Annual Financial Report

Fiscal Year 2022

Rutgers, The State University of New Jersey

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

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Message from the President

Jonathan Holloway

President and University Professor

RUTGERS

Members of the Rutgers Community,

With thanks to Executive Vice President and Chief Financial Officer Mike Gower and his financial team, I am pleased to offer some thoughts as you review Rutgers University's Annual Financial Report for the fiscal year 2022.

As with every budget, our expenditures reflect and express our priorities, whether our commitment to faculty hiring in our ongoing diversity hiring initiative, to faculty and graduate student fellowships, to the Office of Climate Action, to our financial aid programs, or to the Rutgers Future Scholars program, to name but a few. These priorities speak to our values as a public research university committed to pursuing academic excellence and access, achieving the ideal of a beloved community, and advancing the common good.

Rutgers is at a moment of great promise and opportunity as we emerge from a pandemic that shaped so much of the past three years. We have experienced a jump in our U.S. News and World Report rankings on all campuses; our research revenue has increased; nine more of our faculty members have been named fellows of the American Association for the Advancement of Science; and a new cohort of brilliant students are earning prestigious academic and research awards. But these are also challenging times as we face a combination of headwinds in budgeting for the next few years.

Rutgers was the beneficiary of generous and much-needed COVID relief funds from both the federal and state governments, starting in 2020, which helped to shore up many areas of the university hit hardest by the pandemic. We deployed those dollars carefully over the time we were allotted, but we will no longer have access to that funding. At the same time, we are dealing with dramatic increases in our employee health coverage imposed by the state in mid-2022 and a fringe rate that is now the highest in the nation. We have also felt the effects of recent inflation in the U.S. economy, and like many institutions of higher education across the country, we have seen a dip in enrollment, which also affects our financial picture.

We will address these challenges through principled multi-year solutions and structural reforms, not by compromising our values, our mission, or the commitments that define us. We will take some serious steps to reduce our expenses while also exploring and seizing on prudent opportunities to increase revenue. I am clear-eyed about our challenges but confident in our ability to deliver on our mission.

I remain grateful to all the members of our community—students, faculty, staff, alumni, governing boards, families, donors, and friends—for your efforts, your cooperation, and your belief in the values of our great university.

Message from the Executive Vice President- Chief Financial Officer

J. Michael Gower

Executive Vice President- Chief Financial Officer and University Treasurer

University Finance and Administration

RUTGERS

It is my pleasure to share with you the Fiscal Year 2022 Annual Financial Report for Rutgers, The State University of New Jersey.

As one of the highest-ranked, most diverse public research universities in America, Rutgers is dedicated to its pursuit of excellence by increasing accessibility for students, enhancing social mobility, and improving education equity to provide lifelong learning opportunities. For 256 years, we have been educating students, discovering solutions to world challenges, creating jobs, improving our communities' health, generating billions of dollars of contribution to the New Jersey economy, and continually evolving our curriculums to reach new research and academic heights.

We are committed to providing our campuses with outstanding and supportive learning environments to help our students thrive as scholars, future leaders, and upstanding members of society. Rutgers successfully transitioned students, faculty, and staff back to largely in-person operations at all campuses in fiscal year 2022, after more than a year of virtual learning and engagement due to the coronavirus pandemic.

With the restoration of campus life, we resumed major building projects, provided for students on campus, improved the medical and environmental well-being of our state, and supported communities throughout New Jersey. In fiscal year 2022, we opened the One Stop Student Services Center in New Brunswick, a hub for students to address all their financial needs, upgraded two co-generation plants to reduce energy costs and emissions, and opened a Center for Autism Workday Program building to provide vocational activities for clients.

University Finance and Administration relies on our guiding principles of support and collaboration, understanding and trust, how we work, strategic alignment, and accountability as the building blocks for our collective achievements across Rutgers. We finished fiscal year 2022 with a strong financial standing, an increase of $136.5 million in net position, thanks to Federal and State financial support, tempering the unavoidable and residual financial impacts of COVID-19. This positive position will enable the university to adjust to more difficult financial headwinds now that those funds are largely expended.

Highlights from fiscal year 2022 include:

- Rutgers Cancer Institute of New Jersey received a $25 million grant to research cancer cachexia.
- Rutgers University–New Brunswick launched the Scarlet Guarantee, a new financial aid program linked to the state-supported Garden State Guarantee program, that will drastically reduce tuition and fees for approximately 7,600 students.
- Rutgers received a $10 million grant from the Robert Wood Johnson Foundation to improve the health and quality of life in economically disadvantaged communities dealing with high unemployment, food insecurity, low graduation rates, and low household incomes.
- Rutgers' scientists developed a COVID test that detects specific variants, along with regular PCR results.
- The Department of Homeland Security awarded Rutgers $3.6 million as part of a 10-year grant to fund the Center of Excellence for Engineering Secure Environments from Targeted Attacks (ESE). Rutgers is one of 10 universities receiving the grant to combat terrorist and criminal attacks at schools, stadiums, shopping malls, and hospitals.

- New Jersey Manufacturers Insurance Group contributed $100,000 to support Rutgers Future Scholars, a nationally acclaimed college access program for promising first-generation-to-college middle school students in New Jersey.

- Rutgers University–New Brunswick was listed as #19 of 227 schools in the Top Public Universities issued by U.S. News and World Report, earning a spot in the top 8%. Both Rutgers University–Newark and Rutgers University–Camden rose in their respective rankings.

- The university adopted Governmental Accounting Standards Board No. 87 for equipment and real estate leases with a retroactive application as of July 1, 2020. This recognizes certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

- With students, faculty, and staff returning to campus in fall 2021 from the pandemic, operating revenue increased $279 million or 10% from the prior year primarily due to auxiliary enterprises returning to pre-pandemic levels. Operating expenses increased $254 million, or 6%, from the prior year due to the return to campus and high inflation. Costs continued to be controlled through the university's discretionary spending policy.

- Federal and state COVID relief funding and increased state appropriations provided additional financial aid assistance to students and continued operational support for the university. The university recognized $199 million in COVID relief revenues in fiscal 2022 and has $12.7 million remaining of the $373 million awarded that it expects to expend by September 2023.

- Endowment assets are a permanent source of income beyond tuition and state funding to support the university's mission and are critical in funding student aid, research, supporting teaching programs and creating new technologies. Although market performance was unfavorable in 2022, the annualized return on endowments and other investments over a 5-year period ending June 30, 2022 was 7.1%. As of June 30, 2022, endowment assets were $1.86 billion.

I want to acknowledge our dedicated staff, administrators, and faculty who lead all aspects of our university, our groundbreaking research, and our beloved community. It is no surprise that Rutgers repeatedly attracts students from every state in the country and across the globe. As a university of endless opportunity and an academic, health, and research powerhouse, Rutgers will continue to weather challenges and constraints of the university's values of academic excellence, beloved community, and the common good.

I invite you to read our Annual Report on the following pages, with accompanying notes, management discussion, and analysis. I welcome your questions, suggestions, and thoughts to improve the value of this report to readers.

J. Michael Gower

Rutgers, By the Numbers

Rutgers, the State University of New Jersey, is among the most ethnically diverse campuses in the United States and the Big Ten, with approximately 70,000 students from all 50 states and more than 125 countries.

As a top 20 public university in the country, Rutgers offers 150+ undergraduate programs and 400+ graduate programs through its 29 schools. Alumni earned nearly 675,000 degrees since its founding in 1766, the 8th oldest university in the nation.

Home to New Jersey's most extensive and diversified network of research laboratories, Rutgers brings more federal research dollars to New Jersey than all other colleges and universities in the state combined. With more than 300 research centers and institutes, Rutgers invests $720 million annually in research and development and $872.8 million in sponsored research grants.

New Jersey's largest academic health center and patient care provider, Rutgers Health, has more than 1,300 health care professionals with practices in 20 towns and 12 counties. There are 2.8 million annual patient visits to our faculty practices, centers, clinics, and institutes, and 450 clinical trials supported at any given time.

Major Projects

The Rutgers-New Brunswick One Stop Student Services Center on Busch Campus supports financial aid, student accounts, and registration services under one roof. The center allows students to easily address their needs in a single, streamlined location, connected to the transportation hub. The 13,000 square foot first floor is for front-facing student services, with an associated small addition for an effective entrance and waiting area. The second and third floors (26,000 square feet each) underwent substantial renovations including HVAC systems, window units, and new finishes and furnishings to host the offices of the registrar, financial aid, admissions, and student accounting.

Busch-Livingston and Newark co-generation plants were upgraded to replace the three aging turbines. The upgrade increased the capacity to 2.8 megawatts, which will improve reliability and efficiency, reduce energy costs, reduce emissions, and produce energy credits. The new equipment eliminates the use of 8,000,000 gallons of water per year, much of which is discharged to sanitary sewers. Both projects also included electrical and mechanical upgrades that have an expected life of 35 years.

Rutgers Center for Autism Services developed a new one-story **10,000 square foot Workday Program** building on the Douglass campus. The building will serve as a location where approximately 30 adult clients can be dropped off and picked up daily and spend the day doing vocational activities around campus. The new facility includes a multi-functional gathering space, vocational training space, and administrative offices for faculty and support spaces.

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

Governors and Trustees

During the Year Ended June 30, 2022

Board of Governors

Board of Trustees

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

University Finance and Administration
Rutgers, The State University of New Jersey
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February 24, 2023

President Jonathan Holloway
The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey

I am pleased to submit the Annual Financial Report for Rutgers, The State University of New Jersey for the fiscal year ending June 30, 2022. The report contains the KPMG LLP Independent Auditors' Report on the university's financial statements. The financial information presented in this report is designed to assist the reader in comprehending the scope of the university's use of resources in meeting its primary missions of instruction, research, public service, and patient care.

The report sets forth the complete and permanent record of the financial status of the university for the year.

Respectfully submitted,

J. Michael Gower
Executive Vice President - Chief Financial Officer
University Treasurer

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

Independent Auditors' Report

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, 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 University, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

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 University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, in 2022, the University adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the message from the president, message from the executive vice president, Rutgers by the numbers, major projects, list of governors and trustees, letter from the executive vice president and chief financial officer and university administrative officers but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Short Hills, New Jersey
February 24, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2022

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, The State University of New Jersey (the University or Rutgers) at June 30, 2022 and 2021, and its changes in financial position for the fiscal years then ended, with fiscal year 2020 data presented for comparative purposes. Management has prepared the basic financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the University, which directly follow the MD&A.

In fiscal 2022, the financial reporting entity of Rutgers included over 29 degree granting schools and colleges, offering more than 150 undergraduate majors, more than 400 graduate programs and degrees, with approximately 70,000 students enrolled. These schools are located at Rutgers University–New Brunswick, Rutgers University–Newark, and Rutgers University–Camden. Rutgers Biomedical and Health Sciences, a division within Rutgers, is an academic health care center providing medical education, and conducting research. On July 29, 2016, Rutgers Health Group (RHG), a non-profit corporation, was incorporated by combining the University's clinical operations into a single entity. RHG operations commenced on July 1, 2017 to deliver high quality, cost-effective patient care at clinical locations supportive of the University's teaching and research missions; to participate in education and research exclusively in support of the charitable, scientific and educational purposes of the University; and to support the University's education and training of healthcare students, post-graduate students and professionals. The University also maintains educational services in many other communities throughout the State of New Jersey (the State). The University operates research and institutional facilities on over 6,000 acres in all 21 counties and 98 municipalities.

The University's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements focus on the financial condition of the University, the changes in financial position, and cash flows of the University's business-type activities as a whole rather than the accountability of funds.

The financial statements for the Rutgers University Foundation are presented discretely. The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University.

Implementation of GASB 87

In June 2017, the GASB issued Statement No. 87, Leases (GASB 87). This statement addresses accounting and financial reporting by governments for leases by lessees and lessors. It recognizes certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The University implemented GASB 87 as of July 1, 2020. Therefore, fiscal year 2021 has been restated and the restated amounts are reflected for MD&A purposes. Fiscal year 2020 remains unchanged. (See Note 2)

Financial Highlights

The University's financial condition at June 30, 2022, improved with an increase in net position of $136.5 million. Total operating revenues increased by $279.4 million, or 9.6%, with increases of 4.2% in net student tuition and fees, 231.7% in auxiliary revenue, 5.4% in grants and contracts revenues and 8.9% in health service contract revenues offset by decreases of 20.3% in other operating revenues and 6.9% in net patient service revenues. Operating expenses increased by $254.4 million, or 6.1%, while net non-operating revenues decreased by $428.0 million, or 24.7%, primarily due to a decrease in fair value of investments of $574.7 million, increases in COVID relief funds of $64.5 million and annual appropriations and fringe benefits of $76.2 million.

Tuition revenue is a significant source of funding for the University. In fiscal 2022, the enrollment peak was 69,541 students compared to 70,718 students in fiscal 2021. The freeze on tuition and fees rates in fiscal 2021 was removed, and an increase of 2.5% in tuition and 2.9% in student fees was approved for fiscal 2022. Tuition and fees, net of scholarship allowances, increased $43.4 million, or 4.2% in fiscal year 2022.

Auxiliary revenues increased $184.3 million as a result of students physically returning to campus in fiscal year 2022. The majority of students had participated in virtual classes for the fall 2020 and spring 2021 semesters, thus reducing housing and dining revenues in fiscal year 2021.

Annual appropriations from the State represent a vital part of the University's funding. In fiscal 2022, State appropriations including operating aid and fringe benefits paid on-behalf of Rutgers by the State, increased due to additional appropriations which resulted in a $76.2 million increase, to $946.2 million, or an 8.8% increase from fiscal 2021. State appropriations, including OPEB Paid by the State, as well as federal appropriations, contributions, endowment and investment income, governmental student aid, and COVID relief funds are shown as non-operating revenue.

Net increase/decrease in fair value of investments represent realized and unrealized gains and losses on University investments mostly associated with the University's endowments maintained in the long term investment pool. The University recognized $131.8 million in net decreases in fair value of investments in 2022.

COVID relief funds include Higher Education Emergency Relief Fund I (HEERF I) allocated to the University as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Higher Education Emergency Relief Fund II (HEERF II), established under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Higher Education Emergency Relief Fund III (HEERF III), authorized by the American Rescue Plan (ARP) and funds from the U.S. Department of Education through the Governor's Emergency Education Relief Fund I and II (GEERF I and GEERF II). In addition, the University received allocations from the State of New Jersey through the office of the Secretary of Higher Education, Coronavirus Relief Fund I and II (CRF I and CRF II). The University recognized $199.9 million in COVID relief revenues in 2022.

GASB 68 and GASB 75

In June 2012, the GASB issued Statement No. 68, *Accounting and Reporting for Pensions* (GASB 68). This statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The University participates in the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) both defined benefit cost-sharing multiple-employer pension plans. GASB 68 requires accounting for the proportionate share of the net position present value of projected benefit payments attributed to past periods of the employee service net of the pension plan's fiduciary net position. A cost-sharing employer is also required to recognize its proportionate share of pension expense and report deferred outflows and deferred inflows of resources for its proportionate share. The changes in net position liability adjusted for the deferred inflows and deferred outflows of resources result on pension expense.

In June 2015, the GASB issued Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB in the basic financial statements, in addition to requiring more extensive disclosures and required supplementary information.

For MD&A purposes, the amounts recorded for GASB 68 and GASB 75 have been shown separately.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (the difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources) of the University. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the statement of net position. Net position is one indicator of the financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022, 2021 and 2020 is as follows (in thousands):

Condensed Statements of Net Position

June 30, 2022, 2021 and 2020

(dollars in thousands)

	2022	2021	2020
Assets:			
Current assets	$ 1,343,083	$ 1,358,299	$ 1,149,917
Noncurrent assets:			
Capital assets, net	3,964,832	4,042,635	3,946,994
Other noncurrent assets	2,260,986	2,294,217	1,648,255
Total Assets	7,568,901	7,695,151	6,745,166
Deferred Outflows of Resources	309,602	354,501	414,451
Total Assets and Deferred Outflows of Resources	7,878,503	8,049,652	7,159,617
Liabilities:			
Current liabilities	863,455	811,745	717,192
Noncurrent liabilities	3,783,130	4,120,603	4,095,056
Total Liabilities	4,646,585	4,932,348	4,812,248
Deferred Inflows of Resources	574,380	596,297	362,688
Total Liabilities and Deferred Inflows of Resources	5,220,965	5,528,645	5,174,936
Net Position (Deficit):			
Net investment in capital assets	1,829,023	1,819,126	1,902,879
Restricted – nonexpendable	904,434	977,936	746,788
Restricted – expendable	710,090	695,120	618,742
Unrestricted	(786,009)	(971,175)	(1,283,728)
Total Net Position	$ 2,657,538	$ 2,521,007	$ 1,984,681

For MD&A purposes, the tables below show the impact of GASB 68 to the Statements of Net Position as of June 30, 2022, 2021 and 2020.

Condensed Statement of Net Position
June 30, 2022
(dollars in thousands)

	As Reported	GASB 68 Adjustment	Before GASB 68 Adjustment
Assets:			
Current assets	$ 1,343,083	$ -	$ 1,343,083
Noncurrent assets:			
Capital assets, net	3,964,832	-	3,964,832
Other noncurrent assets	2,260,986	-	2,260,986
Total Assets	7,568,901	-	7,568,901
Deferred Outflows of Resources	309,602	(219,519)	90,083
Liabilities:			
Current liabilities	863,455	-	863,455
Noncurrent liabilities	3,783,130	(1,552,681)	2,230,449
Total Liabilities	4,646,585	(1,552,681)	3,093,904
Deferred Inflows of Resources	574,380	(338,871)	235,509
Net Position (Deficit):			
Net investment in capital assets	1,829,023	-	1,829,023
Restricted – nonexpendable	904,434	-	904,434
Restricted – expendable	710,090	-	710,090
Unrestricted	(786,009)	1,672,033	886,024
Total Net Position	$ 2,657,538	$ 1,672,033	$ 4,329,571

Condensed Statement of Net Position
June 30, 2021
(dollars in thousands)

	As Reported	GASB 68 Adjustment	Before GASB 68 Adjustment
Assets:			
Current assets	$ 1,358,299	$ -	$ 1,358,299
Noncurrent assets:			
Capital assets, net	4,042,635	-	4,042,635
Other noncurrent assets	2,294,217	-	2,294,217
Total Assets	7,695,151	-	7,695,151
Deferred Outflows of Resources	354,501	(255,803)	98,698
Liabilities:			
Current liabilities	811,745	-	811,745
Noncurrent liabilities	4,120,603	(1,666,638)	2,453,965
Total Liabilities	4,932,348	(1,666,638)	3,265,710
Deferred Inflows of Resources	596,297	(383,193)	213,104
Net Position (Deficit):			
Net investment in capital assets	1,819,126	-	1,819,126
Restricted – nonexpendable	977,936	-	977,936
Restricted – expendable	695,120	-	695,120
Unrestricted	(971,175)	1,794,028	822,853
Total Net Position	$ 2,521,007	$ 1,794,028	$ 4,315,035

Condensed Statement of Net Position
June 30, 2020
(dollars in thousands)

	As Reported	GASB 68 Adjustment	Before GASB 68 Adjustment
Assets:			
Current assets	$ 1,149,917	$ -	$ 1,149,917
Noncurrent assets:			
Capital assets, net	3,946,994	-	3,946,994
Other noncurrent assets	1,648,255	-	1,648,255
Total Assets	6,745,166	-	6,745,166
Deferred Outflows of Resources	414,451	(274,942)	139,509
Liabilities:			
Current liabilities	717,192	-	717,192
Noncurrent liabilities	4,095,056	(1,701,640)	2,393,416
Total Liabilities	4,812,248	(1,701,640)	3,110,608
Deferred Inflows of Resources	362,688	(362,688)	-
Net Position (Deficit):			
Net investment in capital assets	1,902,879	-	1,902,879
Restricted – nonexpendable	746,788	-	746,788
Restricted – expendable	618,742	-	618,742
Unrestricted	(1,283,728)	1,789,386	505,658
Total Net Position	$ 1,984,681	$ 1,789,386	$ 3,774,067

Current Assets and Current Liabilities

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories, and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year, cash and cash equivalents and investments that are restricted by donors or external parties as to their use, and capital assets. Receivables deemed to be collectible in more than a year are also included as noncurrent. Current assets decreased by $15.2 million from 2021 to 2022. This is primarily due to a decrease in cash and cash equivalents of $176.0 million and short term investments of $5.5 million offset by an increase in accounts receivable of $165.2 million primarily related to health service contract receivables. Current assets increased by $208.4 million from 2020 to 2021. This was primarily due to the increase in cash of $345.3 million and accounts receivable of $85.7 million offset by a decrease in short-term investments of $230.8 million. The increase in cash was primarily the result of the liquidation of Commonfund short-term investments. The increase in accounts receivable is the result of an increase in health service contract receivables of $83.6 million, of which $77.2 million related to University Correctional Health Care services.

The following table summarizes the University's changes in Cash and Cash Equivalents and Investments as of June 30, 2022, 2021 and 2020 (dollars in thousands):

	2022	2021	2020
Cash and Cash Equivalents			
Current			
Cash and Cash Equivalents	$ 428,165	$ 604,204	$ 258,924
Cash and Cash Equivalents - Restricted	-	-	118
Noncurrent			
Cash and Cash Equivalents	-	1,928	1,824
Cash and Cash Equivalents - Restricted	42,756	87,427	138,838
Total Cash and Cash Equivalents	470,921	693,559	399,704
Investments			
Current			
Short-Term Investments	19,695	25,145	255,895
Noncurrent			
Long-Term Investments	654,038	607,766	452,105
Long-Term Investments - Restricted	1,277,795	1,327,974	992,271
Total Investments	1,951,528	1,960,885	1,700,271
Total Cash and Cash Equivalents and Investments	$ 2,422,449	$ 2,654,444	$ 2,099,975

Current liabilities include all liabilities that are payable within the next fiscal year. Unearned revenues, principally from summer programs and grant revenue received in advance, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Current liabilities increased $51.7 million from $811.7 million in 2021 to $863.5 million in 2022. The increase is primarily attributable to a $50.4 million increase in scheduled principal payments related to general obligation bonds and an infrastructure loan. Current liabilities increased $94.5 million from $717.2 million in 2020 to $811.7 million in 2021. The increase is primarily attributable to a $45.8 million increase in accounts payable and accrued expenses, a $35.7 increase in payroll withholdings, a $22.8 million increase in the current portion of long-term lease liabilities related to the implementation of GASB 87, offset by a $37.7 million decrease in short-term liabilities related to commercial paper debt pay off. Accounts payable and accrued expenses increased as a result of increased activity in fiscal year 2021 as the University began to recover from the COVID-19 pandemic and increase research and operational activities. Payroll withholdings includes a $34.0 million increase in withholding taxes as a result of tax remittances being deferred as a result of a change in federal tax law resulting from the COVID-19 pandemic. The University's current assets cover current liabilities by a factor of 1.6 times in 2022, 1.7 times in 2021, and 1.6 times in 2020. The ratio continues to represent an indicator of good liquidity and the ability to bear short-term demands on working capital. The University's current assets also cover approximately three months of its total operating expenses, excluding depreciation in 2022, 2021, and 2020.

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position that is applicable to a future reporting period. In 2022, deferred outflows of resources decreased by $44.9 million primarily due to the GASB 68 pension adjustment of $36.3 million, which is due to the changes in the University's proportionate share of the net pension liability and the difference between assumptions and actual experience.

In 2021, deferred outflows of resources decreased by $59.9 million, primarily due to the decrease of $55.5 million as a result of an ineffective derivative hedge instrument in 2021. GASB 68 pension related deferred outflow of resources decreased by $19.1 million, due to changes in assumptions offset by the difference in expected and actual experience, and subsequent contributions. This was partially offset by an increase of $14.7 million in loss on refunding due to the partial refunding of the NJEDA General Obligation Lease Revenue Bonds.

Endowment and Other Investments

The primary financial objective of the investment management of the endowment is to preserve and enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings for current use. The long-term investment goal of the endowment is to attain a total return of at least 4.0% plus inflation net of fees and expenses. The investment objectives of the endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. Most of the University's endowment is maintained in the long-term investment pool managed by the University's Joint Investment Committee. The total annual return for the long-term investment pool was (9.7%), 35.1%, and 0.2% in fiscal years 2022, 2021 and 2020, respectively. The average annual return over the 5-year period ended June 30, 2022, 2021 and 2020 was 7.1%, 11.8%, and 5.3%, respectively.

The University distributes endowment earnings in a way that balances the annual support needed for operational purposes against the requirement to preserve the future purchasing power of the endowment. The endowment spending-rate policy is based on total return, not just cash earnings. The total distribution for the endowment was $57.6 million in fiscal 2022, $52.0 million in fiscal 2021, and $49.5 million in fiscal 2020.

The University's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principal gift remain inviolate and be invested in perpetuity with the income generated from the investment to be expended for a specific purpose as designated by the donor. These permanent endowments decreased $73.5 million to $904.4 million for fiscal 2022 and increased $231.6 million to $977.9 million for fiscal 2021. Term endowments are those funds received from donors that function as endowments until a specified event occurs. The University's term endowments decreased $2.8 million to $61.2 million in fiscal 2022 and increased $13.8 million to $64.0 million in fiscal 2021. Quasi endowments primarily consist of unrestricted funds that have been designated by the University for long-term investment purposes, and therefore, act as endowments. The University's restricted and unrestricted quasi endowments increased $31.4 million in fiscal 2022 to $815.5 million and increased $215.3 million in fiscal 2021 to $784.1 million.

From a net position perspective, earnings from the endowment, while expendable, are mostly restricted in use by the donors. It is important to note that of the University's endowment funds, only $483.3 million, or 27.1%, can be classified as unrestricted net position in 2022, $444.3 million, or 24.3% in 2021 and $304.8 million, or 22.3% in 2020. From this unrestricted endowment, a significant portion of the income is internally designated by the University for scholarships, fellowships, professorships, and research efforts.

Capital Assets and Debt Activities

The University Physical Master Plan, Rutgers 2030, envisions development at Rutgers over a 15-year time frame and is comprehensive in its scope taking into account buildings, the natural and constructed landscape, transportation and infrastructure. While our physical master plan provides guidance and vision for capital projects over the next 8 years, many projects are now under way that will dramatically improve the student experience on our campuses, support our strengths in arts and sciences, and grow critical disciplines. These projects have been made possible by the generosity of our private donors, by creative partnerships with the public sector, and by funds made available through the historic Building Our Future Bond Act approved by New Jersey voters in November 2012, as well as other state bond programs.

The Building Our Future Bond Act authorized the issuance of State general obligation bonds totaling $750.0 million to help increase academic capacity at New Jersey institutions of higher education. The University received a total of $173.9 million from this program. The University recorded $2.7 million, $2.3 million, and $4.5 million in capital grants and gifts in other revenues from this program in 2022, 2021 and 2020, respectively.

In addition to the Building Our Future Bond Act, the State has also authorized the issuance of bonds to fund several higher education initiatives. The Higher Education Facilities Trust Fund (HEFT) Act authorized the New Jersey Educational Facilities Authority (NJEFA) to issue bonds for institutions of higher education in New Jersey for the purpose of the construction, reconstruction, development, extension, and improvement of instructional, laboratory, communication, and research facilities. The University received $69.0 million from this program. HEFT projects are 99% completed. The University did not record revenue from this program in 2022 or 2021, and $0.3 million in capital grants and gifts in other revenues was recorded in fiscal year 2020.

NJEFA also issued bonds under the Higher Education Capital Improvement Fund Act (HECIF) to provide funds to certain public and private institutions of higher education in the State for the purpose of paying the costs, or a portion of the costs, of certain capital improvements authorized in accordance with the Capital Improvement Fund Act. The University has been awarded a total of $112.3 million from this program. The University recorded $0.6 million, $2.3 million, and $3.9 million in capital grants and gifts in other revenues from these bonds in 2022, 2021, and 2020, respectively.

Finally, the State authorized NJEFA to issue bonds for the Higher Education Equipment Leasing Fund program under the Higher Education Equipment Leasing Fund Act (ELF). This act authorizes NJEFA to issue bonds to finance the purchase of any property consisting of, or relating to, scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education in the State. The University has been awarded $43.8 million from this bond issue for the purchase of this type of equipment. The University recorded $0.1 million, $0.5 million and $0.3 million in capital grants and gifts in other revenues from this program in 2022, 2021 and 2020, respectively.

The University manages its financial resources effectively, including the prudent use of debt to finance capital projects. During fiscal 2021, the University issued General Obligation Refunding Bonds, 2020 Series S for $220.9 million to refund a portion of the New Jersey Economic Development (College Avenue Redevelopment Project) Series 2013 bonds. During fiscal 2020, the University issued General Obligation Bonds, 2019 Series P, 2019 Series R, and 2020 Series Q for $330.0 million, $614.5 million, and $17.8 million, respectively. The 2019 Series P bonds were issued to provide financing for various capital projects approved by the Board of Governors and the 2019 Series R bonds were issued to refund a portion of the 2013 Series J and the 2013 Series L bonds. The 2020 Series Q bonds were issued to refinance the 2010 Series I Bonds.

Capital asset additions totaled to $274.3 million in 2022, as compared to $460.7 million in 2021. Capital asset additions primarily comprise replacement, renovation, and new construction of academic, research, clinical and facilities as well as significant investments in equipment, including information technology. These capital asset additions were primarily funded with the State's Higher Education Capital Improvement Funds, bond proceeds, and gifts designated for capital purposes.

Several major projects completed during fiscal 2022 include:

- Student Services One-Stop on Busch Campus supports student services needs under one roof. Students will benefit from a highly accessible, one-stop service center that allows them to easily address their needs in a single, streamlined location, connected to the transportation hub. The project consists of the gut renovation of half of the first floor of the Administrative Services Building (approximately 13,000 square feet) for the front-facing student services space, with an associated small addition that will allow for an effective entrance and waiting area. The second and third floors (26,000 square feet each) underwent substantial renovations including HVAC systems, window units, and new finishes and furnishings.

- Busch-Livingston and Newark Co-Generation Plants Upgrades that include replacement of the three aging turbines with a capacity increase of at least 2.8 Megawatts, which will improve reliability and efficiency, reduce energy costs, reduce emissions, and produce energy credits. The new equipment eliminates the use of 8,000,000 gallons of water per year, much of which is discharged to sanitary sewers. Both projects also included electrical and mechanical upgrades.

- Rutgers Center for Autism Services consisted of the development of a new one-story 10,000 gross square foot workday Program Building on the Douglass campus. The building will serve as a location where approximately thirty adult clients would be dropped off then picked up daily, with participants spending the day on vocational activities around the campus. The new facility includes multi-functional gathering space, vocational training space and administrative offices for faculty and support spaces.

In addition, as of June 30, 2022, the University had various projects under construction or in the design stage. Significant projects include:

- Bruce and Phyllis Nicholas School of Engineering Student Projects Studio Teaching/Research project which entails construction of a new single story 5,000 square foot of building. The building has been sited to allow for an addition to the west, should the program require expansion. The building will be the first Net-Zero building at Rutgers – meaning the total amount of energy used by the building on an annual basis is equal to the amount of renewable energy created on the site. The building will accommodate a launch pad for innovative project development, enhanced student experience and an expansion of Rutgers' commitment to research and innovation. The facility will offer opportunities for industry-student collaboration on real-world technological challenges and will create an environment that fosters teamwork, originality and problem solving and management skills. The dedicated space is adequately sourced and will be home to student engineering organizations associated with specialized competitive opportunities.

- The Medical Science Building Services project consists of renovations to provide new medical research laboratories, elevator and fire alarm upgrades, reconfigure and/or expand all medical education spaces, and enhance the exterior appearance of the existing building. Phase 1 focuses on the schematic design effort and the design development for 650,000 gross square feet of the building and key infrastructure upgrades. These efforts are the first step towards modernizing the building and providing much needed upgrades to the facility.

- The Brandt Behavioral Health Treatment Center and Residence Project will comprise two buildings that provide residences and clinical treatment for up to sixteen clients, as well as daily ambulatory treatment for hundreds of youths from the surrounding communities. The treatment center will provide space for ambulatory healthcare for both occupants of the residence and clients living off-site but visiting during the day. The one-story 15,600 square foot treatment building will accommodate counseling and socialization spaces, studio therapy spaces (art, music, etc.), and departmental/administrative spaces for the clinical program. The two-story 26,600 square foot residential building will accommodate sixteen private bedroom suites, interactive kitchen and dining space, fitness space, social spaces – small-scale too large to accommodate all residents, and support functions for the residential program.

- Fire Safety Improvements project will include assessment, prioritization, design (where required), and renovations to buildings and select systems improvements as required to upgrade existing systems, provide new infrastructure, and abate conditions highlighted by code-mandated fire safety inspections. Work will concentrate on areas that have been identified as priorities by University Facilities, University Emergency Services, and the New Jersey Division of Fire Safety. The primary benefit of the project is enhancement of fire safety in buildings – protection of life and property. Fire safety improvements will provide for safe occupancy, reduce risk of claims, and increase compliance with state code. The University's image will benefit from a proactive program that provides for strategic enhancements.

- Building and Site Improvements project will include assessment, prioritization, design, asbestos abatement (where required), and renovations to buildings and select site improvements to accessible routes (exterior walkway, ramps, entrance doors and door operators), public lavatories, circulation within major areas of the building, classroom and hall seating, and elevators are likely candidates for prioritization. Accessibility improvements will enhance the experience of students, visitors, faculty and staff, reduce risk of claims and increase compliance with the state codes and federal law.

Several major projects completed during fiscal 2021 include:

- Barbara and Gary Rodkin Academic Success Center project that transformed Rutgers Intercollegiate Athletics and provide complete academic services as well as innovative learning environment to the student athlete. The facility design is best-in-practice and flexible to accommodate evolving academic service's needs. This project will consist of the centralization and relocation of the success center from the Hale Center and Rutgers Athletic Center (RAC), men's and women's soccer facility, men's and women's lacrosse facility and the relocation of the Athletics administration. The building is approximately 80,000 square feet on three floors. Soccer and lacrosse account for approximately 35,000 square feet, the academic success center 30,000 square feet, and administrative offices about 15,000 square feet.

- Honors Living Learning Community (HLLC) project involves the creation of a state-of-the-art facility with residential, amenity, and academic spaces that will house approximately 400 diverse undergraduate students including, but not be limited to, veterans, older students, transfer students, and first-generation college students. In addition, the 155,000 gross square foot, five (5) story building will be located within the James Street Commons Historic District and will feature mixed usage to include academic spaces, student support functions, HLLC departmental offices, long-term bicycle storage, parking for 322 vehicles and 20,000 square feet for retail establishments.

Net Pension Liability

In June 2012, GASB issued GASB 68. This statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The University participates in the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), both defined benefit cost-sharing multiple-employer pension plans. GASB 68 requires that the proportionate share of the net pension liability be recognized by each participating employer in the plan. The net pension liability is the portion of the actuarial present value of projected benefit payments attributed to past periods of employee service net of the pension plan's fiduciary net position. A cost-sharing employer is also required to recognize its proportionate share of pension expense and report deferred outflows and deferred inflows of resources for its proportionate share. The changes in net pension liability adjusted for the deferred inflows and deferred outflows of resources result in pension expense. Prior to 2015, the University only recognized pension expense for these plans up to the amount contributed to the plan by the state as indicated within the fringe benefit rate provided by the state. Historically, the state has directly covered pension contributions on behalf of the University and has no current plans to change that. GASB 68 also required the recording of the deferred outflow of resources of $219.5 million, $255.8 million and

$274.9 million, a net pension liability of $1,552.7 million, $1,666.6 million and $1,701.6 million, and a deferred inflow of resources of $338.9 million, $383.2 million and $362.7 million in 2022, 2021, and 2020, respectively.

The amounts recorded as a result of GASB 68 have been shown separately within the MD&A.

Net Position

Net Position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or declined during the year. Net position consists of four major categories: net investment in capital assets, restricted net position (nonexpendable and expendable), and unrestricted net position. Prior to the pension adjustment required by GASB 68, the University's net position increased by $14.5 million in 2022 (increased by $541.0 million in 2021 and decreased $161.4 million in 2020).

The first category, net investment in capital assets, represents the University's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The increase of $9.9 million in fiscal 2022 ($83.8 million decrease in 2021 and $88.7 million decrease in 2020), resulted primarily from capital asset additions exceeding depreciation expense. The decrease of $83.8 million in fiscal 2021, resulted primarily from the ineffective hedge agreement and an overall reduction in net capital asset balance due to depreciation expense exceeding additions.

The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position is those resources that have been set aside and invested as required by the provider of the resources. These funds are not available for expenditures, but rather must be invested in perpetuity with the earnings on those investments to be used as specified by the external donor at the time the resources are received. The nonexpendable net position includes the permanent endowments mentioned previously under the Endowment and Other Investments section. The restricted nonexpendable net position decreased $73.5 million in fiscal 2022 ($231.1 million increase in 2021 and $8.6 million decrease in 2020) as a result of decreases in fair value of investments. The increase of $231.1 million in 2021 was the result of increases in fair value of investments.

Expendable restricted net position is available for expenditure by the University, but must be spent for purposes as specified by external donors. This category includes contributions received from donors and unspent income from endowed funds. There was an increase of $15.0 million in fiscal 2022 ($76.4 million increase in 2021 and $13.5 million decrease in 2020) which resulted from the increases in sponsored programs. The increase of $76.4 million in 2021 was the result of increases in the fair market value of investments.

The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose. Substantially all of the University's unrestricted net position has been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The University, therefore, has an obligation to its students to maintain these funds for the purposes that they were received. Prior to the adjustment for GASB 68, there was an increase of $63.2 million in unrestricted net assets for 2022 ($317.2 million increase in 2021 and a $50.6 million decrease in 2020). Subsequent to the GASB 68 adjustment, unrestricted net assets increased $185.2 million in 2022 ($312.6 million increase in 2021 and $97.1 million decrease in 2020).

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year. Activities are classified as either operating, non-operating, or other. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating activities. Non-operating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and contributions as non-operating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenues. A summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2022, 2021 and 2020 is as follows (dollars in thousands).

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022, 2021 and 2020
(dollars in thousands)

	2022	2021	2020
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,077,165	$ 1,033,775	$ 1,071,738
Grants and contracts	707,202	671,098	627,955
Auxiliary enterprises (net of scholarship allowances)	263,899	79,555	217,489
Net patient service revenues	236,263	253,780	240,871
Health service contract revenues	773,958	710,497	656,900
Other operating revenues	119,427	149,777	153,212
Total operating revenues	3,177,914	2,898,482	2,968,165
Operating expenses	4,395,763	4,141,411	4,285,596
Operating loss	(1,217,849)	(1,242,929)	(1,317,431)
Non-operating revenues/(expenses):			
State appropriations (including fringe benefits paid directly by the state)	946,216	869,993	833,763
OPEB paid by the State	41,757	76,691	18,774
Contributions	48,289	49,634	43,734
Endowment and investment income	33,324	24,937	37,436
Decrease Upon Hedge Termination	-	(55,263)	-
Net (decrease)/increase in fair value of investments	(131,758)	442,976	(15,985)
Increase in Fair Value of Swaps	24,918	18,896	-
Governmental student aid	219,576	223,105	229,348
COVID Relief Funds	199,918	135,388	25,178
Interest on capital asset related debt	(95,810)	(94,586)	(92,718)
Net other non-operating revenues/(expenses)	18,124	40,795	(29,052)
Net non-operating revenues	1,304,554	1,732,566	1,050,478
Income/(Loss) before other revenues	86,705	489,637	(266,953)
Other revenues	49,826	46,689	59,148
Increase/(Decrease) in net position	136,531	536,326	(207,805)
Net position at beginning of year	2,521,007	1,984,681	2,192,486
Net position at end of year	$ 2,657,538	$ 2,521,007	$ 1,984,681

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For MD&A purposes, the tables below show the impact of GASB 68 and 75 to the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022, 2021 and 2020.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022
(dollars in thousands)

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,077,165	$ -	$ 1,077,165
Grants and contracts	707,202	-	707,202
Auxiliary enterprises (net of scholarship allowances)	263,899	-	263,899
Net patient service revenues	236,263	-	236,263
Health service contract revenues	773,958	-	773,958
Other operating revenues	119,427	-	119,427
Total operating revenues	3,177,914	-	3,177,914
Operating expenses:			
Salaries and Wages	2,275,911	-	2,275,911
Fringe Benefits	674,950	121,995	796,945
OPEB Expenses	41,757	(41,757)	-
Supplies and Services	951,044	-	951,044
Grant Aid to Students	235,228	-	235,228
Depreciation	216,873	-	216,873
Total operating expenses	4,395,763	80,238	4,476,001
Operating loss	(1,217,849)	(80,238)	(1,298,087)
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	946,216	-	946,216
OPEB paid by the State	41,757	(41,757)	-
Contributions	48,289	-	48,289
Endowment and investment income	33,324	-	33,324
Decrease Upon Hedge Termination	-	-	-
Net decrease in fair value of investments	(131,758)	-	(131,758)
Increase in Fair Value of Swaps	24,918	-	24,918
Governmental student aid	219,576	-	219,576
COVID Relief Funds	199,918	-	199,918
Interest on capital asset related debt	(95,810)	-	(95,810)
Net other non-operating revenues/(expenses)	18,124	-	18,124
Net non-operating revenues	1,304,554	(41,757)	1,262,797
Income/(Loss) before other revenues	86,705	(121,995)	(35,290)
Other revenues	49,826	-	49,826
Increase in net position	136,531	(121,995)	14,536
Net position at beginning of year	2,521,007	1,794,028	4,315,035
Net position at end of year	$ 2,657,538	$ 1,672,033	$ 4,329,571

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Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(dollars in thousands)

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,033,775	$ -	$ 1,033,775
Grants and contracts	671,098	-	671,098
Auxiliary enterprises (net of scholarship allowances)	79,555	-	79,555
Net patient service revenues	253,780	-	253,780
Health service contract revenues	710,497	-	710,497
Other operating revenues	149,777	-	149,777
Total operating revenues	2,898,482	-	2,898,482
Operating expenses:			
Salaries and Wages	2,138,543	-	2,138,543
Fringe Benefits	721,468	(4,642)	716,826
OPEB Expenses	76,691	(76,691)	-
Supplies and Services	799,201	-	799,201
Grant Aid to Students	189,371	-	189,371
Depreciation	216,137	-	216,137
Total operating expenses	4,141,411	(81,333)	4,060,078
Operating loss	(1,242,929)	81,333	(1,161,596)
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	869,993	-	869,993
OPEB paid by the State	76,691	(76,691)	-
Contributions	49,634	-	49,634
Endowment and investment income	24,937	-	24,937
Decrease Upon Hedge Termination	(55,263)	-	(55,263)
Net increase in fair value of investments	442,976	-	442,976
Increase in Fair Value of Swaps	18,896	-	18,896
Governmental student aid	223,105	-	223,105
COVID Relief Funds	135,388	-	135,388
Interest on capital asset related debt	(94,586)	-	(94,586)
Net other non-operating revenues/(expenses)	40,795	-	40,795
Net non-operating revenues	1,732,566	(76,691)	1,655,875
Income before other revenues	489,637	4,642	494,279
Other revenues	46,689	-	46,689
Decrease in net position	536,326	4,642	540,968
Net position at beginning of year	1,984,681	1,789,386	3,774,067
Net position at end of year	$ 2,521,007	$ 1,794,028	$ 4,315,035

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020
(dollars in thousands)

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,071,738	$ -	$ 1,071,738
Grants and contracts	627,955	-	627,955
Auxiliary enterprises (net of scholarship allowances)	217,489	-	217,489
Net patient service revenues	240,871	-	240,871
Health service contract revenues	656,900	-	656,900
Other operating revenues	153,212	-	153,212
Total operating revenues	2,968,165	-	2,968,165
Operating expenses:			
Salaries and Wages	2,261,416	-	2,261,416
Fringe Benefits	765,893	(46,445)	719,448
OPEB Expenses	18,774	(18,774)	-
Supplies and Services	904,176	-	904,176
Grant Aid to Students	144,966	-	144,966
Depreciation	190,371	-	190,371
Total operating expenses	4,285,596	(65,219)	4,220,377
Operating loss	(1,317,431)	65,219	(1,252,212)
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	833,763	-	833,763
OPEB paid by the State	18,774	(18,774)	-
Contributions	43,734	-	43,734
Endowment and investment income	37,436	-	37,436
Net decrease in fair value of investments	(15,985)	-	(15,985)
Governmental student aid	229,348	-	229,348
COVID Relief Funds	25,178	-	25,178
Interest on capital asset related debt	(92,718)	-	(92,718)
Net other non-operating (expenses)/revenues	(29,052)	-	(29,052)
Net non-operating revenues	1,050,478	(18,774)	1,031,704
(Loss)/Income before other revenues	(266,953)	46,445	(220,508)
Other revenues	59,148	-	59,148
Increase in net position	(207,805)	46,445	(161,360)
Net position at beginning of year	2,192,486	1,742,941	3,935,427
Net position at end of year	$ 1,984,681	$ 1,789,386	$ 3,774,067

Operating revenues represent 67.7%, 68.3%, and 70.7% of total revenues in fiscal years 2022, 2021 and 2020, respectively, excluding OPEB Paid by the State, interest on capital asset related debt, increase in fair value of swaps and net (decrease)/increase in fair value of investments. Significant components of operating revenues include the following:

Student Tuition and Fees, net of scholarship allowances is the largest component of operating revenues. Tuition and fees are reflected net of scholarship allowances, which represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs, gifts raised by the Foundation, and University funds. The University provided $285.6 million of a total $520.9 million of student aid directly to student accounts. The remaining $235.2 million was paid to students and is reflected as grant aid to students' expense. Scholarship allowances allocated to tuition and fees amounted to $250.9 million. Another $34.8 million was allocated to residence fees, which are included in auxiliary enterprises. Tuition and fees, net of scholarship allowances increased $43.4 million in fiscal year 2022. The increase resulted primarily from the removal of the freeze in tuition and a decrease in fees rates in fiscal year 2021 and the approval of 2.5% increase in tuition and 2.9% increase in fees rates for the 2021-2022 academic year. Tuition and fees, net of scholarship allowances, decreased $38.0 million in fiscal year 2021. The change resulted primarily from a decrease in fee revenues of $38.6 million. As a result of the COVID-19 pandemic and financial impact on students, the Board of Governor's approved a freeze in tuition and fee rates for the 2020-2021 academic year. In addition, the online course fee was waived, and a 15% reduction in the campus fee was applied.

Grants and Contracts includes revenues for sponsored programs from federal, state, and nongovernmental grants and contracts that normally provide for the recovery of direct and indirect costs. In fiscal years 2022 and 2021, total grant and contract revenue was $707.2 million and $671.1 million, respectively, an increase of $36.1 million, or 5.4%. The increase was mainly the result of an increase in sponsored program revenues of $19.9 million within the Rutgers Biomedical and Health Sciences (RBHS) schools and $14.3 million within units in the New Brunswick campus. In fiscal years 2021 and 2020, total grant and contract revenue was $671.1 million and $628.0 million, respectively, an increase of $43.1 million, or 6.9%. The increase was mainly attributable to federal grants and contracts for COVID-19 research and clinical trials for Robert Wood Johnson Medical School (RWJMS) and New Jersey Medical School (NJMS).

Auxiliary Enterprises includes revenues from the University's housing, dining facilities and other student related services, as well as other business type activities such as the bookstore and the golf course that provide support to the University's primary missions of education, research, and public service. Total auxiliary revenues were $298.7 million and $85.7 million in fiscal years 2022 and 2021, respectively, net of scholarship allowances of $34.8 million and $6.1 million in fiscal years 2022 and 2021, respectively. Auxiliary net revenues increased in fiscal year 2022 by $184.3 million or 231.7%. The largest increases occurred in Housing and Dining, as a result of students returning to campus for the academic year 2021- 2022 after COVID-19 restrictions were reduced. Auxiliary net revenues decreased in fiscal year 2021 by $137.9 million or 63.4%. The largest decreases occurred in Housing and Dining, which experienced a reduction of $126.1 million year-over-year (net of scholarship allowance). The decrease in auxiliary revenues was related to the reduction of students on campus due to the COVID-19 pandemic.

Net Patient Service Revenues include revenues related to patient care services, which are generated within RBHS behavioral healthcare, RHG, faculty practice operations, community healthcare centers and cancer center, under contractual arrangements with governmental payers and private insurers. In fiscal year 2022, net patient service revenue was $236.3 million compared to $253.8 million for fiscal year 2021, a decrease of $17.5 million, or 6.9%, which was primarily at Robert Wood Johnson Medical School (RWJMS) $7.6 million, Cancer Institute of New Jersey (CINJ) $7.1 million and University Behavioral Healthcare (UBHC) $4.2 million. The decreases were mainly due to an increase in contractual allowances at RWJMS, and a decrease in patient volume at UBHC. In fiscal year 2021, net patient service revenue was $253.8 million compared to $240.9 million for fiscal 2020, an increase of $12.9 million, or 5.4%. The largest increase was at RWJMS, where revenues increased by $8.4 million, followed by Rutgers School of Dental Medicine (RSDM) at $4.6 million. The increases are attributed to surgeries that were previously postponed due to COVID-19, an increase in patient visits and reopening of dental clinics.

Health Service Contract Revenues include revenues from physician services provided under agreements with certain New Jersey hospitals, such as University Hospital of Newark, Cooper Hospital, RWJBH, New Jersey Department of Corrections and others. It also includes reimbursements for graduate medical education residency programs provided by house staff in connection with RWJMS, NJMS, and RSDM. In fiscal year 2022, health service contract revenue was $774.0 million, which included affiliate and other contract revenues of $644.4 million and house staff revenues of $129.6 million, representing an overall increase of $63.5 million, or 8.9% over related revenues for fiscal 2021. Housestaff revenues increased at RWJMS and NJMS. Affiliate and contract revenues increased due to testing for COVID-19, and there was also an increase in affiliate revenues because of the IPA signed with Barnabas Health, Inc., a New Jersey non-profit corporation and an affiliate of RWJBH. In fiscal year 2021, health service contract revenue was $710.5 million, which included affiliate and other contract revenues of $599.1 million and housestaff revenues of $111.4 million, representing an overall increase of $53.6 million, or 8.2% over related revenues for fiscal 2020. Testing for COVID-19 at the Correctional Healthcare facilities was the driving force behind this increase, plus an increase in affiliate revenues because of the IPA signed with Barnabas Health, Inc., a New Jersey non- profit corporation and an affiliate of RWJBH.

Significant components of non-operating revenues include the following:

State Appropriations includes both operating assistance and fringe benefits paid on-behalf of Rutgers by the State. Total operating assistance was $481.6 million, $439.0 million, and $386.5 million in fiscal years 2022, 2021, and 2020, respectively. Fringe benefits paid on-behalf of Rutgers by the State totaled $464.6 million, $431.0 million, and $447.3 million in fiscal years 2022, 2021, and 2020, respectively.

COVID Relief Funds, include HEERF I, II, and III, GEERF I and II, and CRF I and II. HEERF provides budgetary relief to higher education institutions through numerous provisions and also provides for additional aid to be distributed directly to students. The University recognized $197.8 million in HEERF revenue in fiscal year 2022 and $57.6 million in fiscal year 2021. GEERF provides funds to support students and faculty for continuity of operations during the period of disruption caused by the COVID-19 pandemic. The University recognized $1.9 million in GEERF revenue in fiscal year 2022 and $17.7 million in fiscal year 2021. CRF funds provide support for costs such as those related to cleaning and disinfecting supplies, the transition to online learning and support for COVID- 19 testing, among other eligible costs. The University recognized $60.1 million in CRF revenue in fiscal year 2021, as the funds were fully spent.

Governmental Student Aid is also a significant component of non-operating revenues. The University's students benefit from various federal programs, such as, Pell Grants and the Federal Supplemental Educational Opportunity Grants. In addition, the State provides aid through the Tuition Aid Grant (TAG) program and the Educational Opportunity Fund (EOF). The University received a total of $99.5 million in fiscal year 2022 from federal programs, a 3.1% increase from the $96.5 million received in fiscal year 2021. In fiscal year 2021, the University received a total of $96.5 million from federal programs, a 5.6% decrease from the $102.2 million received in fiscal year 2020. The University also received $120.1 million from the State in fiscal year 2022, a decrease of 5.2% over the $126.7 million received in fiscal year 2021. In fiscal year 2021 the University received $126.7 million from the State, a decrease of 0.4% over the $127.2 million received in fiscal year 2020.

Contributions include gifts received by the University though Foundation fundraising activities. The University received a total of $48.3 million in contributions in fiscal year 2022 compared with $49.6 million in fiscal year 2021. The slight decrease of $1.3 million is mainly the result of less gifts received for scholarship funds. The University received a total of $49.6 million in contributions in fiscal year 2021 compared with $43.7 million in fiscal year 2020. The increase of $5.9 million is mainly the result of increases in gifts for scholarship funds.

Other Revenues consist of grants and gifts received by the University for capital projects, as well as additions to permanent endowments. The University received a total of $21.4 million in fiscal year 2022 for capital grants and gifts compared with $24.1 million in fiscal year 2021. The University received $28.5 million in fiscal year 2022 and $22.6 million in fiscal year 2021 in gifts to add to our endowment as a result of the Foundation's activities. The University received a total of $24.1 million in fiscal year 2021 for capital grants and gifts compared with $26.8 million in fiscal year 2020. The University received $22.6 million in fiscal year 2021 and $32.3 million in fiscal year 2020 in gifts to add to our endowment as a result of the Foundation's activities.

Operating Expenses are reported by natural classification in the Statement of Revenue, Expenses, and Changes in Net Position and by functional classification in the notes to the financial statements (See Note 14).

The natural classification of expenses demonstrates that the major expenditure of the University in fiscal year 2022 is salaries and wages accounting for 51.8% of total operating expenses with GASB 68 and 75 adjustments (51.6% in 2021 and 52.8% in 2020) and 50.8% without the GASB 68 and 75 adjustments in fiscal year 2022 (52.7% in 2021 and 53.6% in 2020). Negotiated and other staff salary and wage increased 3.2% in fiscal year 2022 (deferred in 2021 and 3.0% in 2020). Pension expense for the GASB 68 adjustment was ($122.0) million in fiscal year 2022 compared to $4.6 million in fiscal year 2021 and $46.4 in fiscal year 2020. OPEB expense for the GASB 75 adjustment was $41.8 million in fiscal year 2022, $76.7 million in fiscal year 2021 and $18.8 million in fiscal year 2020. The decrease of $34.9 million in fiscal year 2022 and increase of $57.9 million in fiscal year 2021 is due to changes to the OPEB plan and changes in the actuarial assumptions used by the State of New Jersey in developing the GASB 75 OPEB revenue and expense for the University.

Economic Factors that will affect the future

The University continues to monitor the financial uncertainty from the COVID-19 pandemic. It has become an accelerant to one of the greatest workplace transformations of our generation. Understanding how this transformation impacts our institution over the next several years is essential to the advancement of Rutgers' values:

- Driving inclusive access to Academic Excellence;
- Building a Beloved Community; and
- Advancing the Common Good through the excellence of our healthcare services, scholarly research, and outreach programs.

The University continues to examine demographic changes that may continue to impact the traditional college-age population, geopolitical and pandemic-related circumstances that may affect international student demand, the drop in County College attendance that impacts our transfer population, economic trends that may impact demand for graduate and professional schools, and conditions that could impact other aspects of the University's financial position, resulting in a structural deficit. These additional conditions include:

- The high cost of living and increased inflation;
- Uncertainty about continued impacts resulting from the Pandemic;
- Effects of the Great Resignation on the University's workforce;
- Compensation and Benefit Increases; and
- Other increased costs resulting from the pandemic.

The University is facing these challenges using the lens of its values by:

- Evaluating and developing an enrollment strategy to ensure that we are taking advantage of all opportunities including increasing out-of-state students to at least the pre-pandemic level and maintaining in-state student levels.
- Establishing a philosophy for tuition and fees for fiscal year 2024 and beyond.
- Developing legislative initiatives, working with the State of New Jersey to recognize and fund the growth we have already experienced over the last few years in order to relieve pressure on tuition rates.
- Setting revenue targets for Gifts and Contributions, Endowment and Investment Income, and Auxiliary Enterprises.
- Streamlining expense outlays through service and program reviews, suspension of activities, and reducing duplication of efforts, looking for ways to repurpose funds to support Rutgers highest priorities.
- Maximizing the use of our facilities and Auxiliary assets for revenue generation opportunities, moving the latter toward being self-supporting without internal subsidies.
- Building a runway for future initiatives by prioritizing initiatives that have a shorter time to incremental net income which will provide resources for longer-term initiatives.

RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY

STATEMENTS OF NET POSITION
As of June 30, 2022 and 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2022	2021	2022	2021
ASSETS:				
Current Assets				
Cash and Cash Equivalents	$ 428,165	$ 604,204	$ 3,140	$ 5,188
Cash and Cash Equivalents - Restricted	-	-	6,846	1,531
Short-Term Investments	19,695	25,145	29	36
Short-Term Investments - Restricted	-	-	17,556	19,937
Accounts Receivable, net	880,212	714,995	9,669	11,333
Contributions Receivable, net	-	-	56,784	64,217
Inventories	8,024	7,281	-	-
Prepaid Expenses and Other Assets	6,987	6,674	585	742
Total Current Assets	1,343,083	1,358,299	94,609	102,984
Noncurrent Assets				
Cash and Cash Equivalents	-	1,928	-	-
Cash and Cash Equivalents - Restricted	42,756	87,427	-	-
Long-Term Investments	654,038	607,766	2,286	2,399
Long-Term Investments - Restricted	1,277,795	1,327,974	5,383	6,784
Accounts Receivable, net	286,397	269,122	-	-
Contributions Receivable, net	-	-	30,911	36,159
Cash Surrender Value of Whole Life Insurance Policies	-	-	428	711
Capital Assets, net	3,964,832	4,042,635	-	-
Total Noncurrent Assets	6,225,818	6,336,852	39,008	46,053
TOTAL ASSETS	7,568,901	7,695,151	133,617	149,037
DEFERRED OUTFLOWS OF RESOURCES:				
Loss on Refunding	89,566	97,720	-	-
Pension Related	219,519	255,803	-	-
Interest Rate Swaps	517	978	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	309,602	354,501	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,878,503	8,049,652	133,617	149,037

(Continued)

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

STATEMENTS OF NET POSITION
As of June 30, 2022 and 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2022	**2021**	**2022**	**2021**
LIABILITIES:				
Current Liabilities				
Accounts Payable and Accrued Expenses	427,350	406,307	10,123	8,008
Unearned Revenue	224,308	235,776	211	1,363
Payroll Withholdings	52,813	55,563	-	-
Other Payables	1,465	1,392	-	-
Beneficial Interest Payable	-	-	888	979
Commercial Paper	18,134	20,000	-	-
Long-Term Lease Liabilities - Current Portion	19,091	22,837	-	-
Long-Term Liabilities - Current Portion	120,294	69,870	-	-
Total Current Liabilities	863,455	811,745	11,222	10,350
Noncurrent Liabilities				
Other Noncurrent Liabilities	31,802	72,384	1,011	710
Unearned Revenue	39,243	51,952	-	-
Derivative Instruments	11,966	37,345	-	-
Beneficial Interest Payable	-	-	6,413	7,309
Net Pension Liability	1,552,681	1,666,638	-	-
Long-Term Lease Liabilities - Noncurrent Portion	106,685	131,222	-	-
Long-Term Liabilities - Noncurrent Portion	2,040,753	2,161,062	-	-
Total Noncurrent Liabilities	3,783,130	4,120,603	7,424	8,019
TOTAL LIABILITIES	4,646,585	4,932,348	18,646	18,369
DEFERRED INFLOWS OF RESOURCES:				
Pension Related	338,871	383,193	-	-
Lessor Real Estate	235,509	213,104	-	-
Irrevocable Split Interest Agreements	-	-	3,570	6,433
TOTAL DEFERRED INFLOWS OF RESOURCES	574,380	596,297	3,570	6,433
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,220,965	5,528,645	22,216	24,802
NET POSITION (DEFICIT):				
Net Investment in Capital Assets	1,829,023	1,819,126	-	-
Restricted for				
Nonexpendable				
Academic/Departmental Uses	463,628	520,854	220	260
Scholarships and Fellowships	440,806	457,082	2,461	1,943
Expendable				
Academic/Departmental Uses	358,691	343,391	29,757	24,175
Scholarships and Fellowships	231,337	229,912	10,497	9,229
Loans	59,282	61,954	-	-
Sponsored Programs	4,203	-	49,425	57,814
Capital Projects	48,833	57,845	13,785	21,102
Other	7,744	2,018	606	11
Unrestricted	(786,009)	(971,175)	4,650	9,701
TOTAL NET POSITION	$ 2,657,538	$ 2,521,007	$ 111,401	$ 124,235

See accompanying notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2022	2021	2022	2021
OPERATING REVENUES:				
Student Tuition and Fees (net of scholarship allowances of $250,900 in 2022 and $266,100 in 2021)	$ 1,077,165	$ 1,033,775	$ -	$ -
Federal Grants and Contracts	472,163	449,110	-	-
State and Municipal Grants and Contracts	116,538	114,852	-	-
Nongovernmental Grants and Contracts	118,501	107,136	88,399	72,977
Auxiliary Enterprises (net of scholarship allowances of $34,750 in 2022 and $6,093 in 2021)	263,899	79,555	-	-
Net Patient Service Revenues	236,263	253,780	-	-
Health Service Contract Revenues	773,958	710,497	-	-
Other Operating Revenues	119,427	149,777	883	4,450
Total Operating Revenues	3,177,914	2,898,482	89,282	77,427
OPERATING EXPENSES:				
Salaries and Wages	2,275,911	2,138,543	19,463	17,078
Fringe Benefits	674,950	721,468	7,895	6,725
OPEB Expenses	41,757	76,691	-	-
Supplies and Services	951,044	799,201	11,634	7,980
Grant Aid to Students	235,228	189,371	-	-
Depreciation / Amortization	216,873	216,137	-	-
Distributions to Rutgers, The State University of New Jersey	-	-	181,109	122,905
Distributions to Others	-	-	59	-
Total Operating Expenses	4,395,763	4,141,411	220,160	154,688
Operating Loss	(1,217,849)	(1,242,929)	(130,878)	(77,261)

(Continued)

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2022	**2021**	**2022**	**2021**
NON-OPERATING REVENUES (EXPENSES):				
State Appropriations	481,591	438,985	-	-
State Paid Fringe Benefits	464,625	431,008	-	-
OPEB Paid by the State	41,757	76,691	-	-
Administrative Fees and Support from Rutgers, The State University of New Jersey	-	-	27,895	25,130
Noncash Support from Rutgers, The State University of New Jersey	-	-	4,337	3,051
Federal Appropriations	6,840	5,819	-	-
COVID Relief Funds	199,918	135,388	-	-
Federal Student Aid	99,487	96,453	-	-
State Student Aid	120,089	126,652	-	-
Contributions	48,289	49,634	50,119	41,383
Endowment and Investment Income (net of investment management fees for the University of $4,490 in 2022 and $3,674 in 2021)	33,324	24,937	(5)	14
Decrease Upon Hedge Termination	-	(55,263)	-	-
Net (Decrease) / Increase in Fair Value of Investments	(131,758)	442,976	22	11
Increase in Fair Value of Swaps	24,918	18,896	-	-
Interest on Capital Asset Related Debt	(95,810)	(94,586)	-	-
(Loss) / Gain on Disposal of Capital Assets	(1,373)	19,276	-	-
Other Non-operating Revenues	12,657	15,700	1,138	12
Total Net Non-operating Revenues	1,304,554	1,732,566	83,506	69,601
Income/(Loss) before Other Revenues	86,705	489,637	(47,372)	(7,660)
Capital Grants and Gifts	21,372	24,120	6,619	7,609
Additions to Permanent Endowments	28,454	22,569	27,919	21,769
Increase / (Decrease) in Net Position	136,531	536,326	(12,834)	21,718
Net Position - Beginning of the Year	2,521,007	1,984,681	124,235	102,517
Net Position - End of the Year	$ 2,657,538	$ 2,521,007	$ 111,401	$ 124,235

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey	
	2022	2021
Cash Flows from Operating Activities:		
Student Tuition and Fees	$ 1,082,607	$ 1,021,893
Research Grants and Contracts	734,649	688,350
Services to Patients	243,501	246,971
Health Service Contract Receipts	598,208	626,889
Payments to Employees and for Benefits	(2,614,830)	(2,348,442)
Payments to Suppliers	(950,835)	(805,826)
Payments for Grant Aid to Students	(235,228)	(189,371)
Collection of Loans to Students and Employees	5,131	11,762
Loans to Students and Employees	(1,622)	(6,263)
Auxiliary Enterprises Receipts	255,126	75,489
Other Receipts	123,063	131,191
Net Cash Used by Operating Activities	(760,230)	(547,357)
Cash Flows from Noncapital Financing Activities:		
State Appropriations	461,918	441,690
Federal Appropriations	6,840	5,819
COVID Relief Funds	143,848	165,250
Contributions for other than Capital Purposes	48,289	49,634
Federal and State Student Aid	222,068	223,559
Contributions for Endowment Purposes	28,454	22,569
Net Cash Provided by Noncapital Financing Activities	911,417	908,521
Cash Flows from Financing Activities:		
Proceeds from Capital Debt and Leases	8,726	283,697
Capital Grants and Gifts Received	24,646	25,560
Purchases of Capital Assets and Construction in Progress	(148,392)	(197,675)
Increase in Accrued Capital Assets	2,987	8,060
Principal Paid on Capital Debt and Leases	(88,395)	(118,072)
Interest Paid on Capital Debt and Leases	(91,610)	(94,313)
Debt Defeasance	-	(216,152)
Proceeds from Capital Asset Disposals	-	28,000
Interest Income on Leases	7,290	6,287
Net Cash Used by Financing Activities	(284,748)	(274,608)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	658,698	773,798
Investment Income	33,324	24,937
Purchase of Investments	(781,099)	(591,436)
Net Cash (Used) / Provided by Investing Activities	(89,077)	207,299
Net (Decrease) / Increase in Cash and Cash Equivalents	(222,638)	293,855
Cash and Cash Equivalents - Beginning of the year	693,559	399,704
Cash and Cash Equivalents - End of the year	470,921	693,559

(continued)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021
(dollars in thousands)

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	**2022**	**2021**
Operating Loss	(1,217,849)	(1,242,929)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
State Paid Fringe Benefits	464,625	431,008
OPEB Paid by the State	41,757	76,691
Depreciation / Amortization	216,873	213,715
Provision for Bad Debts	20,514	31,726
Changes in Assets and Liabilities:		
Receivables	(154,590)	(103,398)
Inventories	(743)	(1,661)
Prepaid Expenses and Other Assets	(314)	1,402
Accounts Payable and Accrued Expenses	(42,332)	29,694
Unearned Revenue	36,499	(24,114)
Payroll Withholdings	(2,750)	35,689
Other Payables	75	178
Net Pension Liability	(121,995)	4,642
Net Cash Used by Operating Activities	$ (760,230)	$ (547,357)

Non-Cash Investing and Financing Activities	**2022**	**2021**
Change in Fair Value of Derivatives	$ 25,380	$ 19,182
Net (Decrease) / Increase in Fair Value of Investments	(131,758)	442,976
Decrease Upon Hedge Termination	-	(55,263)
Capital Assets Acquired through Leases	11,930	14,598
Loss due to Defeasance of Debt	-	(23,997)

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

Rutgers, The State University of New Jersey (the University), one of the nation's nine colonial colleges, consists of 29 degree granting schools and colleges located at campuses in New Brunswick and adjacent areas, Newark, and Camden, and maintains educational services in many other communities throughout the State of New Jersey (the State). The University is the State University of New Jersey and the Land Grant College of the State of New Jersey. The University was created as a body corporate and politic with the title "The Trustees of Queens College in New Jersey" by royal charter granted by King George III, on November 10, 1766. In 1945, an act of the State Legislature designated Rutgers as the State University of New Jersey to be utilized as an instrumentality of the State for providing public higher education and thereby increasing the efficiency of its public school system. The University's title was changed to "Rutgers, The State University" and its charter was amended and supplemented by an act of the Legislature of the State in 1956 (the Rutgers Law).

Basis of Accounting

The basic financial statements of the University have been prepared on the accrual basis of accounting, using the economic resources measurement focus, and in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University reports as a special purpose government engaged only in business-type activities as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as amended by GASB Statement No. 35 *Basic Financial Statements – and Management's Discussion and Analysis – Public Colleges and Universities.* Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

GASB Statement No. 34, requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the University as an economic unit.

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the Foundation). Rutgers Health Group, Inc. (RHG), which commenced operations on July 1, 2017 (see Note 20).

The Foundation is a legally separate, not-for-profit organization, which exists solely for the benefit of the University and was formed to aid the University to obtain private funds and other resources to meet the needs and achieve the goals of the University for which adequate funds may not be available from other sources. To fulfill this mission, the Foundation solicits and receives gifts and pledges from private sources including individuals, corporations, and foundations. All of the financial data for the Foundation is from their audited financial statements, reported in accordance with generally accepted accounting principles promulgated by GASB. The Foundation is discretely presented in the University's financial report as it would be misleading to exclude it and they exist for the direct benefit of the University, its students, and faculty.

On October 4, 2017, the Foundation established a new limited liability company, RUF NYC LLC. The organization was created to provide a license to the University, for the benefit of the Rutgers Business School, to occupy space in New York City for the purpose of hosting potential donors and individuals in the fashion industry and develop and enhance a fashion business program at the University. As RUF NYC LLC operates under the authority of a sole Foundation officer as a registered agent of the newly formed organization and who has operational responsibility of the entity, RUF NYC LLC is considered a blended component unit and assets, liabilities, and operating activities of RUF NYC LLC are included in the basic financial statements of the Foundation. Copies of the Foundation's financial statements can be obtained by contacting the Foundation at Rutgers University Foundation, 335 George Street, Suite 4000, New Brunswick, NJ 08901.

RHG is considered a blended component unit per GASB 80, *Blending Requirements for Certain Component Units* – An Amendment of GASB Statement No. 14 (GASB 80), and was organized as the University's integrated, inter-professional faculty practice for the University's health care practitioners to deliver high quality, cost-effective patient care at clinical locations supportive of the University's teaching and research missions; to participate in education and research exclusively in support of the charitable, scientific and educational purposes of the University; and to support the University's education and training of healthcare students, post-graduate students and professionals. Although RHG is legally separate from the University, the University is the sole member of RHG, has various reserved powers with respect to RHG's operations, and appoints a majority of RHG's trustees.

Under GASB Statement No. 61, *The Financial Reporting Omnibus*, an amendment of GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

Cash and Cash Equivalents

Current cash and cash equivalents, which are both unrestricted and restricted in nature, consist of cash on hand, and all highly liquid investments with an original maturity of three months or less except for those managed as a component of the University's investment portfolio, which are included in non-current restricted cash. The University reclassifies net overdrafts from Cash and Cash Equivalents to Accounts Payable and Accrued Liabilities. This amount totaled $22.0 million in 2022 ($17.7 million in 2021). Noncurrent unrestricted cash and cash equivalents consist of funds that are not externally restricted and are comprised of fixed income class funds and long-term insurance claim reserves. Noncurrent restricted cash and cash equivalents are externally restricted to maintain sinking or reserve funds, purchase or construct capital or other noncurrent assets or collateral requirements for interest rate swaps, or are related to endowed funds.

Investments

Investments are recorded in the statements of net position at fair value, amortized cost and net asset value depending on asset type. Please refer to Note 3 – Cash and Cash Equivalents and Investments for further details about investments at fair value and net asset value. Investments with a maturity greater than one year and investments externally restricted for endowment purposes, to maintain sinking funds, and to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the statements of net position. The year-to-year change in the fair value of investments is reported in the statements of revenues, expenses, and changes in net position as net increase or decrease in fair value of investments.

Funds Held in Trust

Funds held in trust by others or not in the possession of, nor under the control of, the University are not included in the University's accompanying financial statements because they do not meet eligibility requirements for recognition. The market value of such funds aggregated approximately $69.3 million at June 30, 2022 ($79.1 million in 2021). Income derived from such irrevocable trust funds held by others, aggregating approximately $3.2 million in 2022 ($3.2 million in 2021), is reported in the accompanying financial statements as non-operating revenue. Due to these funds being donor established perpetual trusts, they do not meet the requirements of irrevocable split-interest agreements as defined in GASB 81, *Irrevocable Split-Interest Agreements.*

Prior to July 1, 2013, the New Jersey Health Foundation (NJHF) operated to support medical, dental and other healthcare education and research of UMDNJ and for other scientific, charitable, literary and educational purposes. As a result of the integration of UMDNJ, except for UH and SOM, into the University, the fundraising function for the resulting RBHS division was assumed by the Foundation on July 1, 2013. NJHF is not considered a component unit within the University. However, NJHF holds permanently restricted net assets for RBHS that consist of endowment contributions from donors with income to be used for specific or general purposes, as well as temporarily restricted net assets for RBHS subject to donor imposed stipulations that will be met by actions of NJHF or by the passage of time.

Inventories

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis.

Capital Assets

Capital assets consist of land, buildings, land improvements, equipment, and construction in progress, right of use lease assets. and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation and amortization. Depreciation on buildings, land improvements, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Beginning in 2017, the components of certain buildings (i.e., those with a cost in excess of $15.0 million and that have greater than 30.0% of assignable square footage allocated to organized research) are depreciated over the estimated useful life of those components. Library books totaling approximately 7.4 million volumes in 2022 (7.2 million volumes in 2021) have not been capitalized. The capitalization threshold is $5,000 and above. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized at the acquisition value of the item at the time of acquisition. Assets acquired under lease agreements are classified as right of use lease assets and amortized on a straight-line basis over the shorter of the lease term or the underlying asset useful life (see Note 6 and Note 7).

Leases

Lessor

The University is a lessor for various noncancellable leases of land and buildings. For leases with a maximum possible term of 12 months or less at commencement, the University recognizes income based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), the University recognizes a lease receivable and an offsetting deferred inflow of resources (see Note 6).

At lease commencement, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The University recognizes interest income on the lease receivable, and lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases subject to a residual value guarantee.

Key estimates and judgments include how the University determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be received, (2) lease term, and (3) lease payments to be received.

- The University uses its estimated incremental borrowing rate as the discount rate for leases. The University's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds. The University utilized its outstanding taxable debt issuances to develop a yield curve for all lease terms from 12 months to 100 years. Discount rates were then grouped into ranges by the most popular lease periods for the University. The yield curve is updated on a quarterly basis and utilized for any new leases entered into during that period.
- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either the University or lessee's unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessee have an option to terminate are excluded from the lease term.
- Lease payments to be received are evaluated by the University to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being received.

The University monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

Noncurrent lease receivable is reported within the noncurrent assets section of the statement of net position, net of the short-term portion of the lease receivable reported as current assets.

Lessee

The University is a lessee for various noncancellable leases of real estate and equipment from external parties. For leases 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 (i.e. those that are not short-term), the University recognizes a right of use lease asset and lease liability (see Note 6).

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

Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases subject to a residual value guarantee.

Key estimates and judgments include how the University determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be made, (2) lease term, and (3) lease payments to be made.

- The University uses the lessor's implicit interest rate as the discount rate to discount the expected lease payments to the present value. When the interest rate is not provided, the University uses its estimated incremental borrowing rate as the discount rate for leases (see above – Lessor).
- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either the University or lessor's unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor have an option to terminate are excluded from the lease term.

- Lease payments to be made are evaluated by the University to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made. The University monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the right of use lease asset. Noncurrent lease liability is reported within the noncurrent liabilities section of the statement of net position, net of the current portion of the lease liability reported within current liabilities.

Unearned Revenue

Unearned revenue includes summer session activity for July and August, as well as billings to third and fourth year medical and dental students, which will be recognized as revenue in the following fiscal year. It also includes cash received from grant and contract sponsors which has not yet been earned under the terms of the agreement. This includes $2.8 million from COVID relief funds ($59.1 million in 2021). In addition, advances from the Big Ten Conference and advances related to State of New Jersey Capital grant programs are included in unearned revenue.

Net Position (Deficit)

Net position is the difference between the University's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources. These resources are classified for accounting and reporting purposes into four categories as follows:

Net investment in capital assets represents the University's investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net position – nonexpendable consists of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing income, which may either be expended or added to principal.

Restricted net position – expendable includes all resources for which the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties as well as Perkins loans and U.S. government grants refundable.

Unrestricted net position (deficit) represents resources available to the University for educational and general operations and spendable endowment income. These resources are derived from student tuition and fees, state appropriations, net patient service revenue, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises and several academic programs, such as summer session and continuing education, are substantially self-supporting activities that provide services for students, faculty and staff.

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

Revenue Recognition

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarship allowances applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred.

Grants and contracts revenue is comprised mainly of funds received from grants from federal, State of New Jersey and municipal, and other nongovernmental sources and is recognized when all eligibility requirements for revenue recognition are met, which is generally the period in which the related expenses are incurred.

Net patient service revenues are generated from patient care services and include the operations of faculty practice plans. Net patient service revenues are recorded in the period in which the services are provided and are reported at estimated net realizable amounts from patients, third-party payers and others. Amounts recorded are net of allowances to give recognition to differences between charges and reimbursement rates from third-party payers. Reimbursement from third-party payers varies, depending upon the type and level of care provided. Certain net revenues received are subject to audit and retroactive adjustments for which amounts are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Health service contract revenues include revenues related to health service contract activities and are recorded in the period in which the services are provided. This includes contractual billings for physician services under affiliate agreements with certain New Jersey hospitals and physician services for house staff, which is principally comprised of reimbursements for salaries and fringe benefits, paid by the University for physician services provided through graduate medical education residency programs.

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

Contributions are recognized as revenues when all eligibility requirements are met, which is generally in the period donated. Additions to permanent endowments are recognized upon receipt. Endowment and investment income is recognized in the period earned.

Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, (3) most federal, state, and municipal, and other nongovernmental grants and contracts, (4) net patient services and (5) health service contracts. Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, student aid, endowment and investment income and contributions. Interest on capital asset related debt is reported as a non-operating expense.

Grant Aid to Students

Grant aid to students include payments made directly to students in the form of student aid. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and is deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

The University received $88.2 million during the year ended June 30, 2022 ($89.2 million in 2021), from the Federal Pell Grant program, and $109.3 million during the year ended June 30, 2022 ($114.3 million in 2021), from Tuition Aid Grants, from the State of New Jersey, the largest state student aid program.

The University distributes loans to students under the Federal Direct Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2022, the University disbursed $398.6 million ($389.9 million in 2021) under the Federal Direct Loan Program. Direct student loans receivable is not included in the University's statements of net position since they are repayable directly to the U.S. Department of Education.

Income Taxes

The University is exempt from income taxes on related income pursuant to federal and state tax laws as an instrumentality of the State of New Jersey.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

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.

Related Party Transactions

As set forth in Rutgers University Policy 50-1.12, members of the Boards of Governors, and Trustees, and the Camden Board of Directors (the "Members") are "Special State Officers" and University officers (the "Officers") are "State officers" under the terms of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.). The general standards of conduct in the New Jersey Conflicts of Interest Law specifically applicable to the Members and Officers are set forth in the Code of Ethics approved by the State Ethics Commission, and include the following, among others: (1) Members and Officers shall not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity, which is in substantial conflict with the proper discharge of his or her duties in the public interest; and (2) Members and Officers shall not act in their official capacities in any matter wherein they have a direct or indirect personal financial interest that might reasonably be expected to impair their objectivity or independence of judgment. A Member or Officer, therefore, must recuse him- or herself from a matter involving an outside entity in which he or she or an immediate family member has (1) any financial interest, direct or indirect, exceeding 10% of the profit, assets or stock of that outside entity or any financial interest, of any magnitude, that is incompatible with the discharge of his or her official duties; or (2) has any personal interest, direct or indirect, that is incompatible with the discharge of his or her public duties with respect to that matter. Each Member and Officer is further required to file with the University an annual Conflict of Interest Form, which is reviewed by the Secretary of the University with the assistance of the Senior Vice President and General Counsel. The Senior Vice President and General Counsel makes the final decision as to whether a potential conflict of interest constitutes a conflict requiring recusal and will notify the relevant Member or Officer; the Chair of the Committee on Audit; the Chair of the Board on which the Member sits, in the case of a Member; and the President of the University, in the case of an Officer, of any such determination.

Accounting Pronouncements Applicable to the University, Issued but Not Yet Effective

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in statements and implementation guides that were first effective for reporting periods beginning after June 15, 2018. This statement became effective immediately. The effective dates of the statements below reflect the postponement enacted by GASB 95, as applicable.

The University is evaluating the impact of the new statements noted below.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. This GASB statement is effective for the financial reporting period beginning after December 15, 2021, which is the University's fiscal year 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). This statement improves the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and enhances the understandability, reliability, relevance, and consistency of information about PPPs and APAs. GASB 94 will be effective for reporting periods beginning after June 15, 2022, which is the University's fiscal year 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The standards for SBITAs are based on the standards established in GASB 87, *Leases,* as amended. GASB 96 will be effective for fiscal years beginning after June 15, 2022, which is the University's fiscal year 2023.

NOTE 2 – ADOPTION OF ACCOUNTING PRONOUNCEMENTS

The University adopted GASB statement No. 87, *Leases* (GASB 87). This statement supersedes GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB* and establishes new requirements for calculating and reporting University's lease activities. The balances below were calculated using the facts and circumstances that existed at July 1, 2020 as prescribed by GASB 87.

June 30, 2021 was restated for the effects of the University's adoption of GASB 87 as follows:

	July 1, 2020 as Originally Reported	GASB 87 Impact	July 1, 2020 as Restated
Accounts Receivable, net - Current Portion	$ 621,283	$ 6,408	$ 627,691
Accounts Receivable, net - Noncurrent Portion	63,217	215,017	278,234
Capital Assets, Net	3,946,994	128,100	4,075,094
Long-Term Lease Liabilities - Current Portion	-	25,637	25,637
Long-Term Liabilities - Current Portion	57,291	(2,907)	54,384
Long-Term Lease Liabilities - Noncurrent Portion	-	142,581	142,581
Long-Term Liabilities - Noncurrent Portion	2,213,144	(39,171)	2,173,973
Deferred Inflows of Resources - Lessor Real Estate	-	221,425	221,425

	June 30, 2021 as Originally Reported	GASB 87 Impact	June 30, 2021 as Restated
Accounts Receivable, net - Current Portion	$ 706,973	$ 8,022	$ 714,995
Accounts Receivable, net - Noncurrent Portion	59,972	209,150	269,122
Capital Assets, Net	3,926,417	116,218	4,042,635
Accounts Payable and Accrued Expenses	406,008	299	406,307
Long-Term Liabilities - Current Portion	73,122	(3,252)	69,870
Long-Term Lease Liabilities - Current Portion	-	22,837	22,837
Long-Term Liabilities - Noncurrent Portion	2,198,643	(37,581)	2,161,062
Long-Term Lease Liabilities - Noncurrent Portion	-	131,222	131,222
Deferred Inflows of Resources - Lessor Real Estate	-	213,104	213,104
Net Position	2,514,246	6,761	2,521,007
Other Operating Revenues	$ 163,150	$ (13,373)	$ 149,777
Supplies and Services Expenses	879,490	(28,621)	850,869
Depreciation/Amortization	194,416	21,721	216,137
Interest on Capital Asset Related Debt	(90,244)	(4,342)	(94,586)
Other Non-operating (Expenses) Revenues	(1,876)	17,576	15,700
Increase in Net Position	529,565	6,761	536,326

The University also adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). This statement requires that the interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of this standard did not have a significant impact on the University's financial statements.

The University also adopted GASB Statement No. 92, *Omnibus 2020* (GASB 92), for state and local governments related to lease accounting, other post-employment benefits (OPEB) applicable to GASB Statements 73 and 74, reinsurance recoveries, and derivative instruments all effective immediately. GASB 92 also applies to the measurement of liabilities and assets, if any, related to asset retirement obligations in a government acquisition, along with intra-entity transfer of assets and fair value measurements effective for reporting periods beginning after June 15, 2021, which is fiscal year 2022. The adoption of this standard did not have a significant impact on the University's financial statements.

Finally, the University also adopted GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). This statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 which is fiscal year 2022. The adoption of this standard had no impact to the University's financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The University's cash and cash equivalents consist of the following at June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Money Market Funds	$ 454,826	$ 656,548
Cash and Deposits	16,095	37,011
Total Cash and Cash Equivalents	$ 470,921	$ 693,559

The University's net cash and cash equivalents balance at June 30, 2022, includes a cash book balance of $16.1 million ($37.0 million in 2021). The actual amount of cash on deposit in the University's bank accounts at June 30, 2022, was $16.1 million ($38.5 million in 2021). Of this amount, $1.0 million was insured by the Federal Deposit Insurance Corporation at June 30, 2022 ($1.0 million in 2021). At June 30, 2022, $64.6 million ($63.7 million in 2021) was collateralized, and cash and cash equivalents in excess of these balances were uncollateralized.

Investments

The Board of Governors and the Board of Trustees, through the Joint Committee on Investments, exercise authority over the investment of the University's Long-Term Investment Pool. Professional investment managers manage the investment of funds in accordance with the Investment Policy as established by the Joint Committee on Investments, approved by the Board of Governors with the consent of the Board of Trustees. Additionally, professional investment staff and a consultant monitor and report on the Long-Term Investment Pool and the individual investment managers. Under the terms of the University's bond indentures, bond proceeds and debt service funds may be invested and reinvested only in obligations which will by their terms mature on or before the date funds are needed for expenditure or withdrawal.

The primary financial objective of the investment management of the University's Long-Term Investment Pool is to preserve and enhance the Long-Term Investment Pool's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment goal of the endowment is to attain a total return of at least 4.0% plus inflation, fees, and costs. In 2022 and 2021, the University's actual annual spend was 4.0% of a trailing 13-quarter average of the Long-Term Investment Pool's market values.

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net position.

The University's investments consist of the following at June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Common Stock	$ 211,002	$ 207,278
U.S. Government Agencies	50,048	27,718
U.S. Government Bonds	64,475	23,633
Corporate Bonds	166,867	148,921
Mutual Funds - Common Stock	165,051	437,973
Mutual Funds - Fixed Income	7,868	124,188
Fixed Income Funds	140,596	119,288
Hedge Funds	459,933	335,469
Private Equity	469,419	379,700
Real Estate	109,491	81,218
Real Assets	101,407	70,339
Other	5,371	5,160
Total	$ 1,951,528	$ 1,960,885

The Hedge Funds description includes: Credit, Long/Short Equity, Global Macro, Multi-Strategy Hedge Funds and Other. In addition, the Private Equity description includes Venture Capital.

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 statements measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date

Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly

Level 3 – unobservable inputs for an asset or liability

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

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

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

All or a portion of the following categories were classified in Level 1 of the hierarchy as they are valued using prices quoted in active markets: Common Stock, Mutual Funds – Common Stock, and Mutual Funds – Fixed Income.

All or a portion of the following categories were classified in Level 2 of the hierarchy as they are valued using prices based on bid evaluations or quoted prices on an inactive market: Mutual Funds – Common Stock, Corporate Bonds, U.S. Government Agencies, and U.S. Government Bonds.

Level 3 assets within the Real Asset category include real asset limited partnership interests where the investments are valued based on unobservable inputs such as analysis on current oil and gas reserves, future production estimates and NYMEX futures prices. Included in the Other category is a captive, pooled insurance vehicle for which the University has a long-term commitment and whose shares are not readily available and valued based upon the University's paid-in capital to the vehicle as well as its share of retained earnings from underwriting profits.

The University's interests in alternative investment funds are generally reported at the net asset value or its equivalent (NAV) reported by the fund managers and assessed as reasonable by the University, which is used as a practical expedient to estimate the fair value of the University's interest therein. Investments measured at NAV are not categorized in the fair value hierarchy.

The following tables summarize the University's investments by strategy type as of June 30, 2022 and 2021 (dollars in thousands):

	2022			
		Investments Measured at Fair Value		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Common Stock	$ 211,002	$ 211,002	$ -	$ -
Government Agencies	50,048	-	50,048	-
Government Bonds	64,475	-	64,475	-
Corporate Bonds	166,867	-	166,867	-
Mutual Funds - Common Stock	165,051	113,109	51,942	-
Mutual Funds - Fixed Income	7,868	7,868	-	-
Real Assets	39,109	-	-	39,109
Other	5,371	-	-	5,371
Subtotal	$ 709,791	$ 331,979	$ 333,332	$ 44,480

Investment Type	Net Asset Value
Private Equity	$ 368,073
Real Estate	109,491
Real Assets	62,298
Venture Capital	101,346
Fixed Income Funds	140,596
Credit Hedge Funds	162,004
Long/Short Hedge Funds	200,475
Global Macro Hedge Funds	32,756
Multi-Strategy Hedge Funds	64,578
Other Hedge Funds	120
Subtotal	$ 1,241,737
Total	$ 1,951,528

	2021			
		Investments Measured at Fair Value		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Common Stock	$ 207,278	$ 207,278	$ -	$ -
Government Agencies	27,718	-	27,718	-
Government Bonds	23,633	-	23,633	-
Corporate Bonds	148,921	-	148,921	-
Mutual Funds - Common Stock	437,973	229,555	208,418	-
Mutual Funds - Fixed Income	124,188	124,188	-	-
Real Assets	25,148	-	-	25,148
Other	5,160	-	-	5,160
Subtotal	$ 1,000,019	$ 561,021	$ 408,690	$ 30,308

Investment Type	Net Asset Value
Private Equity	$ 296,242
Real Estate	81,218
Real Assets	45,191
Venture Capital	83,458
Fixed Income Funds	119,288
Credit Hedge Funds	96,685
Long/Short Hedge Funds	173,001
Global Macro Hedge Funds	752
Multi-Strategy Hedge Funds	64,920
Other Hedge Funds	111
Subtotal	$ 960,866
Total	$ 1,960,885

Investments Measured at Net Asset Value

In addition to traditional stocks and fixed-income securities, the University also holds alternative investment funds including hedge fund, private equity, venture capital, real estate and real asset strategies. Alternative investments are typically subject to restrictions that limit the University's ability to withdraw capital after such investment and, most often in hedge funds, limit the amount that may be withdrawn as of a given redemption date. The redemption terms of the University's investments in alternative investments vary greatly (as described below). Generally, the University has no discretion to withdraw its investments in private equity, venture capital, real estate, and real asset funds; distributions are made when assets are sold within the funds.

The University is obligated in most alternative strategies to fund investment opportunities as they arise up to specified commitment levels over a period of several years. These commitments have fixed expiration dates and other termination clauses. The following table represents the unfunded commitments, redemption frequency and redemption notice period for investments measured at NAV as of June 30, 2022 and 2021 (dollars in thousands):

Investment Type	2022 Unfunded Commitments	2021 Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	$ 123,517	$ 138,300	Illiquid	N/A
Real Estate	60,260	64,496	Illiquid	N/A
Real Assets	42,126	39,523	Illiquid	N/A
Venture Capital	102,212	41,136	Illiquid	N/A
Fixed Income Funds	37,266	53,754	Illiquid	N/A
Credit Hedge Funds	N/A	N/A	Quarterly, Annually	45 - 90 days
Global Macro Hedge Funds	N/A	N/A	Quarterly	90 days
Long/Short Hedge Funds	N/A	N/A	Monthly, Quarterly, Annually	6 - 60 days
Multi-Strategy Hedge Funds	15,000	N/A	Quarterly, Semi-Annually, Annually, Rolling Two-years	60 - 90 days
Total	$ 380,381	$ 337,209		

Because of the inherent uncertainties of valuation, these net asset values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

Management's estimate of the lives of the funds could vary significantly depending on the investment decisions of the external fund managers, changes in the University's portfolio, and other circumstances. Furthermore, the University's obligation to fund the commitments noted above may be waived by the fund manager for a variety of reasons including market conditions and/or changes in investment strategy.

The University does have various sources of internal liquidity at its disposal, including cash and cash equivalents, which are available to fund the required commitments.

Strategy Descriptions

Private Equity – Funds that typically invest in private companies or engage in buyouts of public companies with the intent of improving their portfolio companies by investing in their growth as well as implementing operational and financial best practices. These strategies are implemented through illiquid vehicles and cannot be redeemed. The investment periods of these funds typically range from 2 – 5 years with full terms of 10 – 12 years. Capital is distributed back as the fund's investments are liquidated over that time period.

Real Estate – This strategy includes funds that invest in the equity or debt of real estate assets or businesses related to the real estate industry. These strategies are implemented through illiquid vehicles and cannot be redeemed. The investment periods of these funds typically range from 2 – 5 years with full terms of 10 – 12 years. Capital is distributed back as the fund's investments are liquidated over that time period.

Real Assets – This strategy includes funds that invest in businesses or physical commodities in a wide variety of asset classes including but not limited to energy, infrastructure, metals and mining, and other commodity-related industries. These strategies are implemented through illiquid vehicles and cannot be redeemed. The investment periods of these funds typically range from 2 – 5 years with full terms of 10 – 12 years. Capital is distributed back as the fund's investments are liquidated over that time period.

Fixed Income Funds– Include funds that invest throughout the capital structure. Typical investments may include senior secured, unsecured, subordinated or mezzanine loans, corporate credit, non-performing loans, and various other credit investments. The investment periods of these funds typically range from 2 – 3 years with full terms 5 – 8 years. Capital is distributed back as the fund's investment are liquidated over that time period.

Venture Capital – Funds that invest in early, mid, and late-stage high growth companies, which are typically at the forefront of innovation in their specific fields. These are typically higher risk/reward opportunities in the fields of technology and medicine of which the companies will generally have negative cash flow at the start. These strategies are implemented through illiquid vehicles and cannot be redeemed. The investment periods of these funds typically range from 2 – 5 years with full terms of 10 – 12 years. Capital is distributed back as the fund's investments are liquidated over that time period.

Credit Hedge Funds – Strategies that typically invest both long and short in high yield and high-grade bonds, structured products, and distressed debt strategies that take advantage of corporate securities in default, under bankruptcy protection, in distress, or in liquidation.

Long/Short Hedge Funds – Strategies that typically invest in long and short positions primarily in publicly traded equities.

Global Macro Hedge Funds – Strategies which base its exposures on economic and political views and outcomes from around the world and in many markets. Funds of this nature can invest in a wide variety of securities such as equity, fixed income, currencies, commodities, and futures markets.

Multi-Strategy Hedge Funds – Multi-strategy hedge funds consist of variety of investment strategies such as equity long/short, convertible bond arbitrage, credit, merger and statistical arbitrage, event driven, etc. in order to lower and diversify risk as well as reduce volatility.

Other Hedge Funds – Legacy hedge fund positions which have been redeemed, but continue to be liquidated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The operating funds of the University are managed against the expected cash requirements of these funds. The University projects its cash requirements and arranges investment maturities accordingly. Special attention is given to the interest rate environment in times of economic growth or downturns. The table below reflects the operation of this process. Endowment funds have a much longer outlook and are invested by professional managers against an index as provided in the University's investment guidelines. The following table summarizes the maturities of investments that are subject to interest rate risk at June 30, 2022 and 2021 (dollars in thousands):

	2022				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Government Bonds	$ 64,475	$ 1	$ 55,234	$ 9,240	$ -
U.S. Government Agencies	50,048	-	2,404	7,443	40,201
Corporate Bonds	166,867	14,325	143,312	7,003	2,227
Mutual Funds - Fixed Income	7,868	7,868	-	-	-
Total	$ 289,258	$ 22,194	$ 200,950	$ 23,686	$ 42,428

	2021				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Government Bonds	$ 23,633	$ 1	$ 21,939	$ 1,693	$ -
U.S. Government Agencies	27,718	-	1	17,205	10,512
Corporate Bonds	148,921	-	122,864	21,213	4,844
Mutual Funds - Fixed Income	124,188	124,188	-	-	-
Total	$ 324,460	$ 124,189	$ 144,804	$ 40,111	$ 15,356

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's Investment Policy states that individual bonds shall be rated with an investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's (S&P)). The average credit quality of the Core Fixed Income Fund shall be maintained at AA (by S&P or equivalent rating by Moody's or Fitch) or higher. The prospect of credit risk or risk of permanent loss shall be avoided in the Fixed Income Fund. Issues of state or municipal agencies shall not be purchased except in unusual circumstances. A fixed income manager may invest in foreign securities up to a limit of 20% of the portfolio. At June 30, 2022 and 2021, the University's cash and cash equivalent and investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2022	2021
U.S. Government Agencies and Bonds	AAA	$ 1,415	$ 2,060
U.S. Government Agencies and Bonds	AA+	107,584	45,908
U.S. Government Agencies and Bonds	AA-	2,227	-
U.S. Government Agencies and Bonds	AA	797	-
U.S. Government Agencies and Bonds	A+	-	1,693
U.S. Government Agencies and Bonds	A	2,500	1,690
Corporate Bonds	AAA	51,239	50,200
Corporate Bonds	AA+	1,618	1,772
Corporate Bonds	AA–	4,929	6,416
Corporate Bonds	A+	23,940	14,920
Corporate Bonds	A	19,913	18,357
Corporate Bonds	A–	32,973	14,104
Corporate Bonds	BBB+	16,741	26,284
Corporate Bonds	BBB	12,206	13,590
Corporate Bonds	BBB-	3,308	3,278
Mutual Funds - Fixed Income	Not Rated	7,868	124,188
Money Market Funds	AAA	454,826	656,548
Total		$ 744,084	$ 981,008

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the University's name. Money market funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2022 and 2021, the University's investment securities were not subject to custodial credit risk.

Investments - Endowment Funds

Most of the endowment funds assets are invested in the Long-Term Investment Pool. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2022, the fair value of the Long-Term Investment Pool was $1,787.1 million ($1,804.8 million at June 30, 2021). In addition, the aggregate endowment market value of funds separately invested was $9.4 million at June 30, 2022 ($10.8 million at June 30, 2021). The investment depreciation was $121.3 million at June 30, 2022 (appreciation was $423.7 million at June 30, 2021). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net position.

The University employs a spending policy, which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principal, while any shortfall is covered by capital appreciation. The University complies with the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) P.L. 2009, Chapter 64, adopted by New Jersey. This law speaks to the management and use of funds held by charitable institutions.

NOTE 4 – ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2022 and 2021 (dollars in thousands):

	Accounts Receivable	Allowance	Net 2022
Government Grants and Other Sponsored Programs Receivable	$ 187,206	$ 5,776	$ 181,430
Construction Related Receivable	28,585	-	28,585
Student Notes Receivable	57,521	6,720	50,801
Patient Accounts Receivable	50,464	16,645	33,819
Federal and State Governments Receivable	92,822	-	92,822
Student Accounts Receivable	61,092	16,483	44,609
Health Service Contract Receivable	469,774	35,113	434,661
Lessor Rent Receivable	243,609	-	243,609
Other Receivable	57,691	1,418	56,273
Total	$ 1,248,764	$ 82,155	$ 1,166,609

	Accounts Receivable	Allowance	Net 2021
Government Grants and Other Sponsored Programs Receivable	$ 183,780	$ 6,312	$ 177,468
Construction Related Receivable	33,703	-	33,703
Student Notes Receivable	60,942	6,632	54,310
Patient Accounts Receivable	53,870	17,841	36,029
Federal and State Governments Receivable	94,836	-	94,836
Student Accounts Receivable	61,400	10,615	50,785
Health Service Contract Receivable	295,778	36,867	258,911
Lessor Rent Receivable	217,172	-	217,172
Other Receivable	62,208	1,305	60,903
Total	$ 1,063,689	$ 79,572	$ 984,117

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2022 and 2021, considering type, age, collection history and other appropriate factors.

NOTE 5 – NET PATIENT SERVICE REVENUES AND HEALTH SERVICE CONTRACT REVENUES

Net patient service revenues include revenues related to patient care services, generated primarily by Rutgers Health Group behavioral healthcare clinics, community healthcare centers, cancer center, and the operations of faculty practice plans under contractual arrangements with governmental payers and private insurers.

Net patient service revenues comprised of the following for the years ended June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Gross Charges	$ 928,031	$ 841,480
Deductions from Gross Charges		
Contractual and Other Allowances	(665,264)	(553,840)
Provision for Bad Debts	(26,504)	(33,860)
Net Patient Service Revenues	$ 236,263	$ 253,780

Health service contract revenues relate to professional services provided under contractual arrangements. This includes providing physician services under affiliate agreements with certain New Jersey hospitals (such as University Hospital of Newark, Cooper Hospital, RWJ Barnabas Health and others). It also includes physician services for housestaff, which is comprised of reimbursements for graduate medical education residency programs in connection with RWJ Medical School, New Jersey Medical School and Rutgers School of Dental Medicine. At June 30, 2022, health service contract revenues totaled $774.0 million ($710.5 million in 2021), which included reimbursement for housestaff salaries, fringe benefits and insurance of $129.6 million ($111.4 million in 2021), and billings under other contractual arrangements of $644.4 million ($599.1 million in 2021).

NOTE 6 – LEASES

Lessee Arrangements

As discussed in Note 1 – Leases, the University leases real estate and equipment from external parties. Lease terms for the leases vary from 1 year to 82 years. The discount rate used for the calculation of the lease payable varies depending on the length of the respective leases, and ranged from 0.26% to 13.40%. Variable payments included in leases that were not included in the measurement of the lease liability that depend on consumer price index changes from the initial measurement totaled an insignificant amount for the years ended June 30, 2022 and 2021, respectively.

The detail of right of use lease assets activity for the year ended June 30, 2022 and 2021 is as follows (dollars in thousands):

	July 1, 2021	Additions	Deductions	June 30, 2022
Right of Use Lease Assets:				
Real Estate	$ 122,352	$ 9,504	$ 3,354	$ 128,502
Equipment	56,201	2,426	21,096	37,531
Total	178,553	11,930	24,450	166,033
Less Accumulated Amortization:				
Real Estate	12,839	12,964	1,959	23,844
Equipment	8,882	6,151	3,845	11,188
Total	21,721	19,115	5,804	35,032
Total Right of Use Lease Assets, net	$ 156,832	$ (7,185)	$ 18,646	$ 131,001

	July 1, 2020	Additions	Deductions	June 30, 2021
Right of Use Lease Assets:				
Real Estate	$ 123,284	$ 3,172	$ 4,104	$ 122,352
Equipment	44,934	11,426	159	56,201
Total	168,218	14,598	4,263	178,553
Less Accumulated Amortization:				
Real Estate	$ -	$ 13,677	$ 838	$ 12,839
Equipment	-	8,903	21	8,882
Total	-	22,580	859	21,721
Total Right of Use Lease Assets, net	$ 168,218	$ (7,982)	$ 3,404	$ 156,832

The detail of lease liabilities activity for the year ended June 30, 2022 and 2021 is as follows (dollars in thousands):

	July 1, 2021	Additions	Deductions	June 30, 2022	Current Portion
Real Estate Lease liabilities	$ 109,614	$ 8,586	$ 13,333	$ 104,867	$ 11,886
Equipment Lease liabilities	44,445	2,354	25,890	20,909	7,205
Total	$ 154,059	$ 10,940	$ 39,223	$ 125,776	$ 19,091

	July 1, 2020	Additions	Deductions	June 30, 2021	Current Portion
Real Estate Lease liabilities	$ 123,284	$ 2,395	$ 16,065	$ 109,614	$ 11,825
Equipment Lease liabilities	44,934	9,083	9,572	44,445	11,012
Total	$ 168,218	$ 11,478	$ 25,637	$ 154,059	$ 22,837

Principal and interest payments for lease liabilities are as follows (dollars in thousands):

Year	Principal	Interest	Total
2023	$ 19,091	$ 3,254	$ 22,345
2024	14,203	2,919	17,122
2025	11,216	2,628	13,844
2026	6,982	2,404	9,386
2027	5,268	2,253	7,521
2028-2032	10,650	10,052	20,702
2033-2037	2,466	9,265	11,731
2038-2042	3,157	8,816	11,973
2043-2047	3,813	8,252	12,065
2048-2052	4,411	7,585	11,996
2053-2057	4,883	6,840	11,723
2058-2062	4,691	6,025	10,716
2063-2067	4,379	5,330	9,709
2068-2072	5,149	4,560	9,709
2073-2077	6,054	3,654	9,708
Thereafter	19,363	4,194	23,557
Total	$ 125,776	$ 88,031	$ 213,807

As of June 30, 2022, the University was contractually obligated to make lease payments totaling $7.0 million that is expected to commence in fiscal year 2023. The University has certain rights and obligations for these leases. However, it did not recognize a right of use lease asset or lease liability since the lease has not yet commenced as of June 30, 2022.

Lessor Arrangements

As discussed in Note 1 – Leases, the University is a lessor for various noncancellable long-term leases of its land and buildings. Lease terms for the leases vary from 1 year to 68 years. The discount rate used for the calculation of the lease receivable varies depending on the length of the respective leases, and ranged from 0.57% to 3.24%.

Variable payments included in leases that were not included in the measurement of the lease receivable include percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants. Percentage rent totaled an insignificant amount for the years ended June 30, 2022 and 2021, respectively. Lease income from noncancellable long-term fixed payment leases totaled $12.8 million and $10.7

million for the years ended June 30, 2022 and 2021, respectively. Interest income from noncancellable long-term leases totaled $7.3 million and $6.7 million for the years ended June 30, 2022 and 2021, respectively.

Where a monthly lease payment is less than the calculated interest amount for that month, the difference is recorded as accrued interest receivable and accounted for separately from the respective lease receivable balance. Monthly interest accrues based on prior month-end balances of both the lease receivable account and the related accrued interest receivable account. This accrued interest account will accumulate until such time that monthly lease payment is greater than the interest calculated for that month. In leases that have outstanding accrued interest receivable balances, the related lease payments are applied in the following order: (1) to the interest portion of the rent, (2) to the accrued interest balance until fully paid, and (3) to the lease receivable balance. Accrued interest receivable totaled $0.4 million at June 30, 2022 and 2021, respectively.

The detail of lessor activity for the year ended June 30, 2022 and 2021 is as follows (dollars in thousands):

	July 1, 2021	Additions	Deductions	June 30, 2022
Lessor Accounts Receivable	$ 217,172	$ 35,163	$ 8,726	$ 243,609
Deferred Inflows of Resources - Lessor Real Estate	213,104	35,163	12,758	235,509

	July 1, 2020	Additions	Deductions	June 30, 2021
Lessor Accounts Receivable	$ 221,425	$ 2,774	$ 7,027	$ 217,172
Deferred Inflows of Resources - Lessor Real Estate	221,425	2,381	10,702	213,104

Future minimum lease payments to be received under noncancellable long-term leases, exclusive of percentage rent, are as follows (dollars in thousands):

Year	Principal	Interest	Total
2023	$ 9,264	$ 7,077	$ 16,341
2024	8,417	6,858	15,275
2025	8,227	6,645	14,872
2026	8,627	6,424	15,051
2027	8,751	6,194	14,945
2028-2032	39,941	27,725	67,666
2033-2037	43,697	21,897	65,594
2038-2042	14,232	17,087	31,319
2043-2047	6,348	16,019	22,367
Thereafter	96,105	74,881	170,986
Total	$ 243,609	$ 190,807	$ 434,416

NOTE 7 – CAPITAL ASSETS

The detail of capital assets activity for the year ended June 30, 2022 and 2021 is as follows (dollars in thousands):

	July 1, 2021	Additions	Transfers	Retirements/ Capitalization	June 30, 2022
Capital Assets Not Being Depreciated:					
Land	$ 84,291	$ 400	$ -	$ -	$ 84,691
Capitalized Art Collections	90,372	3,636	-	-	94,008
Construction in Progress	220,735	117,430	-	127,036	211,129
Total	395,398	121,466	-	127,036	389,828
Capital Assets Being Depreciated:					
Land Improvements	389,434	9,987	-	-	399,421
Buildings	5,556,629	106,019	-	11,358	5,651,290
Equipment	717,993	36,865	-	1,873	752,985
Total	6,664,056	152,871	-	13,231	6,803,696
Less Accumulated Depreciation:					
Land Improvements	333,308	11,679	-	-	344,987
Buildings	2,358,761	140,469	-	10,019	2,489,211
Equipment	481,582	45,752	-	1,839	525,495
Total	3,173,651	197,900	-	11,858	3,359,693
Net Capital Assets Being Depreciated	3,490,405	(45,029)	-	1,373	3,444,003
Net Right of Use Lease Assets (See Note 6)	156,832	(7,185)	-	18,646	131,001
Total Capital Assets, net	$ 4,042,635	$ 69,252	$ -	$ 147,055	$ 3,964,832

	July 1, 2020	Additions	Transfers	Retirements/ Capitalization	June 30, 2021
Capital Assets Not Being Depreciated:					
Land	$ 83,153	$ 1,138	$ -	$ -	$ 84,291
Capitalized Art Collections	87,157	3,215	-	-	90,372
Construction in Progress	373,011	129,999	-	282,275	220,735
Total	543,321	134,352	-	282,275	395,398
Capital Assets Being Depreciated:					
Land Improvements	382,830	20,193	(13,589)	-	389,434
Buildings	5,321,862	246,003	-	11,236	5,556,629
Equipment	658,067	60,145	13,589	13,808	717,993
Total	6,362,759	326,341	-	25,044	6,664,056
Less Accumulated Depreciation:					
Land Improvements	318,922	16,612	(2,141)	85	333,308
Buildings	2,228,539	136,116	-	5,894	2,358,761
Equipment	451,743	38,196	2,141	10,498	481,582
Total	2,999,204	190,924	-	16,477	3,173,651
Net Capital Assets Being Depreciated	3,363,555	135,417	-	8,567	3,490,405
Net Right of Use Lease Assets (See Note 6)	168,218	(7,982)	-	3,404	156,832
Total Capital Assets, net	$ 4,075,094	$ 261,787	$ -	$ 294,246	$ 4,042,635

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Vendors	$ 74,922	$ 80,052
Accrued Salaries and Benefits	86,188	78,250
Compensated Absences	64,747	61,747
Workers Compensation	19,801	19,801
Interest Payable	13,838	14,682
Other Accrued Expenses	167,854	151,775
Total Accounts Payable and Accrued Expenses	$ 427,350	$ 406,307

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2022 and 2021 is as follows (dollars in thousands):

	July 1, 2021	Additions	Reductions	June 30, 2022	Current Portion
Other Noncurrent Liabilities	$ 72,384	$ 1,786	$ 42,368	$ 31,802	$ –
Net Pension Liabilities	1,666,638	–	113,957	1,552,681	–
Unearned Revenue	287,728	224,308	248,485	263,551	224,308
Derivative Instruments	37,345	–	25,379	11,966	–
Long-Term Lease Liabilities	154,059	10,940	39,223	125,776	19,091
Long-Term Liabilities	2,230,932	–	69,885	2,161,047	120,294
Total	$ 4,449,086	$ 237,034	$ 539,297	$ 4,146,823	$ 363,693

	July 1, 2020	Additions	Reductions	June 30, 2021	Current Portion
Other Noncurrent Liabilities	$ 58,684	$ 13,700	$ –	$ 72,384	$ –
Net Pension Liabilities	1,701,640	–	35,002	1,666,638	–
Unearned Revenue	285,988	235,776	234,036	287,728	235,776
Derivative Instruments	56,527	–	19,182	37,345	–
Long-Term Lease Liabilities	168,218	11,478	25,637	154,059	22,837
Long-Term Liabilities	2,228,357	236,671	234,096	2,230,932	69,870
Total	$ 4,499,414	$ 497,625	$ 547,953	$ 4,449,086	$ 328,483

NOTE 10 – COMMERCIAL PAPER

The University has a combined taxable and tax-exempt commercial paper program that provides for interim or short-term financing of various capital projects, equipment, refundings and for other lawful purposes. The University has a dedicated line of credit with Bank of America, N.A. for up to $200 million to further support its general revenue pledge.

Commercial paper activity as of June 30, 2022 and 2021, is as follows (dollars in thousands):

	July 1, 2021	Additions	Retirements	June 30, 2022
Taxable	$ -	$ -	$ -	$ -
Tax-exempt	20,000	-	1,866	18,134
Total Commercial Paper	$ 20,000	$ -	$ 1,866	$ 18,134

	July 1, 2020	Additions	Retirements	June 30, 2021
Taxable	$ 37,500	$ 20,000	$ 57,500	$ -
Tax-exempt	20,207	20,000	20,207	20,000
Total Commercial Paper	$ 57,707	$ 40,000	$ 77,707	$ 20,000

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NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022, is as follows (dollars in thousands):

	Maturity Date	Interest Rates	July 1, 2021	Additions	Retirements and Payments	June 30, 2022	Current Portion
Notes:							
City of Camden	2023	1.00%	$ 60	$ -	$ 30	$ 30	$ 30
New Jersey Infrastructure Bank	2023	0.00%	29,707	-	-	29,707	29,707
Bonds Payable:							
General Obligation Bonds:							
2009 Series G	2039	Variable Rate	58,515	-	2,280	56,235	2,370
2010 Series H	2040	3.776% - 5.665%	376,450	-	6,480	369,970	6,670
2013 Series J	2036	1.00% - 5.00%	52,635	-	16,710	35,925	17,725
2013 Series K	2033	0.40% - 4.712%	85,115	-	7,785	77,330	3,690
2013 Series L	2043	1.00% - 5.00%	9,715	-	3,080	6,635	3,235
2016 Series M	2039	3.00% - 5.00%	150,990	-	7,340	143,650	7,705
2018 Series N	2028	4.00% - 5.00%	44,045	-	-	44,045	21,590
2018 Series O	2048	4.15%	100,655	-	-	100,655	-
2019 Series P	2119	3.915%	330,000	-	-	330,000	-
2019 Series R	2043	2.057% - 3.270%	614,485	-	4,195	610,290	6,995
2020 Series Q	2029	5.00%	16,255	-	1,575	14,680	1,585
2020 Series S	2046	1.46% - 2.68%	220,900	-	-	220,900	-
Other Long-Term Obligations:							
New Jersey Educational Facilities Authority:							
Higher Education Capital Improvement Fund:							
Series 2002 A	2022	3.00% - 5.25%	264	-	-	264	264
Series 2014 A	2033	3.50% - 5.00%	23,390	-	1,328	22,062	1,396
Series 2016 A	2022	2.84%	11,509	-	5,790	5,719	5,719
Series 2016 B	2036	4.73%	4,288	-	182	4,106	192
Higher Education Equipment Leasing Fund, Series 2014 A	2023	5.00%	943	-	461	482	482
Capital Lease Obligations:							
New Jersey Economic Development Authority:							
College Avenue Redevelopment Project	2046	4.00% - 5.00%	25,145	-	4,545	20,600	4,790
15 Washington Street Housing Project	2031	3.10%	45,300	-	4,970	40,330	3,015
Loan Payable:							
New Brunswick Development Corporation:							
15 Washington Street Housing Project	2025	12.00%	2,200	-	-	2,200	-
			2,202,566	-	66,751	2,135,815	117,160
Unamortized Bond Discounts			(845)	-	(45)	(800)	(45)
Unamortized Bond Premiums			29,211	-	3,179	26,032	3,179
Total Long-Term Liabilities			$ 2,230,932	$ -	$ 69,885	$ 2,161,047	$ 120,294

Long-term liability activity for the year ended June 30, 2021, is as follows (dollars in thousands):

	Maturity Date	Interest Rates	July 1, 2020	Additions	Retirements and Payments	June 30, 2021	Current Portion
Notes:							
U.S. Department of Education	2021	5.50%	$ 68	$ -	$ 68	$ -	$ -
City of Camden	2023	1.00%	90	-	30	60	15
New Jersey Infrastructure Bank	2023	0.00%	13,936	15,771	-	29,707	-
Bonds Payable:							
General Obligation Bonds:							
2009 Series G	2039	Variable Rate	60,710	-	2,195	58,515	2,280
2010 Series H	2040	3.776% - 5.665%	381,420	-	4,970	376,450	6,480
2013 Series J	2036	1.00% - 5.00%	52,635	-	-	52,635	16,710
2013 Series K	2033	0.40% - 4.712%	91,415	-	6,300	85,115	7,785
2013 Series L	2043	1.00% - 5.00%	9,715	-	-	9,715	3,080
2016 Series M	2039	3.00% - 5.00%	157,970	-	6,980	150,990	7,340
2018 Series N	2028	4.00% - 5.00%	44,045	-	-	44,045	-
2018 Series O	2048	4.15%	100,655	-	-	100,655	-
2019 Series P	2119	3.915%	330,000	-	-	330,000	-
2019 Series R	2043	2.057% - 3.270%	614,485	-	-	614,485	4,195
2020 Series Q	2029	5.00%	17,820	-	1,565	16,255	1,575
2020 Series S	2046	1.46% - 2.68%	-	220,900	-	220,900	-
Other Long-Term Obligations:							
New Jersey Educational Facilities Authority:							
Higher Education Capital Improvement Fund:							
Series 2002 A	2022	3.00% - 5.25%	264	-	-	264	-
Series 2014 A	2033	3.50% - 5.00%	24,652	-	1,262	23,390	1,328
Series 2016 A	2022	2.84%	17,585	-	6,076	11,509	5,790
Series 2016 B	2036	4.73%	4,462	-	174	4,288	182
Higher Education Equipment Leasing Fund, Series 2014 A	2023	5.00%	1,382	-	439	943	461
Capital Lease Obligations:							
New Jersey Economic Development Authority:							
College Avenue Redevelopment Project	2046	4.00% - 5.00%	221,650	-	196,505	25,145	4,545
15 Washington Street Housing Project	2031	3.10%	46,090	-	790	45,300	4,970
Loan Payable:							
New Brunswick Development Corporation:							
15 Washington Street Housing Project	2025	12.00%	2,200	-	-	2,200	-
			2,193,249	236,671	227,354	2,202,566	66,736
Unamortized Bond Discounts			(890)	-	(45)	(845)	(45)
Unamortized Bond Premiums			35,998	-	6,787	29,211	3,179
Total Long-Term Liabilities			$ 2,228,357	$ 236,671	$ 234,096	$ 2,230,932	$ 69,870

Bonds Payable

The University issues general obligation bonds to (i) provide financing of various capital projects, (ii) provide for the refinancing of certain outstanding commercial paper and (iii) provide for the current and/or advance refunding of all or a portion of certain outstanding bonds of the University. These bonds are payable from revenues and other legally available funds. The bonds are secured under the provisions of an Indenture of Trust dated February 1, 2002 by and between the University and U.S. Bank, N.A. The Indenture of Trust contains a provision that in an event of default, the principal of all the bonds outstanding and the interest accrued thereon, shall be due and payable immediately.

All bonds bear interest at fixed rates with the exception of 2009 Series G, which bears interest at variable rates. The bonds are secured by a Liquidity Facility through a Standby Bond Purchase Agreement. The current Liquidity Facility for the 2009 Series G bonds is provided by TD Bank, N.A. until July 1, 2023. As of June 30, 2022, no funds have been drawn against this agreement.

Debt service to maturity for all General Obligation Bonds, using variable rates as of June 30, 2022, and using the net interest rate swap payments as of June 30, 2022 (See Note 12 for additional information about derivatives), are as follows (dollars in thousands):

	Fixed Rate Bonds		Variable Rate Bonds		Interest Rate	
Year	Principal	Interest	Principal	Interest	Swaps, Net	Total
2023	$ 69,195	$ 75,741	$ 2,370	$ 343	$ 1,438	$ 149,087
2024	51,550	72,724	2,465	328	1,373	128,440
2025	53,395	70,392	2,560	314	1,305	127,966
2026	58,495	68,536	2,660	298	1,235	131,224
2027	68,900	66,396	2,765	282	1,162	139,505
2028-2032	406,605	289,034	15,605	1,141	4,677	717,062
2033-2037	328,105	214,603	19,055	625	2,561	564,949
2038-2042	364,360	145,806	8,755	81	330	519,332
2043-2047	192,095	88,217	-	-	-	280,312
2048-2052	31,380	65,898	-	-	-	97,278
2053-2057	-	64,597	-	-	-	64,597
2058-2062	-	64,597	-	-	-	64,597
2063-2067	-	64,597	-	-	-	64,597
2068-2072	-	64,597	-	-	-	64,597
2073-2077	-	64,597	-	-	-	64,597
2078-2082	-	64,597	-	-	-	64,597
2083-2087	-	64,598	-	-	-	64,598
2088-2092	-	64,598	-	-	-	64,598
2093-2097	-	64,598	-	-	-	64,598
2098-2102	-	64,598	-	-	-	64,598
2103-2107	-	64,598	-	-	-	64,598
2108-2112	-	64,598	-	-	-	64,598
2113-2117	-	64,598	-	-	-	64,598
2118-2119	330,000	25,839	-	-	-	355,839
Total	$ 1,954,080	$ 2,022,954	$ 56,235	$ 3,412	$ 14,081	$ 4,050,762

Refunding Activity

During fiscal year 2021, the University issued General Obligation Refunding Bonds, 2020 Series S (Federally Taxable) for $220.9 million to refund a portion of the New Jersey Economic Development (College Avenue Redevelopment Project) Series 2013 bonds. As part of the refunding, the University reduced its total debt service over the next 26 years by $52.7 million and obtained an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of $42.3 million. The difference between the reacquisition price and the net carrying amount of the old debt of $24.0 million is being deferred and amortized as a reduction to interest expense through the year 2046 using the effective interest method.

Other Long-Term Obligations

Under the provisions of the State of New Jersey Higher Education Capital Improvement Fund Act (CIF) and the Higher Education Equipment Leasing Fund Act (ELF), the University has been allocated funds from bonds issued by the New Jersey Educational Facilities Authority to finance various capital expenditures. The University is obligated to pay amounts equal to one-third and one-fourth of the amount necessary to pay the principal and interest on the portion of the CIF and ELF bonds, respectively.

Principal and interest payments for other long-term obligations are as follows (dollars in thousands):

Year	Principal	Interest	Total
2023	$ 8,053	$ 1,280	$ 9,333
2024	1,669	1,082	2,751
2025	1,753	998	2,751
2026	1,841	910	2,751
2027	1,932	818	2,750
2028-2032	10,950	2,801	13,751
2033-2037	6,435	467	6,902
Total	$ 32,633	$ 8,356	$ 40,989

Capital Lease Obligations

New Jersey Economic Development Authority (NJEDA)

- **College Avenue Redevelopment Project**

On September 12, 2013, the New Jersey Economic Development Authority (the Authority) issued $237.1 million of its General Obligation Lease Revenue Bonds, Series 2013. The proceeds of the bonds were loaned by the Authority to College Avenue Redevelopment Associates, LLC (the Company), whose sole and managing member is the New Brunswick Development Corporation (DEVCO), pursuant to a Loan Agreement dated September 1, 2013 to finance the construction of an academic building for the School of Arts and Sciences, a residence hall for honors students, a residence building, and a multistory parking structure and surface lot being undertaken and constructed by the Company on behalf of the University. The Company is leasing the entire Property to the University pursuant to the Master Lease Agreement dated September 1, 2013. At the end of the term, title to the academic building, the residence hall for honor students, the residence building and the multistory parking structure and surface lot will be transferred to the University. On August 4, 2020, the University issued General Obligation Refunding Bonds, 2020 Series S (Federally Taxable) for $220.9 million to refund a portion of the Series 2013 bonds.

- **15 Washington Street**

On May 30, 2014, the New Jersey Economic Development Authority (the Authority) issued $58.3 million of its Revenue Notes, Series 2014. The proceeds of the notes were loaned by the Authority to Washington Street University Housing Associates, LLC (the Landlord), whose sole and managing member is DEVCO, pursuant to a Loan Agreement dated May 30, 2014, to finance the renovation of the Residential Estate to provide housing for graduate and undergraduate students. The Landlord is leasing the Property to the University pursuant to the Master Lease Agreement dated May 30, 2014. At the end of the term, title to the residential estate and its improvements will be transferred to the University upon payment of the outstanding amounts due on the Authority's notes and on the Developer's equity contribution.

Principal and interest payments applicable to the capital lease obligations are as follows (dollars in thousands):

Year	Principal	Interest	Total
2023	$ 7,805	$ 2,285	$ 10,090
2024	8,115	1,953	10,068
2025	8,495	1,601	10,096
2026	6,760	1,236	7,996
2027	1,280	920	2,200
2028-2031	28,475	3,265	31,740
Total	$ 60,930	$ 11,260	$ 72,190

Notes - New Jersey Infrastructure Bank

- **Busch Cogeneration Plant Upgrade**

On June 17, 2019, the university entered into a $37.0 million short-term construction loan with the New Jersey Infrastructure Bank (NJIB) to provide interim financing for the replacement of the power generating turbines and other related equipment in the existing Cogeneration Plant located on the Busch Campus. During fiscal year 2022, interest rate on the note varied from 0.07% to 0.348%. The note will mature on June 30, 2023. The university anticipates converting the note to a long-term bond issued by NJIB prior to its maturity. As of June 30, 2022, total draws from the short-term loan amounted to $29.7 million.

LEAP School Bond Financing Guaranty

In 2003, the Delaware River Port Authority issued $8.5 million of Charter School Project Bonds, Series 2003 (LEAP Academy University Charter School, Inc.) to finance the costs of the design, development, construction and equipping of the LEAP Academy University Charter School, which is adjacent to the Camden Campus. During fiscal year 2016, the New Jersey Economic Development Authority issued $10.0 million of Charter School Revenue Bonds, Series 2014 to refund, among others, in whole the Series 2003 Bonds. As part of the University's commitment to contributing to the community of the City of Camden, the University guarantees the payment of the principal and interest on the bonds through its maturity in 2028.

Bank Letter of Credit

As of June 30, 2022 and 2021, the University had a standby letter of credit with TD Bank, N.A. totaling to $2.2 million for general liability and workers compensation insurance purposes related to current construction projects. There were no draws against the letter of credit during these fiscal years.

Bank Line of Credit

In November 2021, the University entered into a $100.0 million loan agreement to provide a revolving line of credit for working capital. This loan agreement has an expiration date of November 10, 2024. As of June 30, 2022, no funds have been drawn against this agreement.

Defeased Bonds

The University has defeased various bonds with the proceeds of new debt or with University funds. The funds are deposited to an irrevocable escrow trust account for the payment of the principal, interest, and call premiums, if any, on the refunded bonds. The defeased bonds and the related trusts are not reflected in the accompanying financial statements. The following represents the defeased debt at June 30, 2022 and 2021 (dollars in thousands):

	Amount Defeased	Final Maturity/Call Date	Amount Outstanding at June 30, 2022	Amount Outstanding at June 30, 2021
General Obligation Refunding Bonds, 2013 Series J	$ 243,500	5/1/2023	$ 212,165	$ 212,165
General Obligation Bonds, 2013 Series L	309,635	5/1/2023	303,905	303,905
NJEDA General Obligation Lease Revenue Bonds, Series 2013	192,155	6/15/2023	192,155	192,155
Total	$ 745,290		$ 708,225	$ 708,225

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

The University has entered into various pay-fixed, receive-variable interest rate swaps in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain. These swaps are valued using a market approach that considers benchmark interest rates and, therefore, are classified in Level 2 of the fair value hierarchy.

During fiscal year 2021, due to volatility caused by the COVID-19 pandemic, the University redeemed and limited the use of its commercial paper program. The reduction in outstanding commercial paper debt impacted its hedging relationship with Swap #1 due to the lower average amount of variable-rate debt applicable to the outstanding notional amount of the swap. This impact resulted Swap #1 becoming ineffective and therefore hedge accounting will no longer be applied for Swap #1 beginning in fiscal year 2021, and for the remaining life of this swap pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). The total deferred outflows of resources as of the beginning of fiscal year 2021 for Swap #1 was $55.3 million and is reported in the statement of revenue, expenses and changes in net position as a decrease upon hedge termination. In addition, the change in the fair value for Swap #1 will be reported in the statement of revenue, expenses and changes in net position each year as an increase or decrease in the fair value of the Swaps. As of June 30, 2022, the increase in fair value for Swap #1 is $24.9 million ($18.9 million in 2021).

For the years ended June 30, 2022 and 2021, the University had two derivative instruments outstanding (dollars in thousands):

Swap #	Type	Objective	Notional Amount 2022	Notional Amount 2021	Effective Date	Termination Date	Terms	Counterparty Credit Rating (Moody's/S&P)	Fair Value 2022	Fair Value 2021	Change in Fair Value from 2021
1	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Obligation Bond and General Obligation Commercial Paper	$100,000	$100,000	5/1/2008	11/1/2038	Pay fixed 4.080%, receive 100% of 3-Month LIBOR	Aa3/AA	($11,449)	($36,367)	$24,918
2	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Obligation Bond	6,395	7,485	5/1/2007	5/1/2027	Pay fixed 3.824%, receive SIFMA swap index	Aa2/AA–	(517)	(978)	461
			$106,395	$107,485					($11,966)	($37,345)	$25,379

Risk
The use of derivatives may introduce certain risks for the University, including the following:

Credit Risk:
As of June 30, 2022 and 2021, the University was not exposed to credit risk with its swap counterparties because all of the swaps had negative fair values.

To mitigate credit risk, the University and the counterparties require the posting of collateral based on their respective credit rating. The amount of (i.e., value of) such collateral shall equal the market value of the swap in excess of the applicable collateral threshold based on the rating of such counterparty at such time. During fiscal year 2022, the collateral threshold was amended for Swap #1. The table below shows when collateralization would be required or triggered.

	2022		2021
	Swap #1	Swap #2	Swap #1 and #2
Ratings by Moody's and S&P	Collateral Threshold	Collateral Threshold	Collateral Threshold
Aaa/AAA	Infinite	Infinite	Infinite
Aa3/AA–	Infinite	Infinite	Infinite
A1/A+	$35.0 million	$20.0 million	$20.0 million
A2/A	$10.0 million	$10.0 million	$10.0 million
A3/A–	$10.0 million	$10.0 million	$10.0 million
Baa1/BBB+	$5.0 million	$5.0 million	$5.0 million
Baa2/BBB	$5.0 million	$5.0 million	$5.0 million
Baa3/BBB–	Zero	Zero	Zero
Below Baa3/BBB– or not rated	Zero	Zero	Zero

As of June 30, 2022 and 2021, the University's credit ratings by Moody's and S&P was Aa3 and A+, respectively. As of June 30, 2022, the university was not required to post collateral ($17.8 million in collateral was posted in 2021).

Basis Risk:
There is a risk that the variable payment received on interest rate swaps will not match the variable payment on the bonds or commercial paper. This risk is known as basis risk. Swaps have basis risk because the interest rates on the bonds and commercial paper are reset periodically by the remarketing agent or commercial paper dealer and may not exactly match the variable receipt on the interest rate swaps, which are based on a percentage of either LIBOR or SIFMA indexes.

Rollover Risk:
The University is exposed to rollover risk on swaps only if the counterparty exercises its termination option, in which case the University will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Termination Risk:
The University or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

NOTE 13 – COMMITMENTS

At June 30, 2022, the estimated cost of capital projects under construction and/or in the design stage with approved sources of funding, aggregated approximately $530.5 million ($505.0 million in 2021). The additional funding required at June 30, 2022 reflects amounts for completion and will be received over several years. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	Total Project Funding		
	Received at June 30, 2022	Additional Funding Required at June 30, 2022	Estimated Total Cost
Borrowing	$ 50,963	$ 149,041	$ 200,004
State	8,622	3,553	12,175
Gifts and Other Sources	244,556	73,805	318,361
Total	$ 304,141	$ 226,399	$ 530,540

NOTE 14 – NATURAL EXPENSES BY FUNCTIONAL CLASSIFICATION

The University reports operating expenses by natural classification. Details of these expenses by functional classification at June 30, 2022 and 2021, are as follows (dollars in thousands):

	2022	2021
Instruction	$ 944,975	$ 931,483
Research	565,325	496,353
Extension and Public Service	216,276	298,007
Academic Support	458,441	418,306
Student Services	136,772	128,080
Operations and Maintenance of Plant	246,829	213,243
General Administration and Institutional	274,271	238,349
Scholarships and Fellowships	213,610	162,861
Depreciation / Amortization	216,873	216,137
Patient Care Services	799,424	800,410
Auxiliary Enterprises	281,210	161,491
OPEB Expenses	41,757	76,691
Total Operating Expenses	$ 4,395,763	$ 4,141,411

NOTE 15 - EMPLOYEE BENEFITS

Retirement Plans

The University has primarily three retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, State of New Jersey Police and Firemen's Retirement System, and the Alternate Benefit Program. Under these plans, participants make annual contributions, and the State of New Jersey makes employer contributions on behalf of the University for these Plans. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University is charged for contributions on behalf of employees through a fringe benefits charge assessed by the State, which is included within the state paid fringe benefits in the accompanying statement of revenues, expenses, and changes in net position. Summary information regarding these plans is provided below.

Public Employees Retirement System (PERS)

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 Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Annual Report, which can be found at **http://www.nj.gov/treasury/pensions/financial-reports.shtml.**

Benefits — 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.

Contributions — The member contribution rate at June 30, 2022 and 2021 was 7.5% of pensionable wages. The State contributes the remaining amounts necessary to pay benefits when due. 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. A contribution on behalf of the University is included within the State's contribution. The contribution requirements of the plan members and the University are established and may be amended by the State.

The State issues publicly available financial reports that include financial statements and required supplementary information for PERS. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Report, which can be found at **http://www.nj.gov/treasury/pensions/financial-reports.shtml**.

Benefits – The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

Contributions – The 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. A contribution on behalf of the University is included within the State's contribution. The active member contribution rate was 10.0% of annual compensation during fiscal years 2022 and 2021.

Net Pension Liability, Deferred Amounts Related to Pensions and Pension Expense

The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to PERS and PFRS are calculated by the Division. At June 30, 2022, the University reported a liability of $1,468.8 million and $83.8 million for PERS and PFRS, respectively ($1,576.1 million and $90.6 million for PERS and PFRS, respectively, in 2021), for its proportionate share of the respective PERS' and PFRS' net pension liabilities. 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, for both PERS and PFRS. The total pension liability used to calculate the net pension liability at June 30, 2021, was determined by an actuarial valuation as of July 1, 2019, and rolled forward to the measurement date of June 30, 2020, for both PERS and PFRS. The University's proportionate share of the respective net pension liabilities for the fiscal year was based on actual contributions to PERS and PFRS on behalf of the University relative to the total contributions of participating state-group employers for each plan for fiscal 2021, which was 6.8% and 2.1% for PERS and PFRS, respectively (7.1% and 2.1%, respectively, in 2020). The University's proportionate share of the respective net pension liabilities for the plan was 4.4% and 0.6% for PERS and PFRS, respectively (4.1% and 0.5%, respectively in 2020).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS' and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, 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.

The June 30, 2021 and 2020 measurement of the net pension liability for PERS and PFRS used the following actuarial assumptions:

	2021	
	PERS	PFRS
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	2.75%
Salary Increases:		
Through 2026	2.00–6.00% based on years of service	-
Thereafter	3.00–7.00% based on years of service	-
Salary Increases:	-	3.25–15.25% based on years of service
Investment rate of return	7.00%	7.00%

	2020	
	PERS	PFRS
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00–6.00% based on years of service	3.25–15.25% based on years of service
Thereafter	3.00–7.00% based on years of service	3.25–15.25% based on years of service
Investment rate of return	7.00%	7.00%

In 2021 and 2020, pre-retirement mortality rates for PERS were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021 for 2021 and MP-2020 for 2020.

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

In 2020 pre-retirement mortality rates for PFRS were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 for PERS, and July 1, 2013 to June 30, 2018 for PFRS.

Long-Term Expected Rate of Return — The long-term expected rate of return on pension plan investments (7.00% at June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 PERS' and PFRS' target asset allocation as of June 30, 2021 and June 30, 2020 are summarized in the following tables:

	2021	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Risk Mitigation Strategies	3.00%	3.35%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

	2020	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Risk Mitigation Strategies	3.00%	3.40%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate — The discount rate used to measure the total pension liability for PERS and PFRS was 7.00% as of June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% in 2021 (78% in 2020) of the actuarially determined contributions from the State employer. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Change in Assumptions — For the valuation used in the measurement of the net pension liability for PERS and PFRS as of June 30, 2021, the discount rate and the long-term expected rate of return remained at 7.00%. For the valuation used in the measurement of the net pension liability for PERS as of June 30, 2020, the discount rate increased 0.72% to 7.00% while the long-term expected rate of return remained at 7.00%. For the valuation used in the measurement of the net pension liability for PFRS as of June 30, 2020, the discount rate increased 0.15% to 7.00% while the long-term expected rate of return remained at 7.00%.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate — The following presents the collective net pension liability of the University, measured as of June 30, 2021 and 2020, respectively, 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 (dollars in thousands):

	2021		
	At 1% Decrease	At Current Discount Rate	At 1% Increase
PERS (6.00%, 7.00%, 8.00%, respectively)	$1,685,811	$1,468,833	$1,285,248
PFRS (6.00%, 7.00%, 8.00%, respectively)	98,138	83,848	71,952
Total	$1,783,949	$1,552,681	$1,357,200

	2020		
	At 1% Decrease	At Current Discount Rate	At 1% Increase
PERS (6.00%, 7.00%, 8.00%, respectively)	$1,798,026	$1,576,069	$1,388,303
PFRS (6.00%, 7.00%, 8.00%, respectively)	105,314	90,569	78,326
Total	$1,903,340	$1,666,638	$1,466,629

Deferred Outflows of Resources and Deferred Inflows of Resources — The following presents a summary of the deferred outflows of resources and deferred inflows of resources reported at June 30, 2022 and 2021 (dollars in thousands):

2022	PERS	PFRS	Total
Deferred Outflows of Resources			
Changes of Assumptions	$2,997	$112	$3,109
Changes in Proportionate Share	39,965	11,181	51,146
Difference Between Expected and Actual Experience	35,699	-	35,699
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Contributions Subsequent to Measurement Date	116,998	12,567	129,565
Total	$195,659	$23,860	$219,519
Deferred Inflows of Resources			
Changes of Assumptions	$208,175	$6,652	$214,827
Changes in Proportionate Share	64,855	2,717	67,572
Difference Between Expected and Actual Experience	5,075	3,022	8,097
Difference Between Projected and Actual Earnings on Pension Plan Investments	46,195	2,180	48,375
Total	$324,300	$14,571	$338,871

2021	PERS	PFRS	Total
Deferred Outflows of Resources			
Changes of Assumptions	$26,294	$66	$26,360
Changes in Proportionate Share	63,273	15,431	78,704
Difference Between Expected and Actual Experience	41,435	-	41,435
Difference Between Projected and Actual Earnings on Pension Plan Investments	17,886	2,195	20,081
Contributions Subsequent to Measurement Date	80,047	9,176	89,223
Total	$228,935	$26,868	$255,803
Deferred Inflows of Resources			
Changes of Assumptions	$354,854	$10,753	$365,607
Changes in Proportionate Share	4,742	2,772	7,514
Difference Between Expected and Actual Experience	8,493	1,579	10,072
Total	$368,089	$15,104	$383,193

Included in deferred outflows of resources related to pensions is $129.6 million and $89.2 million on June 30, 2022 and 2021 respectively, from contributions made on behalf of the University subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Years Ending June 30	PERS	PFRS	Total
2023	($100,982)	($1,358)	($102,340)
2024	(65,926)	(325)	(65,601)
2025	(45,822)	(671)	(46,493)
2026	(31,293)	(752)	(32,045)
2027	(1,616)	(703)	(2,319)
Thereafter	-	(119)	(119)
Total	($245,639)	($3,278)	($248,917)

Annual Pension Expense – The University's annual pension expense for PERS and PFRS for the year ended June 30, 2022, was approximately $7.9 million and $4.9 million, respectively ($90.8 million and $7.3 million, respectively, in 2021).

Alternate Benefit Program (ABP)

Plan Description – ABP is an employer defined contribution State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2022 and 2021 was $1,299.6 million and $1,293.8 million, respectively.

Faculty, part-time lecturers, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in ABP.

Contributions – The employee mandatory contribution rate for ABP is 5.0% of base salary and is matched by the State at 8.0% of base salary. Contributions can be invested with up to seven investment carriers available under the plan for fiscal year 2022. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. Employer contributions for the years ended June 30, 2022 and 2021 were $104.1 million and $104.1 million, respectively. Employee contributions for the years ended June 30, 2022 and 2021 were $70.4 million and $69.3 million, respectively.

Effective July 1, 2018, Governor Murphy signed Chapter 14, P.L. 2018 into law, which set the annual salaries of cabinet members in New Jersey at $175,000. Chapter 31, P.L. 2010 sets the allowed employer contributions to the Alternate Benefits Program (ABP) for salaries up to the maximum salary of cabinet member, which is $175,000. In response to this State imposed limit, the University established the Alternate Benefits Program and Trust. Through this program, the University continues to make the full 8% employer ABP contributions for salaries in excess of $175,000, up to the Federal IRC Annual Compensation limit of $290,000 for calendar year 2021 and $305,000 for calendar year 2022.

Other Retirement Plans

The University has a small number of employees enrolled in two Federal retirement plans, the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). Both plans are defined benefit plans and cover the University's police and selected positions related to the University's Cook College/New Jersey Agricultural Experiment Station (CSRS or FERS). The University also has a small number of employees enrolled in the Defined Contribution Retirement Program (DCRP). The DCRP was established under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees who are ineligible for PERS and PFRS, because the hours of work are fewer than those required for PERS and PFRS membership, are eligible for enrollment in the DCRP provided the annual salary is $5,000 or higher. Employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary (indexed annually) for PERS Membership but who earn a salary of at least $5,000 annually, are eligible to enroll in the DCRP. Eligible employees contribute 5.5% of base salary and the employer match is 3% of base salary. Participation in all of these plans is limited with the associated amount of employee and employer contribution totaling $0.4 million.

Employees can also make voluntary contributions to two optional State of New Jersey tax-deferred investment plans, the Supplemental Annuity Collective Trust (SACT) and the Additional Contributions Tax Sheltered (ACTS) programs. Both plans are subject to limits within the Internal Revenue Code.

Deferred Compensation Plan

University employees with membership in PERS, ABP or PFRS are eligible to participate in the New Jersey State Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to elect pre-tax and/or after-tax Roth contributions to invest a portion of their base salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Prudential Financial. The plan does not include any matching employer (State) contributions. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights, are held in trust by the State for the exclusive benefit of the participating employees and their beneficiaries.

Postemployment Benefits Other Than Pension

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

Plan description, including benefits provided - The Plan is a single-employer defined benefit 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 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: PERS, ABP or PFRS. In addition, N.J.S.A. 52-14-17.26 provides that for purposes of the Plan, an employee of the University shall be deemed to be an employee of the State. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB 75.

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

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

Total OPEB Liability and OPEB Expense

As of June 30, 2022, the State recorded a liability of $3,637.4 million ($4,375.3 million in 2021), which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members (active and retired) to the total members of the Plan. At June 30, 2022, the University's share was 53.5% (54.7% in 2021), and 14.6% (15.5% in 2021) of the special funding situation of the Plan, respectively.

For the year ended June 30, 2022, the University recognized OPEB expense of $41.8 million ($76.7 million in 2021). As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of $41.8 million ($76.7 million in 2021).

Actuarial assumptions and other inputs – The State's liability associated with the University at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. The State's liability associated with the University at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. The valuation used the following assumptions:

	2021	2020
Inflation Rate	2.50%	2.50%
Discount Rate	2.16%	2.21%
Salary Increases:		
Through 2026	1.55 – 15.25%	1.55 – 15.25%
Thereafter	2.75 – 7.00%	2.75 – 7.00%

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

The June 30, 2021 preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Future disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees' mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

Health Care Trend Assumptions – For the June 30, 2021 pre-Medicare medical benefits, the trend is initially 5.7%, decreasing to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.8% in fiscal year 2024, increasing to 13.8% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.0% in fiscal year 2024, increasing to 15.5% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.8% decreasing to a 4.5% long-term trend rate after seven years.

For the June 30, 2020 pre-Medicare medical benefits, the trend is initially 5.6%, decreasing to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.8% and 18.5%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

NOTE 16 - COMPENSATED ABSENCES

The University accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences (i.e. unused vacation, sick leave, and paid leave bank days attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee) is accrued as employees earn the rights to the benefits.

The University recorded a liability for accumulated vacation time in the amount of $64.7 million at June 30, 2022 ($61.7 million in 2021). The liability is calculated based upon employees' accrued vacation time as of the statement of net position date and is recorded in accounts payable and accrued expenses in the accompanying statements of net position.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payout to retirees for unused accumulated sick time is calculated at the lesser of ½ the value of earned time or $15,000. Employees separating from the University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University recorded a liability for accumulated sick leave balances in the amount of $19.3 million at June 30, 2022 ($18.5 million in 2021), which is included in other noncurrent liabilities in the accompanying statements of net position.

The University also recorded a liability for paid leave bank days in the amount of $2.2 million at June 30, 2022 ($2.8 million in 2021), which is included in other noncurrent liabilities in the accompanying statement of net position. Employees began using these days on July 1, 2010, and may continue for the duration of employment with the University. Once these days are exhausted, the employee will not be eligible for any additional days.

NOTE 17 - RISK MANAGEMENT

In 1980, the University, jointly with 15 other higher education institutions, established Genesis Ltd. (Genesis), a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda. Genesis, a Captive Reinsurance Company, was formed to reinsure general liability, professional liability, and automobile liability risks of its shareholders.

In 2004, the University and its 15 partners formed a Vermont Reciprocal Risk Retention Group, Pinnacle Consortium of Higher Education (Pinnacle), to enhance and support the insurance programs and provide fronting services for Genesis. The primary purpose of this second alternate risk funding company was to reduce costs, reduce collateral requirements for Genesis and provide the flexibility to conduct business in the U.S. The insurance policies have deductibles that vary by policy, the most significant of which provides for the payment of general liability claims.

Effective January 1, 2016, in order to eliminate certain redundancies and gain further operational efficiency, the Shareholders and Subscribers of Genesis and Pinnacle, respectively, consolidated the insurance operations into Pinnacle in a two-step process by: discontinuing Genesis in Bermuda, and, immediately merging it into Pinnacle, with Pinnacle remaining as the surviving entity. Pinnacle assumed all of Genesis' obligations as reinsurer of Pinnacle, and is holding all of the assets previously held by Genesis to support such obligations. Going forward, Pinnacle will retain all of the risk that previously was ceded to Genesis.

The University is self-insured for workers' compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total projected liability at June 30, 2022, for these items is $36.2 million ($41.8 million in 2021). The reserve balance recorded at June 30, 2022 is $59.6 million. This amount includes $30.6 million of invested reserves at June 30, 2022 ($32.8 million in 2021). The University also maintains an uninvested balance of $29.0 million at June 30, 2022 ($29.0 million in 2021).

The University participates in the State's Medical Malpractice Self-Insurance Fund (the Fund), which is used to pay malpractice claims and insurance premiums for the University. The contributions made during the current fiscal year by the University and its affiliate hospitals, Department of Corrections (DOC), and faculty practice plans are equal to the amount established in memoranda agreements between the Department of the Treasury and the University. If the contributions are insufficient to pay claims expenditures, the State's General Fund will be used to pay remaining claims.

Payment of claims from the Fund totaled $21.2 million in 2022 ($10.5 million in 2021). Contributions to the Fund from the State totaled $10.7 million in 2022 ($1.2 million in 2021), while contributions from RBHS affiliates, DOC, and faculty practice plans totaled $10.5 million in 2022 ($9.3 million in 2021).

The University has accrued expenses for deductibles and IBNR liabilities in the statement of net position. The accrued expenses are based on estimates by management and third-party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims.

NOTE 18 – IMPACT OF COVID-19

As a result of the coronavirus pandemic (COVID-19), the University has been awarded $373.0 million in grants since fiscal year 2020 and expendable through September 2023 to defray institutional expenses and provide emergency aid to eligible students.

Higher Education Emergency Relief Fund

In fiscal year 2020, the University received an allocation from the Higher Education Emergency Relief Fund (HEERF I) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of $55.1 million, which included $27.1 million to provide emergency aid to eligible students and $27.1 million to mitigate the financial losses associated with COVID-19 disruptions to the University. In addition, Rutgers University Newark was awarded another $0.9 million as a Minority Serving Institution (MSI). As of June 30, 2022, all of the MSI funds have been expended. As of June 30, 2021 all the HEERF I money had been expended with $0.6 million of MSI funds unspent.

Higher Education Emergency Relief Fund II

The Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), and signed into law on Dec. 27, 2020. In total, the University was awarded $85.3 million which represented $56.9 million to defray institutional expenses associated with coronavirus, $27.1 million to provide emergency aid to eligible students and $1.4 million for MSI. As of June 30, 2022, $0.2 million was included in unearned revenues in the 2022 statement of net position related to the institutional portion. As of June 30, 2022, all of the student and MSI portions have been expended. As of June 30, 2021, $57.0 million was included in unearned revenues in the 2021 statement of net position, $51.7 million related to the institutional portion, $3.9 million related to the student portion and $1.4 million related to MSI.

Higher Education Emergency Relief Fund III

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), and signed into law on March 11, 2021. The University has been awarded $150.1 million representing $73.6 million for institutional expenses, $74.2 million for financial aid to eligible students and $2.3 million for MSI. As of June 30, 2022, $9.7 million was unspent related to the institutional portion. As of June 30, 2022, all of the student and MSI portions have been expended. These awards had not been drawn and did not impact the fiscal year 2021 statement of net position.

Governor's Emergency Education Relief Fund

Funding from the U.S. Department of Education through the Governor's Emergency Education Relief Fund (GEERF) provided governors flexibility through an emergency block grant to decide how best to meet the needs of students, schools, postsecondary institutions and other education-related organizations in their states. Institutions can use the GEERF funds to support students and faculty for continuity of operations during the period of disruption caused by the COVID-19 pandemic. The total allocation for the University of GEERF was $22.4 million with $2.8 unspent and $2.6 million in unearned revenues in the 2022 statement of net position. The total allocation for the University of (GEERF) was $19.2 million and $1.5 million remained unspent and in unearned revenue in the 2021 statement of net position.

Coronavirus Relief Funds I

The State of New Jersey has received federal funding through the CARES Act. In August of 2020, a total of $150 million in Coronavirus Relief Funds (CRF) was allocated to assist New Jersey's public and private institutions of higher education in offsetting costs incurred as a result of the ongoing COVID-19 pandemic. The University was awarded $44.0 million of that total. The entire award was drawn and used for expenditures in fiscal year 2021.

Coronavirus Relief Funds II

In November of 2020, the State of New Jersey announced an additional $75.0 million in CRF II. CRF II is not education-specific but is meant to help offset costs incurred as a result of the ongoing COVID-19 pandemic. The University was awarded $16.1 million of that total. The entire award was drawn and used for expenditures in fiscal year 2021.

There continues to be significant uncertainty around the breadth and duration of business disruptions related to COVID-19 as well as its impact on the U.S. and international economies. As such, the University is unable to determine if it will have a material impact to its financial statements in the future.

NOTE 19 - CONTINGENCIES

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

The University receives funds from federal, state, and private agencies under grants and contracts for research, training, and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is the University's belief that any disallowances or adjustments would not have a significant effect on the University's financial statements.

NOTE 20 – BLENDED COMPONENT UNIT – RUTGERS HEALTH GROUP

As indicated in the Summary of Significant Accounting and Reporting Policies in Note 1, the University consolidates Rutgers Health Group (RHG) in a blended presentation. Condensed RHG financial information for the years ended June 30, 2022 and 2021 is as follows.

CONDENSED STATEMENT OF NET POSITION
June 30, 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers, The State University of New Jersey (Total)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current Assets	$ 914,634	$ 428,449	$ 1,343,083
Current Assets-Due from RHG/(to) Rutgers	470,633	(470,633)	-
Capital Assets, Net	3,935,984	28,848	3,964,832
Other Noncurrent Assets	2,260,986	-	2,260,986
Deferred Outflows	200,038	109,564	309,602
TOTAL ASSETS AND DEFERRED OUTFLOWS	7,782,275	96,228	7,878,503
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current Liabilities	781,661	81,794	863,455
Non Current Liabilities	3,411,666	371,464	3,783,130
Deferred Inflows	483,617	90,763	574,380
TOTAL LIABILITIES AND DEFERRED INFLOWS	4,676,944	544,021	5,220,965
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	1,825,409	3,614	1,829,023
Restricted for			
Nonexpendable	904,407	27	904,434
Expendable	688,846	21,244	710,090
Net Unrestricted	(313,331)	(472,678)	(786,009)
TOTAL NET POSITION/(DEFICIT)	$ 3,105,331	$ (447,793)	$ 2,657,538

CONDENSED STATEMENT OF NET POSITION
June 30, 2021
(dollars in thousands)

	Rutgers,The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers,The State University of New Jersey (Total)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current Assets	$ 1,104,512	$ 253,787	$ 1,358,299
Current Assets-Due from RHG/(to) Rutgers	274,690	(274,690)	-
Capital Assets, Net	4,011,501	31,134	4,042,635
Other Noncurrent Assets	2,294,217	-	2,294,217
Deferred Outflows	278,428	76,073	354,501
TOTAL ASSETS AND DEFERRED OUTFLOWS	7,963,348	86,304	8,049,652
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current Liabilities	716,655	95,090	811,745
Non Current Liabilities	3,769,278	351,325	4,120,603
Deferred Inflows	495,768	100,529	596,297
TOTAL LIABILITIES AND DEFERRED INFLOWS	4,981,701	546,944	5,528,645
NET POSITION (DEFICIT):			
Net Investment in Capital Assets	1,814,691	4,435	1,819,126
Restricted for			
Nonexpendable	977,936	-	977,936
Expendable	683,173	11,947	695,120
Net Unrestricted	(494,153)	(477,022)	(971,175)
TOTAL NET POSITION/(DEFICIT)	$ 2,981,647	$ (460,640)	$ 2,521,007

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers, The State University of New Jersey (Total)
OPERATING REVENUES			
Student Tuition and Fees (net of scholarship allowances)	$ 1,077,165	$ -	$ 1,077,165
Grants and Contracts	648,108	59,094	707,202
Auxiliary Enterprises (net of scholarship allowances)	263,899	-	263,899
Net Patient Service Revenues	23,404	212,859	236,263
Health Service Contract Revenues	173,925	600,033	773,958
Other Operating Revenues	119,324	103	119,427
Total Operating Revenues	2,305,825	872,089	3,177,914
OPERATING EXPENSES			
Operating Expenses, excluding depreciation and OPEB Expense	3,304,996	832,137	4,137,133
Depreciation/Amortization Expense	209,409	7,464	216,873
OPEB Expense	34,511	7,246	41,757
Cost Pool	(92,906)	92,906	-
Total Operating Expenses	3,456,010	939,753	4,395,763
Operating loss	(1,150,185)	(67,664)	(1,217,849)
NON-OPERATING REVENUES/(EXPENSES)			
State Appropriations (including fringe benefits paid directly by the State)	834,214	112,002	946,216
OPEB Paid by the State	34,511	7,246	41,757
Contributions	47,338	951	48,289
Endowment and Investment Income	33,324	-	33,324
Net Decrease in Fair Value of Investments	(131,758)	-	(131,758)
Increase in Fair Value of Swaps	24,918	-	24,918
COVID Relief Funds	199,918	-	199,918
Governmental Student Aid	219,576	-	219,576
Interest on Capital Asset Related Debt	(95,611)	(199)	(95,810)
Loss on Disposal of Capital Assets	(1,371)	(2)	(1,373)
Net Other Non-Operating Revenues	18,033	1,464	19,497
Net Non-Operating Revenue	1,183,092	121,462	1,304,554
Gain Before Other Revenues	32,907	53,798	86,705
Other Revenues	49,826	-	49,826
Transfers From/(To) the University	40,951	(40,951)	-
Increase in Net Position	123,684	12,847	136,531
Net Position Surplus/(Deficit) at Beginning of Year	2,981,647	(460,640)	2,521,007
Net Position Surplus/(Deficit) at End of Year	$ 3,105,331	$ (447,793)	$ 2,657,538

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers, The State University of New Jersey (Total)
OPERATING REVENUES			
Student Tuition and Fees (net of scholarship allowances)	$ 1,033,775	$ -	$ 1,033,775
Grants and Contracts	616,020	55,078	671,098
Auxiliary Enterprises (net of scholarship allowances)	79,555	-	79,555
Net Patient Service Revenues	22,867	230,913	253,780
Health Service Contract Revenues	168,271	542,226	710,497
Other Operating Revenues	149,550	227	149,777
Total Operating Revenues	2,070,038	828,444	2,898,482
OPERATING EXPENSES			
Operating Expenses, excluding depreciation and OPEB Expense	3,025,629	822,954	3,848,583
Depreciation/Amortization Expense	208,815	7,322	216,137
OPEB Expense	63,081	13,610	76,691
Cost Pool	(85,806)	85,806	-
Total Operating Expenses	3,211,719	929,692	4,141,411
Operating loss	(1,141,681)	(101,248)	(1,242,929)
NON-OPERATING REVENUES/(EXPENSES)			
State Appropriations (including fringe benefits paid directly by the State)	755,773	114,220	869,993
OPEB Paid by the State	63,081	13,610	76,691
Contributions	49,062	572	49,634
Endowment and Investment Income	24,937	-	24,937
Decrease Upon Hedge Termination	(55,263)	-	(55,263)
Net Increase in Fair Value of Investments	442,976	-	442,976
Increase in Fair Value of Swaps	18,896	-	18,896
COVID Relief Funds	135,388	-	135,388
Governmental Student Aid	223,105	-	223,105
Interest on Capital Asset Related Debt	(94,389)	(197)	(94,586)
Gain/(Loss) on Disposal of Capital Assets	19,412	(136)	19,276
Net Other Non-Operating Revenues	21,356	163	21,519
Net Non-Operating Revenue	1,604,334	128,232	1,732,566
Gain Before Other Revenues	462,653	26,984	489,637
Other Revenues	46,689	-	46,689
Transfers From/(To) the University	46,853	(46,853)	-
Increase/(Decrease) in Net Position	556,195	(19,869)	536,326
Net Position Surplus/(Deficit) at Beginning of Year	2,425,452	(440,771)	1,984,681
Net Position Surplus/(Deficit) at End of Year	$ 2,981,647	$ (460,640)	$ 2,521,007

CONDENSED STATEMENT OF CASH FLOWS
Year ended June 30, 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers, The State University of New Jersey (Total)
Net Cash Flows from Operating Activities	$ (742,436)	$ (17,794)	$ (760,230)
Net Cash Flows from Noncapital Financing Activities	890,783	20,634	911,417
Net Cash Flows from Financing Activities	(281,918)	(2,830)	(284,748)
Net Cash Flows from Investing Activities	(89,077)	-	(89,077)
Net Increase/(Decrease) in Cash and Cash Equivalents	(222,648)	10	(222,638)
Cash and Cash Equivalents - Beginning of the Year	693,543	16	693,559
Cash and Cash Equivalents - End of the Year	$ 470,895	$ 26	$ 470,921

CONDENSED STATEMENT OF CASH FLOWS
Year ended June 30, 2021
(dollars in thousands)

	Rutgers, The State University of New Jersey (Excludes RHG)	Rutgers Health Group	Rutgers, The State University of New Jersey (Total)
Net Cash Flows from Operating Activities	$ (535,702)	$ (11,655)	$ (547,357)
Net Cash Flows from Noncapital Financing Activities	885,714	22,807	908,521
Net Cash Flows from Financing Activities	(263,456)	(11,152)	(274,608)
Net Cash Flows from Investing Activities	207,299	-	207,299
Net Increase/(Decrease) in Cash and Cash Equivalents	293,855	-	293,855
Cash and Cash Equivalents - Beginning of the Year	399,688	16	399,704
Cash and Cash Equivalents - End of the Year	$ 693,543	$ 16	$ 693,559

NOTE 21 - COMPONENT UNIT - RUTGERS UNIVERSITY FOUNDATION

Cash, Cash Equivalents, and Investments

The Foundation's cash and cash equivalents consist of the following as of June 30, 2022 and 2021 (dollars in thousands):

	2022	2021
Money Market Account	$ 601	$ 605
Cash and Deposits	9,385	6,114
	$ 9,986	$ 6,719

The Board of Directors, through its Investment Committee, has authority over the investment of Foundation funds. Professional investment managers are engaged by the Foundation to buy, sell, invest, and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

Fair Value Measurement

The Foundation's investments at June 30, 2022 are summarized in the following table by their fair value hierarchy (dollars in thousands):

	2022			
	Investments by Fair Value Level			
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 285	$ 285	$ –	$ –
Corporate Bonds	56	49	7	–
Mortgage-backed Securities	1	1	–	–
Preferred Stock	68	55	12	1
Fixed Income Mutual Funds	5,830	5,830	–	–
Equity Securities	5,564	5,564	–	–
International Equity Securities	1,559	1,559	–	–
Money Market Mutual Funds	10,402	10,402	–	–
Real Estate	1,179	–	1,179	–
Marketable Donated Goods	250	–	250	–
Privately Held Securities	60	–	–	60
	$ 25,254	$ 23,745	$ 1,448	$ 61

The Foundation's investments at June 30, 2021 are summarized in the following table by their fair value hierarchy (dollars in thousands):

	2021			
	Investments by Fair Value Level			
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 263	$ 263	$ –	$ –
Corporate Bonds	55	45	10	–
Mortgage-backed Securities	1	1	–	–
Preferred Stock	93	65	15	13
Fixed Income Mutual Funds	7,868	7,868	–	–
Equity Securities	7,601	7,601	–	–
International Equity Securities	1,906	1,906	–	–
Exchange Traded Funds	13	13	–	–
Money Market Mutual Funds	10,393	10,393	–	–
Real Estate	653	–	653	–
Marketable Donated Goods	250	–	250	–
Privately Held Securities	60	–	–	60
	$ 29,156	$ 28,155	$ 928	$ 73

The custodial credit risk associated with the Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by pledging financial institutions, or by its trust department or agent, but not in the Foundation's name. As of June 30, 2022, the amount on deposit with the banks was $9.2 million ($5.9 million in 2021). As of June 30, 2022, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling $0.3 million ($0.3 million in 2021). Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2022 and 2021, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – This is the risk associated with the amount of investments the Foundation has with any one issuer that exceed 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The Foundation limits concentration of risk by investing in several mutual funds diversified across investment approaches. The mutual funds are carefully selected and continuously monitored.

Credit Risk - The Foundation's investment policy states that individual bonds shall be rated investment grade by at least two recognized or authorized rating agencies (Moody's and Standard & Poor's). The average credit quality of the fixed income securities must be maintained at a Class "BBB/Baa" or higher as rated by both standard services (Moody's and Standard & Poor's). Up to 10% of the investment manager's portfolio may be invested in securities rated "BBB/Baa" or lower as rated by both standard services (Moody's and Standard & Poor's). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be "A/A" or better.

As of June 30, 2022 and 2021, the Foundation's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2022 Amount	2021 Amount
U.S. Treasury Securities	AA+	$ 285	$ 263
Corporate Bonds	A-	7	8
Corporate Bonds	BBB-	17	10
Corporate Bonds	BB+	32	37
Mortgage-backed Securities	AA+	1	1
Preferred Stock	A-	1	1
Preferred Stock	BBB-	12	15
Preferred Stock	Not Rated	55	77
Money Market Mutual Funds	AAA	10,402	10,393
Fixed Income Mutual Funds	Not Rated	5,830	7,868
Total		$ 16,642	$ 18,673

Interest Rate Risk –The Foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets.

The following table summarizes the maturities as of June 30, 2022 and 2021 (dollars in thousands):

		2022 Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Securities	$ 285	$ 127	$ 158	$ –	$ –
Mortgage-backed Securities	1	–	–	1	–
Corporate Bonds	56	12	37	7	–
Preferred Stock	68	1	55	–	12
Money Market Mutual Funds	10,402	10,402	–	–	–
Fixed Income Mutual Funds	5,830	–	4,302	1,528	–
Total	$ 16,642	$ 10,542	$ 4,552	$ 1,536	$ 12

		2021 Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Securities	$ 263	$ 105	$ 158	$ –	$ –
Mortgage-backed Securities	1	–	–	1	–
Corporate Bonds	55	–	34	8	13
Preferred Stock	93	42	51	–	–
Money Market Mutual Funds	10,393	10,393	–	–	–
Fixed Income Mutual Funds	7,868	–	5,457	2,230	181
Total	$ 18,673	$ 10,540	$ 5,700	$ 2,239	$ 194

Administrative Fees and Support from Rutgers, The State University of New Jersey

The Foundation's operations, including certain payroll taxes and benefits, the fair rental value of space occupied, and office furnishings used by the Foundation are supported extensively by the University for operating purposes. Funding sources for the year ended June 30, 2022 and 2021 were as follows (dollars in thousands):

	2022	2021
Administrative Fees and Support:		
Endowment Administrative Fee	$ 12,616	$ 11,744
University Support	15,279	13,386
	$ 27,895	$ 25,130
Noncash Support:		
Fair Rental Value of Space Occupied	$ 2,181	$ 1,397
University-Paid Payroll Taxes and Benefits	2,156	1,654
	4,337	3,051
Total	$ 32,232	$ 28,181

Assessment Fee Income

Prior to January 1, 2022, the Foundation charged an assessment fee on all new gifts and nongovernmental grants in order to further advancement efforts on behalf of Rutgers, the State University of New Jersey. On April 12, 2022, the University's Board of Governors approved a resolution to eliminate the assessment fee, with a retroactive application to January 1, 2022. For the years ended June 30, 2022 and 2021, assessment fees totaling $0.5 million and $4.4 million, respectively, were recorded.

Restricted Contributions Receivable

The anticipated receipt of contributions receivable as of June 30, 2022 and 2021, is as follows (dollars in thousands):

	2022	2021
Year Ending June 30:		
Within One Year	$ 71,955	$ 73,598
Two to Five Years	33,454	38,900
	105,409	112,498
Less Allowance for Uncollectible Contributions Receivable	(17,714)	(12,122)
	$ 87,695	$ 100,376

Contributions receivable related to permanent endowments and term endowments do not meet the eligibility requirements for recognition of GASB Statement No. 33 until received. This contribution receivable, which approximated $145.8 million as of June 30, 2022 ($129.2 million in 2021) has not been included in the accompanying financial statements.

University Receipts on Foundation Pledges

The Foundation records pledges receivable, and the associated gift income, for nonendowment related gifts and private grants based upon written commitments from these entities. From individual donors, the written support is primarily in the form of a fund agreement signed by both the donor(s) and the Foundation. Private grants obtained from private corporations and foundations are recorded upon confirmation of the grant award to the University via correspondence from the private organization. Payments on these pledges are not all received at the Foundation, as some payments are made directly to the University. Any payments made directly to the University are captured in the Foundation's Statements of Revenues, Expenses and Changes in Net Position as gift revenue as well as distributions to the University. The total of these payments to the University as of June 30, 2022 were $71.5 million ($16.6 million in 2021).

NOTE 22 – SUBSEQUENT EVENTS

On December 22, 2022, the university refinanced its $29.7 million short-term construction loan with NJIB with its participation in NJIB's issuance of its Series 2022A-2 (Green Bonds).

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedules of Employer Contributions*
For the Eight Years Ended June 30, 2022
(dollars in thousands)

Public Employees' Retirement System (PERS)	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$116,998	$80,047	$64,214	$55,817	$44,280	$28,964	$25,859	$14,888
Contributions in relation to the Contractually Required Contribution	$116,998	$80,047	$64,214	$55,817	$44,280	$28,964	$25,859	$14,888
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
University Employee Covered Payroll (as of Fiscal Year End)	$290,311	$287,794	$305,393	$298,101	$298,169	$294,177	$296,594	$294,526
Contributions as a percentage of Employee Covered Payroll	40.30%	27.81%	21.03%	18.72%	14.85%	9.85%	8.72%	5.05%

Police and Firemen's Retirement System (PFRS)	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$12,567	$9,176	$8,007	$6,220	$4,810	$3,069	$1,512	$1,298
Contributions in relation to the Contractually Required Contribution	$12,567	$9,176	$8,007	$6,220	$4,810	$3,069	$1,512	$1,298
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
University Employee Covered Payroll (as of Fiscal Year End)	$9,375	$9,414	$9,942	$9,716	$9,418	$8,932	$8,091	$8,466
Contributions as a percentage of Employee Covered Payroll	134.04%	97.47%	80.54%	64.02%	51.07%	34.36%	18.69%	15.33%

Schedules of Proportionate Share of the Net Pension Liability*
For the Eight Years Ended June 30, **2022**
(dollars in thousands)

Public Employees' Retirement System (PERS)	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	6.79%	7.09%	7.04%	6.96%	6.64%	6.72%	6.60%	6.42%
University Proportionate Share of the Net Pension Liability – Total Plan	4.37%	4.08%	3.94%	3.80%	3.48%	3.35%	3.39%	3.33%
University Proportionate Share of the Net Pension Liability	$1,468,833	$1,576,069	$1,620,535	$1,650,950	$1,703,499	$1,973,868	$1,566,143	$1,292,223
University Employee Covered-Payroll (for year ended as of measurement date)	$287,794	$305,393	$298,101	$298,169	$294,177	$296,594	$294,526	$299,132
University Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered-Payroll	510.38%	516.08%	543.62%	553.70%	579.07%	665.51%	531.75%	431.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.52%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%

Police and Firemen's Retirement System (PFRS)	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	2.06%	2.11%	1.93%	1.85%	1.57%	1.79%	1.76%	1.76%
University Proportionate Share of the Net Pension Liability – Total Plan	0.62%	0.47%	0.44%	0.41%	0.32%	0.33%	0.36%	0.36%
University Proportionate Share of the Net Pension Liability	$83,848	$90,569	$81,105	$80,230	$69,035	$84,109	$78,598	$62,433
University Employee Covered-Payroll (for year ended as of measurement date)	$9,414	$9,942	$9,716	$9,418	$8,932	$8,091	$8,466	$9,043
University Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered-Payroll	890.67%	910.97%	834.76%	851.88%	772.89%	1039.55%	928.40%	690.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.41%	58.78%	60.20%	57.91%	54.52%	48.55%	52.84%	58.86%

*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 as follows:

PERS
For 2021 and 2020 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. For 2019 the discount rate changed to 6.28%, the long-term rate remained at 7.00%, and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2018, the discount rate changed to 5.66% and the long-term expected rate of return remained at 7.00%. For 2017, the discount rate changed to 5.00% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98% and the long-term expected rate of return changed to 7.65% from 7.90%. For 2015, the discount rate changed to 4.90% from 5.39%.

PFRS
For 2021 and 2020 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. For 2019 the discount rate changed to 6.85%, the long-term rate remained at 7.00%, and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2018, the discount rate changed to 6.51% and the long-term expected rate of return remained at 7.00%. For 2017, the discount rate changed to 6.14% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55% and the long-term expected rate of return changed to 7.65% from 7.90%. For 2015, the discount rate changed to 5.79% from 6.32%.

Schedules of Proportionate Share of the Total OPEB Liability*
For the Five Years Ended June 30, 2022
(dollars in thousands)

	2022	2021	2020	2019	2018
University's proportion of the total OPEB liability	0%	0%	0%	0%	0%
University's proportionate share of the total OPEB liability	-	-	-	-	-
State of New Jersey's proportionate share of the total OPEB liability associated with the University	$3,637,366	$4,375,261	$3,145,049	$4,053,949	$4,702,301
Total OPEB liability	$3,637,366	$4,375,261	$3,145,049	$4,053,949	$4,702,301
University's covered-employee payroll	$1,501,919	$1,612,447	$1,856,707	$1,777,964	$1,558,444
University's proportionate share of the total OPEB liability as a percentage of the University's covered-employee payroll	0%	0%	0%	0%	0%

* Information provided for Required Supplementary Information will be provided for ten (10) years as 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 75.

Changes in assumptions – The significant changes in assumptions and the annual change in the discount rate are as follows:
For fiscal year 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021. For fiscal year 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020. For fiscal year 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 fiscal year 2019, the discount rate changed to 3.87% from 3.58%.

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