620 | 31,659,404 |

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

June 30, 2023 and 2022

| **Assets** | | **2023** | **2022** |
|---|---|---|---|
| Cash | $ | 117,280 | 68,587 |
| Investments | | 12,138,859 | 11,715,078 |
| Contributions and grants receivable | | 120,021 | 131,674 |
| Other assets | | 70,999 | 67,343 |
| Total assets | $ | 12,447,159 | 11,982,682 |
| **Liabilities and Net Assets** | | | |
| Liabilities: | | | |
| Contributions and grants payable | $ | 679,386 | 789,862 |
| Accrued liabilities | | 77,375 | 32,571 |
| Total liabilities | | 756,761 | 822,433 |
| Net assets: | | | |
| Without donor restrictions | | 5,558,079 | 5,208,483 |
| With donor restrictions | | 6,132,319 | 5,951,766 |
| Total net assets | | 11,690,398 | 11,160,249 |
| Total liabilities and net assets | $ | 12,447,159 | 11,982,682 |

See accompanying notes to financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – Organization Only

Years ended June 30, 2023 and 2022

| | | 2023 | 2022 |
|---|---|---|---|
| Operating revenues: | | | |
| Student tuition and fees (net of scholarship allowances of approximately $3,403,000 in 2023 and $2,953,000 in 2022) | $ | 34,507,504 | 37,674,516 |
| Federal grants and contracts | | 10,848,439 | 10,868,144 |
| Federal indirect cost recovery | | 356,829 | 150,627 |
| State of New Jersey grants and contracts | | 10,600,453 | 10,334,290 |
| Other operating revenues | | 622,657 | 686,888 |
| Total operating revenues | | 56,935,882 | 59,714,465 |
| Operating expenses: | | | |
| Academic support | | 23,365,589 | 23,186,681 |
| Student services | | 6,397,489 | 6,248,581 |
| Public services | | 4,922,185 | 5,432,145 |
| General institutional | | 11,641,898 | 12,436,910 |
| Operations and maintenance | | 2,116,158 | 1,862,433 |
| General administration | | 20,383,579 | 19,448,614 |
| Other sponsored programs | | 1,358,720 | 1,802,569 |
| Scholarships | | 3,023,365 | 3,576,605 |
| State of New Jersey Library | | 4,251,195 | 3,888,116 |
| Talking Book and Braille Center | | 1,447,146 | 1,514,647 |
| Grants to libraries | | 8,131,060 | 8,096,998 |
| Collections and exhibits | | 1,310,369 | 1,168,436 |
| Depreciation and amortization | | 3,670,352 | 3,706,597 |
| Total operating expenses | | 92,019,105 | 92,369,332 |
| Operating loss | | (35,083,223) | (32,654,867) |
| Nonoperating revenues (expenses): | | | |
| Federal grants | | — | 2,380,550 |
| State of New Jersey appropriations | | 17,207,980 | 13,822,881 |
| State of New Jersey paid fringe benefits | | 23,409,384 | 20,339,907 |
| State of New Jersey paid other postemployment benefits (note 9) | | (2,009,856) | 946,482 |
| Contributed U.S. Postal Service | | 178,963 | 170,760 |
| Private gifts – restricted | | 449,141 | 577,166 |
| Investment income (expense) | | 963,168 | (491,108) |
| Interest on indebtedness | | (90,957) | (208,283) |
| Loss on disposal of equipment | | (68,384) | (36,148) |
| Net nonoperating revenues | | 40,039,439 | 37,502,207 |
| Increase in net position | | 4,956,216 | 4,847,340 |
| Net position as of beginning of year | | 31,659,404 | 26,812,064 |
| Net position as of end of year | $ | 36,615,620 | 31,659,404 |

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 June 30, 2023

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| Support and revenues: | | | | |
| Contributions and grants | $ | 196,788 | 480,404 | 677,192 |
| Special events: | | | | |
| Revenues | | 123,772 | — | 123,772 |
| In-kind contributions | | 4,825 | — | 4,825 |
| Less costs of direct benefits to donors | | (95,862) | — | (95,862) |
| Special events, net | | 32,735 | — | 32,735 |
| Donated personnel | | 377,145 | — | 377,145 |
| Investment return, net | | 297,581 | 443,751 | 741,332 |
| Net assets released from restrictions | | 743,602 | (743,602) | — |
| Total support and revenues | | 1,647,851 | 180,553 | 1,828,404 |
| Expenses: | | | | |
| Program expenses | | 1,183,235 | — | 1,183,235 |
| Management and general | | 35,982 | — | 35,982 |
| Fundraising | | 79,038 | — | 79,038 |
| Total expenses | | 1,298,255 | — | 1,298,255 |
| Change in net assets | | 349,596 | 180,553 | 530,149 |
| Net assets, beginning of year | | 5,208,483 | 5,951,766 | 11,160,249 |
| Net assets, end of year | $ | 5,558,079 | 6,132,319 | 11,690,398 |

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

Six-Months Ended June 30, 2022

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| Support and revenues: | | | | |
| Contributions and grants | $ | 57,646 | 126,428 | 184,074 |
| Special events: | | | | |
| Revenues | | 43,377 | — | 43,377 |
| In-kind contributions | | 2,340 | — | 2,340 |
| Less costs of direct benefits to donors | | (51,717) | — | (51,717) |
| Special events, net | | (6,000) | — | (6,000) |
| Donated personnel | | 157,168 | — | 157,168 |
| Investment return, net | | (1,088,645) | (1,253,157) | (2,341,802) |
| Net assets released from restrictions | | 409,802 | (409,802) | — |
| Total support and revenues | | (470,029) | (1,536,531) | (2,006,560) |
| Expenses: | | | | |
| Program expenses | | 642,221 | — | 642,221 |
| Management and general | | 28,060 | — | 28,060 |
| Fundraising | | 50,819 | — | 50,819 |
| Total expenses | | 721,100 | — | 721,100 |
| Change in net assets | | (1,191,129) | (1,536,531) | (2,727,660) |
| Net assets, beginning of year | | 6,399,612 | 7,488,297 | 13,887,909 |
| Net assets, end of year | $ | 5,208,483 | 5,951,766 | 11,160,249 |

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, 2023 and 2022

| | | 2023 | 2022 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Student tuition and fees | $ | 37,776,410 | 40,392,222 |
| Grants, contracts, and other revenues | | 18,054,082 | 17,632,720 |
| Payments for salaries | | (36,318,480) | (35,454,344) |
| Payments for fringe benefits | | (1,490,747) | (1,192,387) |
| Payments for materials and supplies | | (1,715,690) | (1,390,650) |
| Payments for services | | (23,075,588) | (24,545,714) |
| Payments for maintenance | | (1,330,435) | (1,103,836) |
| Payments to students | | (4,264,046) | (3,866,310) |
| Payments for grants and contracts | | (3,556,864) | (3,431,201) |
| Payments for noncapital improvements | | (120,533) | (480,555) |
| Net cash used by operating activities | | (16,041,891) | (13,440,055) |
| Cash flows from noncapital financing activities: | | | |
| Federal appropriations | | — | 1,296,691 |
| State of New Jersey appropriations | | 17,207,980 | 13,822,881 |
| Private gifts – restricted | | 438,772 | 573,176 |
| Agency receipts | | 687,764 | 193,300 |
| Agency disbursements | | (437,000) | (192,262) |
| Net cash provided by noncapital financing activities | | 17,897,516 | 15,693,786 |
| Cash flows from capital financing activities: | | | |
| Purchases of capital assets | | (632,437) | (271,204) |
| Net deposits with trustee | | 16,977 | 16,679 |
| Principal paid on capital debt | | (2,178,603) | (5,753,703) |
| Interest paid on capital debt | | (92,813) | (245,318) |
| Net cash used by capital financing activities | | (2,886,876) | (6,253,546) |
| Cash flows from investing activities: | | | |
| Proceeds from sales and maturities of investments | | 28,395,372 | 8,037,966 |
| Purchases of investments | | (37,685,329) | (8,036,516) |
| Interest on investments | | 881,663 | 316,426 |
| Net cash (used by) provided by investing activities | | (8,408,294) | 317,876 |
| Net decrease in cash | | (9,439,545) | (3,681,939) |
| Cash as of beginning of the year | | 18,491,614 | 22,173,553 |
| Cash as of end of the year | $ | 9,052,069 | 18,491,614 |



(Continued)

**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, 2023 and 2022

| | | 2023 | 2022 |
|---|---|---|---|
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating loss | $ | (35,083,223) | (32,654,867) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | |
| Depreciation and amortization expense | | 3,670,352 | 3,706,597 |
| Noncash transactions | | 21,588,895 | 21,460,955 |
| Change in assets and liabilities: | | | |
| Receivables | | 209,997 | 423,506 |
| Prepaid expenses and other assets | | (267,948) | (170,216) |
| Accounts payable and accrued expenses | | (473,094) | (631,380) |
| Deposits held in custody of others | | 209,445 | (80) |
| Unearned tuition and fees | | 83,892 | 487,055 |
| Unearned grants and contracts | | 315,373 | (637,466) |
| Net pension liability and related deferred amounts | | (6,295,580) | (5,424,159) |
| Net cash used by operating activities | $ | (16,041,891) | (13,440,055) |
| Noncash transactions: | | | |
| State of New Jersey paid fringe benefits | $ | 23,409,384 | 20,339,907 |
| State of New Jersey paid other postemployment benefits | | (2,009,856) | 946,482 |
| Contributed U.S. Postal Service | | 178,963 | 170,760 |
| Contributed services | | 10,404 | 3,806 |
| Student waivers expense | | (3,403,139) | (2,790,077) |
| Student tuition and fees | | 3,403,139 | 2,790,077 |
| State of New Jersey paid grants to local libraries expense | | (4,684,580) | (4,601,354) |
| State of New Jersey paid grants to local libraries revenue | | 4,684,580 | 4,601,354 |
| | $ | 21,588,895 | 21,460,955 |

See accompanying notes to financial statements.

## (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 2023 was 11,431 students and 2022 was 12,829. Since the University was founded, 73,418 associate, baccalaureate, masters, and doctoral degrees in eighteen degree programs have been awarded. The University's offices are 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, electronic equivalents, and historical documents.

### *(c) The Organization*

The University and the State recognize that the mission of the Library complements 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.

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 Comprehensive Financial 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.

### *(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 a trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

### *(d) Rare Books, Artwork, and Historical Documents*

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

### *(e) Capital Assets*

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

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

The Organization does not capitalize the existing collections of the Library, including books and microfiche, except for rare books, artwork, and historical documents, as they have a short estimated useful life. Included in the accompanying financial statements as an expense are accessions of approximately $1,310,000 and $1,200,000 in 2023 and 2022, 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 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/prnsions/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 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*

The University is a lessee for noncancellable leases of real estate and equipment from external parties. The University also has multiple subscription-based information technology arrangements (SBITAs) with external parties. For leases and SBITAs with a maximum possible term of 12 months or less at commencement, the University recognizes expense based on the provisions of the lease contract. For all other leases and SBITAs (i.e. those that are not short-term), the University recognizes a right of use asset and liability as discussed in note 9.

At lease and SBITA commencement, the University initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of the payment made. The asset is measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over the shorter of the lease term or its useful life. The University recognizes interest expense on the liability using the effective interest method based on the discount rate determined at commencement.

A key estimate is how the University determines the discount rate it uses to calculate the present value of the expected lease or SBITA payments to be made. The University uses its estimated incremental borrowing rate as the discount rate for leases. The University does not have any leases or SBITAs that the lessor has provided their implicit interest rate. The University does not have any leases or SBITAs subject to a residual value guarantee.

***(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.

***(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 $23,409,384 and $20,339,907 in 2023 and 2022, 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 $179,000 and $171,000 for the years ended June 30, 2023 and 2022, 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## (2) Cash and Investments

### *(a) Cash*

Cash consisted of the following demand deposits in a financial institution as of June 30, 2023 and 2022:

| | | Carrying amount | Bank balances |
|---|---|---|---|
| 2023: | | | |
| University | $ | 815,856 | 1,360,283 |
| Library | | 8,236,213 | 8,476,561 |
| Total deposits | $ | 9,052,069 | 9,836,844 |

| | | Carrying amount | Bank balances |
|---|---|---|---|
| 2022: | | | |
| University | $ | 10,923,926 | 10,895,460 |
| Library | | 7,567,688 | 7,613,496 |
| Total deposits | $ | 18,491,614 | 18,508,956 |

Bank balances in excess of FDIC insured amounts totaling $9,396,630 in 2023 and $18,062,748 in 2022 are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.



(Continued)

***(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.

Investments consist of the following as of June 30, 2023 and 2022:

| | 2023 | | |
|---|---|---|---|
| | **University** | **Library** | **Total** |
| State of New Jersey Cash Management Fund | $ 19,261,314 | 455,700 | 19,717,014 |
| Money market accounts | 48,673 | 2,036,667 | 2,085,340 |
| Equities and equity exchange traded funds (ETFs) | 687,734 | 724,614 | 1,412,348 |
| Fixed income ETFs | 2,815,173 | 518,270 | 3,333,443 |
| Certificates of deposit | 6,073,000 | — | 6,073,000 |
| Total | $ 28,885,894 | 3,735,251 | 32,621,145 |

| | 2022 | | |
|---|---|---|---|
| | **University** | **Library** | **Total** |
| 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 | $ 19,757,169 | 3,619,568 | 23,376,737 |

The bank balances of the certificate of deposits in excess of FDIC insured amounts totaling $5,823,000 in 2023 and $6,750,000 in 2022 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 Organization's ETF mutual funds are comprised of many securities and therefore are not rated overall as a fund by the major rating agencies.

The following table summarizes the Organization's fixed income investments as of June 30, 2023 and 2022:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Rating | | Fair value | Rating | | Fair value |
| University: | | | | | | |
| Fixed income ETFs | Not Rated | $ | 2,815,173 | Not Rated | $ | 2,839,088 |
| Library: | | | | | | |
| Fixed income ETFs | Not Rated | $ | 518,270 | Not Rated | $ | 523,386 |

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, 2023 and 2022:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | | Maturities in years | | | |
| | Fair value | Less than 1 | 1–5 | 6–10 | 11–15 |
| University: | | | | | |
| State of New Jersey Cash Management Fund | $ 19,261,314 | 19,261,314 | — | — | — |
| Money market accounts | 48,673 | 48,673 | — | — | — |
| Fixed income ETFs | 2,815,173 | — | — | 2,815,173 | — |
| Certificates of deposit | 6,073,000 | 6,073,000 | — | — | — |
| Library: | | | | | |
| State of New Jersey Cash Management Fund | 455,700 | 455,700 | — | — | — |
| Money market accounts | 2,036,667 | 2,036,667 | — | — | — |
| Fixed income ETFs | 518,270 | — | — | 518,270 | — |
| | $ 31,208,797 | 27,875,354 | — | 3,333,443 | — |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | | Maturities in years | | | |
| | **Fair value** | **Less than 1** | **1–5** | **6–10** | **11–15** |
| 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 | — |
| | $ 22,158,078 | 18,795,604 | — | 3,362,474 | — |

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, 2023 and 2022:

| | **2023** | **2022** |
|---|---|---|
| State of New Jersey Cash Management Fund | $ 635,788 | 613,005 |
| Money market accounts | 12,024 | 16,166 |
| Alternative assets ETFs | 100,318 | 98,247 |
| Fixed income ETFs | 67,930 | 73,470 |
| Equity ETFs | 234,326 | 211,543 |
| Total | $ 1,050,386 | 1,012,431 |

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.

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, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Maturities in years | | Maturities in years | |
| | Fair value | Less than 1 | Fair value | Less than 1 |
| Library: | | | | |
| State of New Jersey Cash Management Fund | $ 635,788 | 635,788 | 613,004 | 613,004 |
| Money market accounts | 12,024 | 12,024 | 16,166 | 16,166 |
| Fixed income ETFs | 67,930 | 67,930 | 73,470 | 73,470 |
| | $ 715,742 | 715,742 | 702,640 | 702,640 |

## (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.



(Continued)

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, 2023 are summarized in the following table by their fair value hierarchy:

| | 2023 Investments | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments measured at fair value: | | | | |
| Equities and equity ETFs | $ 1,412,348 | 1,412,348 | — | — |
| Fixed income ETFs | 3,333,443 | 3,333,443 | — | — |
| Subtotal | 4,745,791 | $ 4,745,791 | — | — |
| Investments measured at amortized cost: | | | | |
| Money market accounts | 2,085,340 | | | |
| Certificates of deposit | 6,073,000 | | | |
| Subtotal | 8,158,340 | | | |
| Local Government Investment Pool: | | | | |
| State of New Jersey Cash Management Fund | 19,717,014 | | | |
| Total investments | $ 32,621,145 | | | |

| | 2023 Trustee held investments | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments measured at fair value: | | | | |
| Alternative asset ETFs | $ 100,318 | 100,318 | — | — |
| Fixed income ETFs | 67,930 | 67,930 | — | — |
| Equity ETFs | 234,326 | 234,326 | — | — |
| Subtotal | 402,574 | $ 402,574 | — | — |
| Investments measured at amortized cost: | | | | |
| Money market accounts | 12,024 | | | |
| Subtotal | 12,024 | | | |
| Local Government Investment Pool: | | | | |
| State of New Jersey Cash Management Fund | 635,788 | | | |
| Total investments | $ 1,050,386 | | | |

The Organization's investments as of June 30, 2022 are summarized in the following table by their fair value hierarchy:

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

| | 2022 Trustee held investments | | | |
|---|---|---|---|---|
| | **Total** | **Level 1** | **Level 2** | **Level 3** |
| 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 | | | |

**(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, 2023 and 2022, capital assets and accumulated depreciation activity was as follows:

| | 2023 | | | |
|---|---|---|---|---|
| | **Beginning balance** | **Additions** | **Retirements** | **Ending balance** |
| Depreciable assets: | | | | |
| Buildings and improvements | $ 64,999,010 | 34,332 | 226,509 | 64,806,833 |
| Equipment and vehicles | 3,184,817 | — | 303,434 | 2,881,383 |
| Furniture and fixtures | 4,007,593 | — | 633,394 | 3,374,199 |
| University subtotal | 72,191,420 | 34,332 | 1,163,337 | 71,062,415 |
| Buildings and improvements | 19,994,821 | — | — | 19,994,821 |
| Equipment and vehicles | 1,438,540 | 545,074 | 32,529 | 1,951,085 |
| Furniture and fixtures | 257,621 | — | — | 257,621 |
| Library subtotal | 21,690,982 | 545,074 | 32,529 | 22,203,527 |
| Total depreciable assets | 93,882,402 | 579,406 | 1,195,866 | 93,265,942 |

| | 2023 | | | |
|---|---|---|---|---|
| | Beginning balance | Additions | Retirements | Ending balance |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | $ 16,833,007 | 1,478,379 | 188,738 | 18,122,648 |
| Equipment and vehicles | 2,303,176 | 220,286 | 310,455 | 2,213,007 |
| Furniture and fixtures | 2,706,617 | 219,923 | 595,907 | 2,330,633 |
| University subtotal | 21,842,800 | 1,918,588 | 1,095,100 | 22,666,288 |
| Buildings and improvements | 15,794,419 | 222,894 | — | 16,017,313 |
| Equipment and vehicles | 898,825 | 164,663 | 32,382 | 1,031,106 |
| Furniture and fixtures | 96,149 | 16,189 | — | 112,338 |
| Library subtotal | 16,789,393 | 403,746 | 32,382 | 17,160,757 |
| Total accumulated depreciation | 38,632,193 | 2,322,334 | 1,127,482 | 39,827,045 |
| Total depreciable assets, net | 55,250,209 | (1,742,928) | 68,384 | 53,438,897 |
| 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 | $ 57,702,889 | (1,742,928) | 68,384 | 55,891,577 |
| Lease and subscription IT right-to-use assets, net | | | | 2,284,293 |
| Total capital assets, net | | | | $ 58,175,870 |

| | 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 |
| 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 right-to-use assets, net | | | | 3,495,071 |
| Total capital assets, net | | | | $ 61,197,960 |



(Continued)

## (6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2023 and 2022:

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | University | Library | Total | Total |
| Vendors | $ 3,036,932 | 100,847 | 3,137,779 | 3,497,491 |
| Accrued salaries and benefits | 1,325,855 | 287,781 | 1,613,636 | 1,447,617 |
| Compensated absences | 1,792,808 | 344,697 | 2,137,505 | 2,221,920 |
| Other accrued expenses | 64,696 | 186,631 | 251,327 | 291,968 |
| Total | $ 6,220,291 | 919,956 | 7,140,247 | 7,458,996 |

## (7) Noncurrent Liabilities

For the years ended June 30, 2023 and 2022, noncurrent liabilities activity, other than long-term debt, was as follows:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Additions | Reductions | Ending balance | Current portion |
| Compensated absences: | | | | | |
| University | $ 2,221,635 | — | 66,920 | 2,154,715 | 1,792,808 |
| Library | 622,742 | 3,869 | 51,919 | 574,692 | 344,697 |
| Total compensated absences | 2,844,377 | 3,869 | 118,839 | 2,729,407 | 2,137,505 |
| Net pension liability: | | | | | |
| University | 31,970,878 | — | 2,207,927 | 29,762,951 | — |
| Library | 24,500,195 | 2,047,354 | — | 26,547,549 | — |
| Total net pension liability | 56,471,073 | 2,047,354 | 2,207,927 | 56,310,500 | — |
| Total | $ 59,315,450 | 2,051,223 | 2,326,766 | 59,039,907 | 2,137,505 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Additions | Reductions | Ending balance | Current portion |
| 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 | 2,917,495 | 9,296 | 82,414 | 2,844,377 | 2,221,920 |
| 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 | 64,763,241 | — | 8,292,168 | 56,471,073 | — |
| Total | $ 67,680,736 | 9,296 | 8,374,582 | 59,315,450 | 2,221,920 |

## (8) Long-Term Debt

For the years ended June 30, 2023 and 2022, long-term debt activity was as follows:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Additions | Reductions | Ending balance | Current portion |
| Long-term debt: | | | | | |
| University: | | | | | |
| Banc of America Leasing & Capital, LLC: | | | | | |
| 2007 Tax Exempt Lease | $ 35,130 | — | 35,130 | — | — |
| Capital Improvement Fund: | | | | | |
| 102-104 West State Street | 316,740 | — | 20,035 | 296,705 | 21,065 |
| Capital Improvement Fund: | | | | | |
| Kelsey/Townhouse Complex | 433,751 | — | 27,437 | 406,314 | 28,847 |
| Equipment Leasing Fund: | | | | | |
| Nursing Equipment | 17,333 | — | 17,333 | — | — |
| PNC Bank: | | | | | |
| Nursing Center | 1,905,000 | — | 735,000 | 1,170,000 | 760,000 |
| Capital Improvement Fund: | | | | | |
| Kelsey Entryway | 46,544 | — | 2,174 | 44,370 | 2,283 |
| Total, excluding leases and subscription IT liabilities | $ 2,754,498 | — | 837,109 | 1,917,389 | 812,195 |
| Lease and subscription IT liabilities | | | | 2,045,831 | 976,528 |
| Total long-term debt | | | | $ 3,963,220 | 1,788,723 |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Additions | Reductions | Ending balance | Current portion |
| 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 | $ 7,238,911 | — | 4,484,413 | 2,754,498 | 837,109 |
| Lease and subscription IT liabilities | | | | 3,250,085 | 1,300,347 |
| Total long-term debt | | | | $ 6,004,583 | 2,137,456 |

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, 2023, the lease financing arrangement is full repaid. As of June 30, 2022, the Organization owes $35,130.

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 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, 2023 and 2022, the Organization owes $296,705 and $316,740, 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, 2023, and 2022, the Organization owes $406,314 and $433,751, 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, 2023, the leasing funds were fully repaid. As of June 30, 2022, the Organization owed $17,333.

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, 2023 and 2022, the Organization owes $1,170,000 and $1,905,000, respectively.

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, 2023 and 2022, the Organization owes $44,370 and $46,544, 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, 2023:

| | | Principal | Interest |
|---|---|---|---|
| Year ending June 30: | | | |
| 2024 | $ | 812,195 | 52,964 |
| 2025 | | 464,863 | 33,014 |
| 2026 | | 57,649 | 27,034 |
| 2027 | | 60,562 | 24,104 |
| 2028–2032 | | 342,474 | 80,859 |
| 2033–2037 | | 179,646 | 10,693 |
| Total | $ | 1,917,389 | 228,668 |

## (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).

A summary of lease and subscription IT asset activity during the year ended June 30, 2023 is as follows:

| | | 2023 | | | |
|---|---|---|---|---|---|
| | | **Beginning balance** | **Additions** | **Deductions** | **Ending balance** |
| University lease assets: | | | | | |
| Buildings | $ | 1,202,846 | — | 1,202,846 | — |
| Equipment | | 271,213 | 8,264 | 68,353 | 211,124 |
| Total lease assets | | 1,474,059 | 8,264 | 1,271,199 | 211,124 |
| Less accumulated amoritization: | | | | | |
| Buildings | | 801,897 | 400,949 | 1,202,846 | — |
| Equipment | | 71,734 | 40,801 | 68,353 | 44,182 |
| Total accumulated amortization | | 873,631 | 441,750 | 1,271,199 | 44,182 |
| Total lease assets, net | | 600,428 | (433,486) | — | 166,942 |
| Subscription IT assets: | | 4,389,915 | 128,976 | 115,438 | 4,403,453 |
| Less accumulated amortization | | 1,495,272 | 906,268 | 115,438 | 2,286,102 |
| Subscription IT assets, net | | 2,894,643 | (777,292) | — | 2,117,351 |
| Total lease and subscription IT right-to-use assets, net | $ | 3,495,071 | (1,210,778) | — | 2,284,293 |

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

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

*Lease and Subscription IT Liabilities*

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2023 is as follows:

| | 2023 | | | |
|---|---|---|---|---|
| | Beginning balance | Additions | Deductions | Ending balance |
| Lease liabilities | $ 601,367 | 8,264 | 439,976 | 169,655 |
| Subscription IT liabilities | 2,648,718 | 128,976 | 901,518 | 1,876,176 |
| Total | $ 3,250,085 | 137,240 | 1,341,494 | 2,045,831 |

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

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

Future annual lease payments are as follows:

| | Principal | Interest |
|---|---|---|
| Year ending June 30: | | |
| 2024 | $ 976,528 | 11,669 |
| 2025 | 985,061 | 5,208 |
| 2026 | 44,592 | 2,050 |
| 2027 | 39,650 | 635 |
| Total | $ 2,045,831 | 19,562 |

## (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 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

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, 2023 and 2022. 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 $4,451,751 and $4,409,997 for 2023 and 2022, respectively.

*(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, 2023 and 2022, the Organization reported a liability of $56,310,500 and $56,471,073, respectively, for its proportionate share of the net pension liability.

The total pension liability used to calculate the net pension liability at June 30, 2023 was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date of June 30, 2022.

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 June 30, 2022 and 2021 PERS net pension liability was recorded in the statement of net position as of June 30, 2023 and June 30, 2022, 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, 2022 and 2021:

| | | 2022 | | |
|---|---|---|---|---|
| | | **University** | **Library** | **Total** |
| Proportionate share of net pension liability | $ | 29,762,951 | 26,547,549 | 56,310,500 |
| Allocation percentage – State Group | | 0.1329484770 % | 0.1185855580 % | 0.2515340350 % |
| Allocation percentage – Total Plan* | | 0.0791441216 % | 0.0705938886 % | 0.1497380102 % |
| Pension benefit for the year ended | $ | (1,494,505) | (97,502) | (1,592,007) |

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

| | 2021 | | |
|---|---|---|---|
| | **University** | **Library** | **Total** |
| 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 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.

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

| | 2023 | | |
|---|---|---|---|
| | **University** | **Library** | **Total** |
| Deferred outflows of resources: | | | |
| Differences between actual and expected experience | $ 479,913 | 428,069 | 907,982 |
| Changes of assumptions | 44,473 | 39,669 | 84,142 |
| Net differences between projected and actual investment earnings on pension plan investments | 719,004 | 641,327 | 1,360,331 |
| Changes in proportionate share | 209,914 | 1,329,380 | 1,539,294 |
| Contributions subsequent to the measurement date | 2,322,731 | 2,129,020 | 4,451,751 |
| | $ 3,776,035 | 4,567,465 | 8,343,500 |
| Deferred inflows of resources: | | | |
| Differences between actual and expected experience | $ 156,734 | 139,801 | 296,535 |
| Changes in assumptions | 2,178,842 | 1,943,454 | 4,122,296 |
| Changes in proportionate share | 6,360,209 | 1,918,123 | 8,278,332 |
| | $ 8,695,785 | 4,001,378 | 12,697,163 |

| | 2022 | | |
|---|---|---|---|
| | **University** | **Library** | **Total** |
| 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 | 2,294,325 | 2,115,672 | 4,409,997 |
| | $ 3,671,935 | 3,229,100 | 6,901,035 |
| 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 | 4,723,546 | 2,691,473 | 7,415,019 |
| | $ 10,370,676 | 7,019,029 | 17,389,705 |

$4,451,751 reported as deferred outflows of resources at June 30, 2023 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized in pension expense as follows:

| | **University** | **Library** | **Total** |
|---|---|---|---|
| Years ending: | | | |
| 2024 | $ (2,893,013) | (1,221,571) | (4,114,584) |
| 2025 | (2,024,732) | (511,669) | (2,536,401) |
| 2026 | (1,732,764) | (297,392) | (2,030,156) |
| 2027 | (560,269) | 459,300 | (100,969) |
| 2028 | (31,703) | 8,399 | (23,304) |
| | $ (7,242,481) | (1,562,933) | (8,805,414) |



(Continued)

*(iii) Actuarial Assumptions*

The total pension liability as of June 30, 2023 is measured as of June 30, 2022 (based on the July 1, 2021 actuarial valuation rolled forward to June 30, 2022) and 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). The total pension liability as of June 30, 2023 and June 30, 2022 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 | 2.75%-6.55% based on years service | 2.00–6.00% based on years service |
| Thereafter | | 3.00–7.00% based on years service |
| Investment rate of return | 7.00 % | 7.00 % |
| Discount rate | 7.00 % | 7.00 % |

*2022*

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.

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

*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.

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

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

The long-term expected rate of return on pension plan investments 7.00% at June 30, 2022 and 2021 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, 2022 and 2021 are summarized in the following table:

| | PERS 2022 | | PERS 2021 | |
|---|---|---|---|---|
| Asset class | Target allocation | Long-term expected real rate of return | Target allocation | Long-term expected real rate of return |
| U.S. equity | 27.00 % | 8.12 % | 27.00 % | 8.09 % |
| Non-US developed markets equity | 13.50 | 8.38 | 13.50 | 8.71 |
| Emerging markets equity | 5.50 | 10.33 | 5.50 | 10.96 |
| Private equity | 13.00 | 11.80 | 13.00 | 11.30 |
| Real estate/equity related real estate | 8.00 | 11.19 | 8.00 | 9.15 |
| Real assets/private real asset | 3.00 | 7.60 | 3.00 | 7.40 |
| High yield | 4.00 | 4.95 | 2.00 | 3.75 |
| Private credit/debt related private credit | 8.00 | 8.10 | 8.00 | 7.60 |
| Investment grade credit | 7.00 | 3.38 | 8.00 | 1.68 |
| Cash equivalents | 4.00 | 1.75 | 4.00 | 0.50 |
| U.S. treasuries | 4.00 | 1.75 | 5.00 | 0.95 |
| Risk mitigation strategies | 3.00 | 4.91 | 3.00 | 3.35 |

*(v) Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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


(Continued)

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, 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 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, 2022 and 2021 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:

| | | 2022 | |
|---|---|---|---|
| | **At 1% decrease (6.00%)** | **At current discount rate (7.00%)** | **At 1% increase (8.00%)** |
| University | $ 33,961,863 | 29,762,951 | 26,198,931 |
| Library | 30,292,836 | 26,547,549 | 23,368,562 |
| Total | $ 64,254,699 | 56,310,500 | 49,567,493 |

| | | 2021 | |
|---|---|---|---|
| | **At 1% decrease (6.00%)** | **At current discount rate (7.00%)** | **At 1% increase (8.00%)** |
| 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) 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 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, 2023 and 2022, ABP received employer and employee contributions as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| | University | Library | Total | Total |
| Employer contributions | $ 1,818,295 | 55,153 | 1,873,448 | 1,809,838 |
| Employee contributions | 1,136,434 | 34,471 | 1,170,905 | 1,131,149 |
| Basis for contributions: | | | | |
| Participating employee salaries | 22,728,688 | 689,416 | 23,418,104 | 22,622,972 |

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as the 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 2023 was $175,000. There were no employee contributions during fiscal year 2023 or 2022. The employer contributions made during fiscal year 2023 and 2022 were $47,254 and $43,787, 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 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 2023 or 2022. The employer contributions made during fiscal year 2023 and 2022 were $11,507 and $7,762, 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 (Benefit) Expense*

As of June 30, 2023 and 2022, the State recorded a liability of $69,340,772 and $82,446,961 respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the Organization (the Organization's share). The Organization's share was based on the ratio of its members to the total members of the Plan. At June 30, 2023 and 2022, the Organization's share was 1.246633% and 1.213233%, and 0.331971% and 0.330395% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2023 and 2022, the Organization recognized an OPEB (benefit) expense of ($2,009,856) and $946,482 respectively. As the State is legally obligated for benefit payments on behalf of the Organization, the Organization recognized nonoperating 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, 2023 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to the measurement date of June 30, 2022. The State's 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. These valuations used the following assumptions, applied to all periods in the measurement:

| | 2022 | 2021 |
|---|---|---|
| Inflation | N/A | 2.50 % |
| Discount rate | 3.54 | 2.16 |
| Salary increases: | | |
| PERS through | All Future Years | 2026 |
| | 2.75-6.55% | 2.00–6.00 % |
| PERS thereafter | Not Applicable | 3.00–7.00 |
| ABP through | All Future Years | 2026 |
| | 2.75-4.25% | 1.55–4.45 % |
| ABP thereafter | Not Applicable | 2.75–5.65 |

For the June 30, 2021 and June 30, 2020 actuarial valuations, 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.

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

Certain actuarial assumptions used in the June 30, 2020 valuation 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, 2021 valuations use a trend rate of 6.25% 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 2023 through 2024 are reflected. For PPO the trend is initially 6.36% in fiscal year 2025, increasing to 14.35% in fiscal year 2026 and decreases to 4.5% after 8 years. For HMO the trend is initially 6.53% in fiscal year 2025, increasing to 15.47% in fiscal year 2026 and decreases to 4.5% after 8 years. For prescription drug benefits, the initial trend is 8.0% and decreases to a 4.5% long-term trend rate after seven years.

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.

*Discount Rate* – The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, 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 $143,070 and $28,663, respectively, in 2023. In 2022, the University and Library paid $79,045 and $13,512, respectively. The University and Library have accrued amounts of $361,907 and $229,995; and $396,331 and $226,126, respectively, as of June 30, 2023 and 2022, 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 $229,995 and $226,126, respectively, has been recorded as of June 30, 2023 and 2022 in the accompanying statements of net position for Library sick accrual reimbursable from the State. At the current time, it is uncertain whether the policy followed by the State regarding unused sick time reimbursement during fiscal year 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 Foundation's full fiscal year ended June 30, 2023, the Foundation expensed $804,091, to the Organization 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.


(Continued)

During year 2022, the Foundation elected to change their year-end to June 30. Therefore, the accompanying statement of activities is for the six-month period ended June 30, 2022.

**(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).

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 two 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 artwork with a limit of $4,000,000. Cyber liability insurance provides coverage for certain types of exposures related to cyber threats. Effective March 1, 2023, the University first purchased this insurance, with primary limits of liability of $5,000,000, subject to a $75,000 retention.

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 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. There have been no changes to fiscal year 2023 property insurance over fiscal year 2022 coverage levels.

Schedule 1

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

Required Supplementary Information (Unaudited)

Schedules of Employer Contributions

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 2,322,731 | 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 | 2,322,731 | 2,294,325 | 1,764,687 | 1,527,293 | 1,322,073 | 1,078,012 | 807,305 | 527,950 | 328,993 |
| Contribution deficiency (excess) | $ — | — | — | — | — | — | — | — | — |
| Organization employee covered–payroll | $ 5,911,435 | 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 | 39.29 % | 37.96 % | 26.30 % | 23.52 % | 18.96 % | 15.16 % | 10.79 % | 7.18 % | 4.35 % |

**New Jersey State Library**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 2,129,020 | 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 | 2,129,020 | 2,115,672 | 1,408,513 | 1,199,297 | 1,027,121 | 831,781 | 626,220 | 444,325 | 276,882 |
| Contribution deficiency (excess) | $ — | — | — | — | — | — | — | — | — |
| Organization employee covered–payroll | $ 5,422,091 | 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 | 39.27 % | 38.56 % | 27.39 % | 22.67 % | 19.01 % | 15.90 % | 11.48 % | 8.36 % | 4.95 % |

**Total**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 4,451,751 | 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 | 4,451,751 | 4,409,997 | 3,173,200 | 2,726,590 | 2,349,194 | 1,909,793 | 1,433,525 | 972,275 | 605,875 |
| Contribution deficiency (excess) | $ — | — | — | — | — | — | — | — | — |
| Organization employee covered–payroll | $ 11,333,526 | 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 | 39.28 % | 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.

See accompanying independent auditors' report.

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

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Organization proportion of the net pension liability – State Group | 0.133 % | 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 | 0.079 | 0.095 | 0.096 | 0.092 | 0.092 | 0.090 | 0.081 | 0.075 | 0.071 |
| Organization proportionate share of the net pension liability | $ 29,762,951 | 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 | 6,043,755 | 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 | 492.46 % | 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 | 46.41 | 51.52 | 42.90 | 42.04 | 40.45 | 36.78 | 31.20 | 38.21 | 42.74 |

**New Jersey State Library**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Organization proportion of the net pension liability – State Group | 0.119 % | 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 | 0.071 | 0.073 | 0.071 | 0.068 | 0.067 | 0.066 | 0.061 | 0.063 | 0.066 |
| Organization proportionate share of the net pension liability | $ 26,547,549 | 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 | 5,487,027 | 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 | 483.82 % | 476.52 % | 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 | 46.41 | 51.52 | 42.90 | 42.04 | 40.45 | 36.78 | 31.20 | 38.21 | 42.74 |

**Total**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Organization proportion of the net pension liability – State Group | 0.252 % | 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 | 0.150 | 0.168 | 0.168 | 0.160 | 0.159 | 0.156 | 0.142 | 0.138 | 0.136 |
| Organization proportionate share of the net pension liability | $ 56,310,500 | 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 | 11,530,782 | 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 | 488.35 % | 476.52 % | 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 | 46.41 | 51.52 | 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 2022, 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 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%.

See accompanying independent auditors' report.

Schedule 3

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

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

| | Total 2023 | 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 | $ 69,340,772 | 82,446,961 | 90,409,045 | 58,339,465 | 77,203,200 | 92,565,771 |
| Total OPEB Liability | $ 69,340,772 | 82,446,961 | 90,409,045 | 58,339,465 | 77,203,200 | 92,565,771 |
| Organization employee covered–payroll | $ 32,695,595 | 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 2023, the discount rate changed to 3.54% from 2.16% The mortality tables utilized Pub-2010 and Scale MP-2021.
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%

See accompanying independent auditors' report.

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

Schedule of Net Position by Entity

June 30, 2023

| **Assets** | | **University** | **Library** | **Total** |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash | $ | 815,856 | 8,236,213 | 9,052,069 |
| Investments | | 24,491,232 | 1,653,243 | 26,144,475 |
| Receivables: | | | | |
| Students, net | | 3,712,324 | — | 3,712,324 |
| State of New Jersey | | 288,143 | 502,118 | 790,261 |
| Federal | | 1,699 | 759,192 | 760,891 |
| Other receivables | | 146,422 | 4,227 | 150,649 |
| Total receivables | | 4,148,588 | 1,265,537 | 5,414,125 |
| Prepaid expenses and other assets | | 374,699 | 523,434 | 898,133 |
| Due to University from Library | | 638,247 | (638,247) | — |
| Total current assets | | 30,468,622 | 11,040,180 | 41,508,802 |
| Noncurrent assets: | | | | |
| Investments | | 2,959,155 | 604,361 | 3,563,516 |
| Restricted investments | | 1,435,507 | 1,477,647 | 2,913,154 |
| Trustee held investments – restricted | | — | 1,050,386 | 1,050,386 |
| Rare books, artwork, and historical documents | | 4,566,597 | 1,564,050 | 6,130,647 |
| Capital assets | | 52,043,508 | 6,132,362 | 58,175,870 |
| Total noncurrent assets | | 61,004,767 | 10,828,806 | 71,833,573 |
| Total assets | | 91,473,389 | 21,868,986 | 113,342,375 |
| **Deferred Outflows of Resources** | | | | |
| Deferred outflows of resources: | | | | |
| Pensions related | | 3,776,035 | 4,567,465 | 8,343,500 |
| Total assets and deferred outflows of resources | $ | 95,249,424 | 26,436,451 | 121,685,875 |
| **Liabilities** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued expenses | $ | 6,220,291 | 919,956 | 7,140,247 |
| Unearned tuition and fees | | 3,229,523 | — | 3,229,523 |
| Unearned grants and contracts | | — | 923,357 | 923,357 |
| Deposits held in custody for others | | 214,343 | — | 214,343 |
| Long-term debt – current portion | | 1,788,723 | — | 1,788,723 |
| Total current liabilities | | 11,452,880 | 1,843,313 | 13,296,193 |
| Noncurrent liabilities: | | | | |
| Compensated absences – noncurrent portion | | 361,907 | 229,995 | 591,902 |
| Long-term debt | | 2,174,497 | — | 2,174,497 |
| Net pension liability | | 29,762,951 | 26,547,549 | 56,310,500 |
| Total noncurrent liabilities | | 32,299,355 | 26,777,544 | 59,076,899 |
| Total liabilities | | 43,752,235 | 28,620,857 | 72,373,092 |
| **Deferred Inflows of Resources** | | | | |
| Deferred inflows of resources: | | | | |
| Pensions related | | 8,695,785 | 4,001,378 | 12,697,163 |
| Total liabilities and deferred inflows of resources | $ | 52,448,020 | 32,622,235 | 85,070,255 |
| **Net Position** | | | | |
| Net investment in capital assets | $ | 52,646,885 | 7,696,412 | 60,343,297 |
| 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 | | — | 306,773 | 306,773 |
| Library for the Blind and Handicapped | | — | 1,471,545 | 1,471,545 |
| Public policy | | 1,435,507 | — | 1,435,507 |
| Unrestricted | | (11,280,988) | (16,410,229) | (27,691,217) |
| Total net position | $ | 42,801,404 | (6,185,784) | 36,615,620 |

See accompanying independent auditors' report.

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

Schedule of Net Position by Entity

June 30, 2022

| Assets | University | Library | Total |
|---|---|---|---|
| Current assets: | | | |
| Cash | $ 10,923,926 | 7,567,688 | 18,491,614 |
| Investments | 14,882,754 | 1,118,956 | 16,001,710 |
| Receivables: | | | |
| Students, net | 4,192,257 | — | 4,192,257 |
| State of New Jersey | 285,547 | 538,696 | 824,243 |
| Federal | 1,885 | 552,378 | 554,263 |
| 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 |
| Noncurrent assets: | | | |
| 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 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows of resources: | | | |
| 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 |
| **Liabilities** | | | |
| Current liabilities: | | | |
| 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 |
| Noncurrent liabilities: | | | |
| 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 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows of resources: | | | |
| 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 |
| **Net Position** | | | |
| 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 |

See accompanying independent auditors’ report.

Schedule 6

**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, 2023

| | University | Library | Total |
|---|---|---|---|
| Operating revenues: | | | |
| Student tuition and fees, net | $ 34,507,504 | — | 34,507,504 |
| Federal grants and contracts | 4,773,573 | 6,074,866 | 10,848,439 |
| Federal indirect cost recovery | 356,829 | — | 356,829 |
| State of New Jersey grants and contracts | 1,321,379 | 9,279,074 | 10,600,453 |
| Other operating revenues | 621,416 | 1,241 | 622,657 |
| Total operating revenues | 41,580,701 | 15,355,181 | 56,935,882 |
| Operating expenses: | | | |
| Academic support | 23,365,589 | — | 23,365,589 |
| Student services | 6,397,489 | — | 6,397,489 |
| Public services | 1,065,350 | 3,856,835 | 4,922,185 |
| General institutional | 11,641,898 | — | 11,641,898 |
| Operations and maintenance | 2,091,214 | 24,944 | 2,116,158 |
| General administration | 18,045,536 | 2,338,043 | 20,383,579 |
| Other sponsored programs | 1,358,720 | — | 1,358,720 |
| Scholarships | 3,023,365 | — | 3,023,365 |
| State of New Jersey Library | — | 4,251,195 | 4,251,195 |
| Talking Book and Braille Center | — | 1,447,146 | 1,447,146 |
| Grants to libraries | — | 8,131,060 | 8,131,060 |
| Collections and exhibits | — | 1,310,369 | 1,310,369 |
| Depreciation and amortization | 3,266,606 | 403,746 | 3,670,352 |
| Total operating expenses | 70,255,767 | 21,763,338 | 92,019,105 |
| Operating loss | (28,675,066) | (6,408,157) | (35,083,223) |
| Nonoperating revenues (expenses): | | | |
| State of New Jersey appropriations | 10,528,000 | 6,679,980 | 17,207,980 |
| State of New Jersey paid fringe benefits | 19,985,435 | 3,423,949 | 23,409,384 |
| State of New Jersey paid other post employment benefits | (1,524,425) | (485,431) | (2,009,856) |
| Contributed U.S. Postal Service | — | 178,963 | 178,963 |
| Private gifts – restricted | 386,608 | 62,533 | 449,141 |
| Investment income | 782,977 | 180,191 | 963,168 |
| Interest on indebtedness | (90,957) | — | (90,957) |
| Loss on disposal of equipment | (68,237) | (147) | (68,384) |
| Net nonoperating revenues | 29,999,401 | 10,040,038 | 40,039,439 |
| Increase in net position | 1,324,335 | 3,631,881 | 4,956,216 |
| Net position as of beginning of year | 41,477,069 | (9,817,665) | 31,659,404 |
| Net position as of end of year | $ 42,801,404 | (6,185,784) | 36,615,620 |

See accompanying independent auditors' report.

Schedule 7

**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

| | University | Library | Total |
|---|---|---|---|
| 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 |
| Total operating revenues | 44,035,328 | 15,679,137 | 59,714,465 |
| 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 and amortization | 3,312,775 | 393,822 | 3,706,597 |
| Total operating expenses | 70,272,321 | 22,097,011 | 92,369,332 |
| Operating loss | (26,236,993) | (6,417,874) | (32,654,867) |
| 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) |
| Net nonoperating revenues | 28,803,314 | 8,698,893 | 37,502,207 |
| Increase in net position | 2,566,321 | 2,281,019 | 4,847,340 |
| Net position as of beginning of year | 38,910,748 | (12,098,684) | 26,812,064 |
| Net position as of end of year | $ 41,477,069 | (9,817,665) | 31,659,404 |

See accompanying independent auditors’ report.