# Annual Comprehensive Financial Report

RUTGERS, THE STATE
UNIVERSITY OF NEW JERSEY

2020-2021

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 proud to offer some perspective to Rutgers University's Annual Comprehensive Financial Report for the fiscal year 2021.

Let me begin by noting that this year I am instituting a practice of making an annual budget address to the University Senate, taking another important step in providing transparency about university operations and engaging the Rutgers community more deeply into the budget process. This financial report will, of course, provide the basis for my presentation.

The past fiscal year—my first full year as president of Rutgers—was unavoidably shaped by our continuing response to the COVID-19 pandemic, which forced the university to conduct many of our operations remotely, including academic courses, administrative functions, admissions recruiting, university governance, public events, and much more. All the same, the university remained open and functioning, with patient care and other essential operations continuing uninterrupted throughout the pandemic.

I take pride in the Rutgers community for engaging the pandemic with intelligence, resolve, creativity, and compassion. Rutgers' staff and faculty unions worked diligently with the administration to arrive at agreements to navigate the fiscal emergency successfully in support of both the university and its dedicated employees. Our faculty and administration worked together to ensure that Rutgers' high standards of academic quality did not suffer in the transition to remote learning and, just as important, that our students were able to move toward a degree with minimal disruption. Our health care professionals—many of them on the front lines of the COVID-19 response—ensured that outstanding patient care continued to be provided and that the health and safety of all was a constant priority.

With enormous thanks to our elected officials at the state and federal levels, Rutgers was able to receive substantial COVID relief funding that enabled us to continue operating as effectively as possible and provide much-needed financial support to Rutgers students facing difficult personal circumstances. We also benefited from generous donors, particularly those who responded to the call to contribute to our Scarlet Promise Grants, which provide critical financial support for students who might not otherwise be able to continue their Rutgers education.

There is no question that Rutgers will continue to feel the effects of the COVID-19 pandemic in a multitude of ways, financial and otherwise, for years to come. But it is clear that prudent decision making, a spirit of shared sacrifice in difficult times, and creativity in serving the needs of our students, communities, and the wider society have put Rutgers in a stronger position to face and overcome the challenges that await us. For that I am 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.

Sincerely,

# Message from the Executive Vice President

**J. Michael Gower**

**Executive Vice President, University Finance and Administration**

**University Treasurer**

RUTGERS

It is my privilege to share with you the certified Annual Comprehensive Financial Report for fiscal year 2021 for Rutgers, The State University of New Jersey.

That the COVID-19 pandemic continues to transform the way we teach, learn, and engage with others throughout and beyond the institution is undeniable. Rutgers plays a crucial role in New Jersey by educating students, creating jobs, contributing billions to the economy, improving the health of our communities, and discovering solutions to real-world problems.

Our capacity to remain adaptable and innovative in our approach to fulfilling our university's mission as an academic and research powerhouse and statewide academic health leader is more critical now than ever before. Notwithstanding seemingly insurmountable challenges, such as a decline in enrollment and radical shifts in the workforce, we persist – together – to accomplish our financial stewardship goals in support of the university's threefold mission.

As one of the nation's leading public universities, our promise is to provide for the instructional needs of New Jersey's residents; conduct the innovative research that contributes to the medical, environmental, social, and cultural well-being of the state; and perform public service, including clinical care, in support of the needs of the residents of the state and its local, county, and state governments.

Highlights from fiscal year 2021 include:

- Rutgers placed a freeze on tuition rates and reduced campus fees by 15% for the nearly 71,000 students enrolled at the university due to the remote and hybrid class schedules for the 2020-2021 academic year.
- The university implemented discretionary spending guidance and a business intelligence dashboard to support purchasing decisions and manage spending without sacrificing quality or timeliness of goods and services that are needed to advance the university's mission.
- The university recognized a $443.0 million increase in the fair value of its investments in 2021. This was due in large part to the university endowment's 35% return. Endowment assets now stand at $2 billion.
- Rutgers sold the Rutgers University Cell and DNA Repository (RUCDR). Now operating as Sampled, the company remains closely affiliated with the university as it continues the development of an innovative COVID-19 saliva test and other products and services.
- Rutgers announced its plan to divest from fossil fuels and its intention to seek out investment opportunities in renewable energy and energy efficiency categories.
- Rutgers earned a spot in the top 7% of Best Global Universities issued by U.S. News and World Report, as #130 of 1,700.

- Rutgers received $907.9 million in research grants and sponsored programs.

- As of June 30, 2021, the university's financial condition improved with an increase in net position of $529.6 million, thanks in large part to the aforementioned endowment investment returns and unprecedented financial support of restricted and one-time funds from the state and federal governments for COVID relief.

Our progress this past year represents the commitment and innovation of our faculty, staff, researchers, students, and alumni to fulfilling the university mission. The pandemic taught us to navigate through new avenues of teaching, learning, and collaborating, as well as advancing in the medical field to combat the virus and support our community.

I encourage you to browse the following pages and read our annual comprehensive financial statements. I welcome questions, suggestions, and thoughts to improve the value of this report to the reader.

On behalf of University Finance and Administration, I am proud of our team, its dedication, and partnerships throughout the university during such an unpredictable year and have faith in our future despite significant headwinds.

J. Michael Gower

# Rutgers, By the Numbers

1

Rutgers, the State University of New Jersey, is among the most ethnically diverse campuses in the nation and the Big Ten with 66,000+ students from all 50 states and more than 130 countries.

2

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 300 research centers and institutes, Rutgers invests $736.8 million annually in research and development and $750.8 million in sponsored research grants.

3

As a top 25 public university in the United States, Rutgers offers more than 150 undergraduate majors and 400 graduate programs. Its 530,000+ alumni live in all 50 states and on six continents.

4

New Jersey's largest academic health center and patient care provider, Rutgers Health, has more than 1,300 health care professionals, 2.1 million annual patient visits to our faculty practices, centers, clinics, and institutes, and 470 clinical trials supported at any given time.

# Major Projects


5

The Barbara and Gary Rodkin Academic Success Center project transforms Rutgers Intercollegiate Athletics and provides complete academic services and an innovative learning environment to student athletes. This building centralized the Hale Center and Rutgers Athletic Center (RAC), men and women's soccer and lacrosse facilities, and the relocation of the Athletics administration. The building is approximately 80,000 square feet on three floors.

6

The Honors Living Learning Community (HLLC) will house approximately 400 diverse undergraduate students including, but not limited to, veterans, older students, transfer students, and first generation college students. The 155,000 gross square foot, five-story building located within the James Street Common Historic District will include academic spaces, student support functions, HLLC department offices, long-term bicycle storage, parking for 322 vehicles, and 20,000 square feet for retail establishments.

7

In addition, as of June 30, 2021, the university had various projects under construction or in the design stage. Significant projects include:

- Rutgers-New Brunswick One-Stop Student Services Center on Busch Campus
- Medical Science Building Services Project
- Fire Safety Improvements Project
- Brandt Behavioral Health Treatment Center and Residence Project
- Rutgers-Newark One Stop Student Services Center
- Busch-Livingston and Newark Co-Generation Plants Upgrades

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

# Governors and Trustees

During the Year Ended June 30, 2021

Executive Vice President – Chief Financial Officer
and University Treasurer
Rutgers, The State University of New Jersey
7 College Avenue, Room 214
New Brunswick, New Jersey 08901-1281

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May 2, 2022

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

I am pleased to submit the Certified Annual Comprehensive Financial Report for Rutgers, The State University of New Jersey for the fiscal year ending June 30, 2021. 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:

We have audited the accompanying 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

**Other Matter**

*Required Supplementary Information*

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

KPMG LLP

Short Hills, New Jersey
May 2, 2022

RUTGERS
THE STATE UNIVERSITY
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**Management's Discussion and Analysis (unaudited)**

June 30, 2021

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, 2021 and 2020, and its changes in financial position for the fiscal years then ended, with fiscal year 2019 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 2021, 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 71,000 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.

***Financial Highlights***

The University's financial condition at June 30, 2021, improved with an increase in net position of $529.6 million. Total operating revenues decreased by $56.3 million, or 1.9%, with decreases of 3.5% in net student tuition and fees, and 63.4% in auxiliary revenue, offset by increases of 6.5% in other operating revenues, 6.9% in grant and contract revenues and 8.2% in health service contact revenues. Operating expenses decreased by $137.3 million, or 3.2%, while net non-operating revenues increased by $668.9 million, or 63.7%, primarily due to an increase in fair value of investments of $459.0 million, and increase in COVID reliefs funds of $110.2 million.

Tuition revenue is a significant source of funding for the University. In fiscal 2021, the enrollment peak was 70,718 students compared to 71,011 students in fiscal 2020. There was a freeze on tuition rates and campus fees were reduced 15% due to the coronavirus pandemic (COVID-19). Tuition and fees, net of scholarship allowances, decreased $38.0 million in fiscal year 2021.

Auxiliary revenues decreased $137.9 million as a result of COVD-19. The majority of students participated in virtual classes for the fall 2020 and spring 2021 semesters, thus reducing housing and dining revenues.

Annual appropriations from the State represent a vital part of the University's funding. In fiscal 2021, State appropriations, including operating aid and fringe benefits paid on-behalf of Rutgers by the State, increased as a result of the state lifting a spending freeze which resulted in a $36.2 million increase, to $870.0 million, or a 4.3% increase from fiscal 2020. State appropriations, including OPEB Paid by the State, as well as contributions, 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 $443.0 million in net increases in fair value of investments in 2021.

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) and funds from the U.S. Department of Education through the Governor's Emergency Education Relief Fund I (GEER I). 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 $135.4 million in COVID relief revenues in 2021.

**Implementation of 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, 2021, 2020 and 2019 is as follows (in thousands):

**Condensed Statements of Net Position**
**June 30, 2021, 2020 and 2019**
**(dollars in thousands)**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Assets: | | | |
| Current assets | $ 1,350,277 | $ 1,149,917 | $ 1,028,490 |
| Noncurrent assets: | | | |
| Capital assets, net | 3,926,417 | 3,946,994 | 3,938,297 |
| Other noncurrent assets | 2,085,067 | 1,648,255 | 1,684,035 |
| Total Assets | 7,361,761 | 6,745,166 | 6,650,822 |
| Deferred Outflows of Resources | 354,501 | 414,451 | 470,276 |
| Total Assets and Deferred Outflows of Resources | 7,716,262 | 7,159,617 | 7,121,098 |
| Liabilities: | | | |
| Current liabilities | 791,861 | 717,192 | 798,187 |
| Noncurrent liabilities | 4,026,962 | 4,095,056 | 3,749,887 |
| Total Liabilities | 4,818,823 | 4,812,248 | 4,548,074 |
| Deferred Inflows of Resources | 383,193 | 362,688 | 380,538 |
| Total Liabilities and Deferred Inflows of Resources | 5,202,016 | 5,174,936 | 4,928,612 |
| Net Position (Deficit): | | | |
| Net investment in capital assets | 1,816,651 | 1,902,879 | 1,991,541 |
| Restricted – nonexpendable | 977,936 | 746,788 | 755,419 |
| Restricted – expendable | 695,120 | 618,742 | 632,196 |
| Unrestricted | (975,461) | (1,283,728) | (1,186,670) |
| Total Net Position | $ 2,514,246 | $ 1,984,681 | $ 2,192,486 |

For MD&A purposes, the tables below show the impact of GASB 68 to the Statements of Net Position as of June 30, 2021, 2020 and 2019.

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

| | As Reported | GASB 68 Adjustment | Before GASB 68 Adjustment |
|---|---|---|---|
| Assets: | | | |
| Current assets | $ 1,350,277 | $ - | $ 1,350,277 |
| Noncurrent assets: | | | |
| Capital assets, net | 3,926,417 | - | 3,926,417 |
| Other noncurrent assets | 2,085,067 | - | 2,085,067 |
| Total Assets | 7,361,761 | - | 7,361,761 |
| Deferred Outflows of Resources | 354,501 | (255,803) | 98,698 |
| Liabilities: | | | |
| Current liabilities | 791,861 | - | 791,861 |
| Noncurrent liabilities | 4,026,962 | (1,666,638) | 2,360,324 |
| Total Liabilities | 4,818,823 | (1,666,638) | 3,152,185 |
| Deferred Inflows of Resources | 383,193 | (383,193) | - |
| Net Position (Deficit): | | | |
| Net investment in capital assets | 1,816,651 | - | 1,816,651 |
| Restricted – nonexpendable | 977,936 | - | 977,936 |
| Restricted – expendable | 695,120 | - | 695,120 |
| Unrestricted | (975,461) | 1,794,028 | 818,567 |
| Total Net Position | $ 2,514,246 | $ 1,794,028 | $ 4,308,274 |

**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 |

**Condensed Statement of Net Position**
**June 30, 2019**
**(dollars in thousands)**

| | As Reported | GASB 68 Adjustment | Before GASB 68 Adjustment |
|---|---|---|---|
| Assets: | | | |
| Current assets | $ 1,028,490 | $ - | $ 1,028,490 |
| Noncurrent assets: | | | |
| Capital assets, net | 3,938,297 | - | 3,938,297 |
| Other noncurrent assets | 1,684,035 | - | 1,684,035 |
| Total Assets | 6,650,822 | - | 6,650,822 |
| Deferred Outflows of Resources | 470,276 | (368,777) | 101,499 |
| Liabilities: | | | |
| Current liabilities | 798,187 | - | 798,187 |
| Noncurrent liabilities | 3,749,887 | (1,731,180) | 2,018,707 |
| Total Liabilities | 4,548,074 | (1,731,180) | 2,816,894 |
| Deferred Inflows of Resources | 380,538 | (380,538) | - |
| Net Position (Deficit): | | | |
| Net investment in capital assets | 1,991,541 | - | 1,991,541 |
| Restricted – nonexpendable | 755,419 | - | 755,419 |
| Restricted – expendable | 632,196 | - | 632,196 |
| Unrestricted | (1,186,670) | 1,742,941 | 556,271 |
| Total Net Position | $ 2,192,486 | $ 1,742,941 | $ 3,935,427 |

***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 increased by $200.4 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, which $77.2 million related to University Correctional Health Care services. Current assets increased by $121.4 million from 2019 to 2020. This was primarily due to the liquidation of $100.0 million in long-term investments from the Commonfund in May when funds were then invested into money market funds. There was also an increase of $32.0 million in noncurrent restricted cash and cash equivalents primarily due to the market value of collateral required according to the University's swap contract.

The following table summarizes the University's changes in Cash and Cash Equivalents and Investments as of June 30, 2021, 2020 and 2019 (dollars in thousands):

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash and Cash Equivalents | | | |
| Current | | | |
| Cash and Cash Equivalents | $ 604,204 | $ 258,924 | $ 158,683 |
| Cash and Cash Equivalents - Restricted | - | 118 | 417 |
| Noncurrent | | | |
| Cash and Cash Equivalents | 1,928 | 1,824 | 1,933 |
| Cash and Cash Equivalents - Restricted | 87,427 | 138,838 | 106,864 |
| Total Cash and Cash Equivalents | 693,559 | 399,704 | 267,897 |
| Investments | | | |
| Current | | | |
| Short-Term Investments | 25,145 | 255,895 | 323,933 |
| Noncurrent | | | |
| Long-Term Investments | 607,766 | 452,105 | 465,933 |
| Long-Term Investments - Restricted | 1,327,974 | 992,271 | 1,021,166 |
| Total Investments | 1,960,885 | 1,700,271 | 1,811,032 |
| Total Cash and Cash Equivalents and Investments | $ 2,654,444 | $ 2,099,975 | $ 2,078,929 |

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 $74.7 million from $717.2 million in 2020 to $791.9 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, 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. Current liabilities decreased $81.0 million from $798.2 million in 2019 to $717.2 million in 2020. The decrease is primarily attributable to the issuance of commercial paper in 2019 which did not occur in 2020. In addition, there was a decrease of $47.0 million in accounts payable and accrued expenses primarily due to COVID-19 and the slowdown of capital expenses. These decreases were offset by an increase in unearned revenue of $99.2 million of which $74.2 million related to grants. The University's current assets cover current liabilities by a factor of 1.7 times in 2021, 1.6 times in 2020, and 1.3 times in 2019. 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 2021, 2020, and 2019.

***Deferred Outflows of Resources***

Deferred outflows of resources are the consumption of net position that is applicable to a future reporting period. 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.

In 2020, deferred outflows of resources decreased by $55.8 million primarily as a result of the GASB 68 pension adjustment of $93.8 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. Without this adjustment, deferred outflows of resources increased by $38.0 million in 2020, which is primarily the result of the change in value of interest rate swaps and a partial refunding of the 2013 Series J and L bonds in October 2019.

***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 35.1%, 0.2%, and 5.2% in fiscal years 2021, 2020 and 2019, respectively. The average annual return over the 5-year period ending June 30, 2021, 2020 and 2019 was 11.8%, 5.3%, and 5.9%, 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 $52.0 million in fiscal 2021, $49.5 million in fiscal 2020, and $46.8 million in fiscal 2019.

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 increased $231.6 million to $978.4 million for fiscal 2021 and decreased $8.6 million to $746.8 million for fiscal 2020. Term endowments are those funds received from donors that function as endowments until a specified event occurs. The University's term endowments increased $13.8 million to 64.0 million in fiscal 2021 and decreased by $2.4 million to $50.2 million in fiscal 2020. 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 $215.3 million in fiscal 2021 to $784.1 million and decreased by $11.1 million in fiscal 2020 to $568.8 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 $444.3 million, or 24.3%, can be classified as unrestricted net position in 2021, $304.8 million, or 22.3% in 2020 and $304.3 million, or 22.0% in 2019. 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 15 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 $2.3 million in revenue from this program in 2021, $4.5 million in revenue in 2020 and $2.7 million in revenue in 2019.

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 2021. $0.3 million and $1.2 million in revenue was recorded in fiscal years 2020 and 2019, respectively.

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 $2.3 million, $3.9 million, and $7.5 million in revenue from these bonds in 2021, 2020, and 2019, 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 $0.5 million, $0.3 million, and $0.3 million in revenue from this program in 2021, 2020 and 2019, 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 $334.7 million in 2021, as compared to $263.2 million in 2020. 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 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.

**In addition, as of June 30, 2021, the University had various projects under construction or in the design stage. Significant projects include:**

- 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.

- 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 (16) 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 (16) 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.

- 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) will each undergo substantial renovation including HVAC systems, window units, and new finishes and furnishings. This work will take place in multiple phases.

- One Stop Student Services Center (One Stop) project in Newark will represent an integrated and coordinated cross-functional service in the areas of financial aid, student accounts, and registration. The center will serve as a "single point of service" across these areas to promote a progressive, simplified, and consistent student experience and a culture that supports student satisfaction and success. This 22,000 square foot project comprises the renovation of 15,500 square feet and the addition of 6,500 square feet.

- Busch-Livingston and Newark Co-Generation Plants Upgrades that include replacement of the three (3) 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 include electrical and mechanical upgrades.

**Several major projects completed during fiscal 2020 include:**

- The construction and renovation of Rutgers Life Long Learning Center (RLLLC). The Administrative Services Building III, which was underutilized and mostly vacant, has been transformed into the new and permanent home of the Division of Continuing Studies and RLLLC, placing the core of continuing education with a flagship building for offices and training services. The project provides nine classrooms on the first floor with a total occupancy of 270 students. The second-floor space has six classrooms including a computer lab and a recording studio. In addition, the second floor has large and small conference areas throughout, as well as huddle rooms.

- The renovation of 6,000 square feet of Olson Hall Laboratory space provided upgraded teaching labs and support spaces that meet today's safety standard and pedagogical needs. The infrastructure work included upgrading HVAC and controls systems.

- A 10,500 gross square foot addition to the Waksman Institute of Microbiology features a state-of-the-art laboratory and research space. This space houses both wet and dry laboratories, associated support space, conferencing space, administrative offices, and a collaborative break room.

***Net Pension Liability***

In June 2012, GASB issued Statement No. 68, *Accounting and Financial 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 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 $255.8 million, $274.9 million, and $368.8 million, a net pension liability of $1,666.6 million, $1,701.6 million and $1,731.2 million and a deferred inflow of resources of $383.2 million, $362.7 million and $380.5 million in 2021, 2020 and 2019, respectively.

The amounts recorded as a result of GASB 68 have been shown separately.

***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 $534.2 million in 2021 (decreased $161.4 million in 2020 and increased $189.8 million in 2019).

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 decrease of $86.2 million in fiscal 2021 ($88.7 million decrease in 2020 and $85.7 million increase in 2019), 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 increased $231.1 million in fiscal 2021 ($8.6 million decrease in 2020 and $83.1 million increase in 2019) as a result of the 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 $76.4 million in fiscal 2021 ($13.5 million decrease in 2020 and $79.8 million increase in 2019) which resulted from the increases in fair 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 $312.9 million in unrestricted net assets for 2021 ($50.6 million decrease in 2020 and a $58.7 million decrease in 2019). Subsequent to the GASB 68 adjustment, unrestricted net assets decreased $308.3 million in 2021 ($97.1 million decrease in 2020 and $122.2 million decrease in 2019).

***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 gifts 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, 2021, 2020 and 2019 is as follows (dollars in thousands).

**Condensed Statements of Revenues, Expenses and Changes in Net Position**
**For the Years Ended June 30, 2021, 2020 and 2019**
**(dollars in thousands)**

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating revenues: | | | |
| Student tuition and fees (net of scholarship allowances) | $ 1,033,775 | $ 1,071,738 | $ 1,017,782 |
| Grants and contracts | 671,098 | 627,955 | 581,844 |
| Auxiliary enterprises (net of scholarship allowances) | 79,555 | 217,489 | 256,580 |
| Net patient service revenues | 253,780 | 240,871 | 256,247 |
| Health service contract revenues | 710,497 | 656,900 | 615,229 |
| Other operating revenues | 163,150 | 153,212 | 150,432 |
| Total operating revenues | 2,911,855 | 2,968,165 | 2,878,114 |
| Operating expenses | 4,148,311 | 4,285,596 | 4,279,038 |
| Operating loss | (1,236,456) | (1,317,431) | (1,400,924) |
| Non-operating revenues/(expenses): | | | |
| State appropriations (including fringe benefits paid directly by the state) | 869,993 | 833,763 | 879,631 |
| OPEB paid by the State | 76,691 | 18,774 | 185,875 |
| Contributions | 49,634 | 43,734 | 150,410 |
| Endowment and investment income | 24,937 | 37,436 | 48,297 |
| Decrease Upon Hedge Termination | (55,263) | - | - |
| Net increase/(decrease) in fair value of investments | 442,976 | (15,985) | 57,007 |
| Increase in Fair Value of Swaps | 18,896 | - | - |
| Governmental student aid | 223,105 | 229,348 | 224,978 |
| COVID Relief Funds | 135,388 | 25,178 | - |
| Interest on capital asset related debt | (90,244) | (92,718) | (90,095) |
| Net other non-operating (expenses)/revenues | 23,219 | (29,052) | (4,849) |
| Net non-operating revenues | 1,719,332 | 1,050,478 | 1,451,254 |
| Income/(Loss) before other revenues | 482,876 | (266,953) | 50,330 |
| Other revenues | 46,689 | 59,148 | 76,078 |
| Increase/(Decrease) in net position | 529,565 | (207,805) | 126,408 |
| Net position at beginning of year | 1,984,681 | 2,192,486 | 2,066,078 |
| Net position at end of year | $ 2,514,246 | $ 1,984,681 | $ 2,192,486 |

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, 2021, 2020, and 2019.

**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 | 163,150 | - | 163,150 |
| Total operating revenues | 2,911,855 | - | 2,911,855 |
| Operating expenses: | | | |
| Salaries and Wages | 2,138,543 | - | 2,138,543 |
| Fringe Benefits | 669,800 | (4,642) | 665,158 |
| OPEB Expenses | 76,691 | (76,691) | - |
| Supplies and Services | 879,490 | - | 879,490 |
| Grant Aid to Students | 189,371 | - | 189,371 |
| Depreciation | 194,416 | - | 194,416 |
| Total operating expenses | 4,148,311 | (81,333) | 4,066,978 |
| Operating loss | (1,236,456) | 81,333 | (1,155,123) |
| 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 | (90,244) | - | (90,244) |
| Net other non-operating revenues/(expenses) | 23,219 | - | 23,219 |
| Net non-operating revenues | 1,719,332 | (76,691) | 1,642,641 |
| Income/(Loss) before other revenues | 482,876 | 4,642 | 487,518 |
| Other revenues | 46,689 | - | 46,689 |
| Increase in net position | 529,565 | 4,642 | 534,207 |
| Net position at beginning of year | 1,984,681 | 1,789,386 | 3,774,067 |
| Net position at end of year | $ 2,514,246 | $ 1,794,028 | $ 4,308,274 |

**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 | 710,639 | (46,445) | 664,194 |
| OPEB Expenses | 18,774 | (18,774) | - |
| Supplies and Services | 959,430 | - | 959,430 |
| 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 |
| Decrease 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 |

**Condensed Statement of Revenues, Expenses and Changes in Net Position**
**For the Year Ended June 30, 2019**
**(dollars in thousands)**

| | As Reported | GASB 68 & 75 Adjustments | Before GASB 68 & 75 Adjustments |
|---|---|---|---|
| Operating revenues: | | | |
| Student tuition and fees (net of scholarship allowances) | $ 1,017,782 | $ - | $ 1,017,782 |
| Grants and contracts | 581,844 | - | 581,844 |
| Auxiliary enterprises (net of scholarship allowances) | 256,580 | - | 256,580 |
| Net patient service revenues | 256,247 | - | 256,247 |
| Health service contract revenues | 615,229 | - | 615,229 |
| Other operating revenues | 150,432 | - | 150,432 |
| Total operating revenues | 2,878,114 | - | 2,878,114 |
| Operating expenses: | | | |
| Salaries and Wages | 2,144,603 | - | 2,144,603 |
| Fringe Benefits | 724,692 | (63,434) | 661,258 |
| OPEB Expenses | 185,875 | (185,875) | - |
| Supplies and Services | 947,730 | - | 947,730 |
| Grant Aid to Students | 94,801 | - | 94,801 |
| Depreciation | 181,337 | - | 181,337 |
| Total operating expenses | 4,279,038 | (249,309) | 4,029,729 |
| Operating loss | (1,400,924) | 249,309 | (1,151,615) |
| Non-operating revenues (expenses): | | | |
| State appropriations (including fringe benefits paid directly by the state) | 879,631 | - | 879,631 |
| OPEB paid by the State | 185,875 | (185,875) | - |
| Contributions | 150,410 | - | 150,410 |
| Endowment and investment income | 48,297 | - | 48,297 |
| Net increase in fair value of investments | 57,007 | - | 57,007 |
| Governmental student aid | 224,978 | - | 224,978 |
| Interest on capital asset related debt | (90,095) | - | (90,095) |
| Net other non-operating (expenses)/revenues | (4,849) | - | (4,849) |
| Net non-operating revenues | 1,451,254 | (185,875) | 1,265,379 |
| Income/(Loss) before other revenues | 50,330 | 63,434 | 113,764 |
| Other revenues | 76,078 | - | 76,078 |
| Increase in net position | 126,408 | 63,434 | 189,842 |
| Net position at beginning of year | 2,066,078 | 1,679,507 | 3,745,585 |
| Net position at end of year | $ 2,192,486 | $ 1,742,941 | $ 3,935,427 |

Operating revenues represent 68.0%, 70.7%, and 67.6% of total revenues in 2021, 2020, and 2019, 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 $272.2 million of a total $461.6 million of student aid directly to student accounts. The remaining $189.4 million was paid to students and is reflected as grant aid to students' expense. Scholarship allowances allocated to tuition and fees amounted to $266.1 million. Another $6.1 million was allocated to residence fees, which are included in auxiliary revenues. 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. Tuition and fees, net of scholarship allowances, increased $54.0 million in fiscal year 2020. The change resulted primarily from approved increases in tuition and fee rates of approximately 2.9% and an enrollment peak of 71,011 for 2020, offset by a decrease in scholarship allowances.

*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 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). In fiscal years 2020 and 2019, total grant and contract revenue was $628.0 million and $581.8 million, respectively, an increase of $46.2 million, or 7.9%. This increase is attributable to an increase in the number of awards from federal and non-governmental sources received in fiscal year 2020.

*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 $79.6 million and $217.5 million in fiscal years 2021 and 2020, respectively, net of scholarship allowances of $6.1 million and $38.5 million in fiscal years 2021 and 2020, respectively. Auxiliary net revenues decreased in 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. Auxiliary net revenues decreased in 2020 by $39.1 million or 15.2%. The decrease was primarily the result of the spring 2020 semester moving to online learning due to the COVID-19 global health emergency.

*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 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 Robert Wood Johnson Medical School, where revenues increased by $8.4 million, followed by Rutgers School of Dental Medicine at $4.6 million. The increases are attributed to surgeries that were previously postponed due to COVID-19, increase in patient visits and reopening of dental clinics. In fiscal 2020, net patient service revenue was $240.9 million compared to $256.2 million for fiscal 2019, a decrease of $15.3 million, or 6.0%. The decrease was primarily due to the cancellation of non-critical healthcare services during the pandemic along with an increase in gross charges resulting from a rise in the fee structure, which was offset by higher contractual allowances.

*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, RWJ Barnabas Health, UCHC and others. It also includes reimbursements for graduate medical education residency programs provided by house staff in connection with RWJ Medical School, New Jersey Medical School, and Rutgers School of Dental Medicine. In fiscal 2021, health service contract revenue was $710.5 million, which included affiliate and other contract revenues of $599.1 million and house staff 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 as a result of the Integrated Practice Agreement (IPA) signed with Barnabas Health, Inc., a New Jersey non-profit corporation and an affiliate of RWJBH. In fiscal 2020, health service contract revenues was $656.9 million, including affiliate and other contract revenues of $551.1 million and house staff revenues of $105.8 million, representing an overall increase of $41.7 million, or 6.8% over related revenues for fiscal 2019 of $615.2 million, including affiliate and other contract revenues of $505.6 million and house staff revenues of $109.6 million. The $41.7 million increase was the result of increases in University Physician Associates of New Jersey (UPA) revenue, correctional services, and consultation and education contracts at University Behavioral Healthcare (UBHC).

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 $439.0 million, $386.5 million, and $435.8 million in 2021, 2020, and 2019, respectively. Fringe benefits paid on-behalf of Rutgers by the State totaled $431.0 million, $447.3 million, and $443.8 million in fiscal 2021, 2020, and 2019, respectively.

*COVID Relief Funds,* include HEERF I and II, GEER I, 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 $57.6 million in HEERF revenue in fiscal year 2021. GEER 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 $17.7 million in GEER revenue 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. The University recognized $25.2 million in HEERF revenue in fiscal year 2020. Of the $25.2 million recognized as revenue, $15.6 million was distributed directly to students.

*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 $96.5 million in 2021 from federal programs, a 5.6% decrease from the $102.2 million received in 2020. The University received a total of $102.2 million in 2020 from federal programs, a 2.3% increase over the $99.9 million received in 2019. The University also received $127.2 million from the State in 2020 or an increase of 1.7% over the $125.1 million received in 2019. The allocations to students were relatively flat in 2020 compared to 2019.

*Contributions* include gifts received by the University though Foundation fundraising activities. The University received a total of $49.6 million in contributions in 2021 compared with $43.7 million in 2020. The increase of $5.9 million is mainly the result of increases in gifts for scholarship funds. The University received a total of $43.7 million in contributions in 2020 compared with $150.4 million in 2019. The decrease of $106.7 million is primarily the result of $100.0 million in funds received from Robert Wood Johnson Barnabas Health (RWJBH) in 2019 which did not occur in 2020.

*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 $24.1 million in 2021 for capital grants and gifts compared with $26.8 million in 2020. The University received $22.6 million in fiscal 2021 and $32.3 million in 2020 in gifts to add to our endowment as a result of the Foundation's activities. The University received a total of $26.8 million in 2020 for capital grants and gifts compared with $51.7 million in 2019. The decrease of $24.9 million from fiscal 2019 is mainly due to the continued winding down of the State revenue reimbursement program as a result of the completion or near completion of related projects. The University received $32.3 million in fiscal 2020 and $24.4 million in 2019 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 13).

The natural classification of expenses demonstrates that the major expenditure of the University in 2021 is salaries and wages accounting for 51.6% of total operating expenses with GASB 68 and 75 adjustments (52.8% in 2020 and 50.1% in 2019) and 52.6% without the GASB 68 and 75 adjustments in 2021 (53.6% in 2020 and 53.2% in 2019). Negotiated and other staff salary and wage increases for 2021 were deferred as a result of COVID-19 (3.0% in 2020 and 3.0% in 2019). Pension expense for the GASB 68 adjustment was $4.6 million in 2021, compared to $46.4 million in 2020 and $63.4 in 2019. OPEB expense for the GASB 75 adjustment was $76.7 million in 2021, $18.8 million in 2020 and $185.9 million in 2019. The increase of $57.9 million in 2021 and decrease of $167.1 million in 2020 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. While, the combination of federal and state awards received and the enforcement of certain expense reduction actions lessened the severity of the impact during fiscal year 2021, we continue to scrutinize whether revenue and expense projections will return to pre-pandemic levels.

The repopulation of our campuses will have a significant impact on our financial position. In support of Rutgers' commitment to health and safety for all members of its community, the University has updated its immunization requirements for students to include the COVID-19 vaccine. This health policy update means that, with limited exceptions, all students attending in the Fall 2021 semester must be fully vaccinated. With the return to campus, we expect improvement in auxiliary enterprises revenue as students return to housing, dining and other student related services.

The COVID-19 pandemic has become an accelerant to one of the greatest workplace transformations of our generation. Understanding how this transformation will impact our institution is key to our continued success, and essential to the advancement of academic excellence, organizational efficiencies, and the fostering of a caring, inclusive, and respectful work environment, where employees are engaged, productive, valued, and rewarded for their contributions. In order to draw lessons from the pandemic and to take an equitable approach to employment and professional opportunities, the University has created the Future of Work Task Force. The Task Force will deal not just with where and how we work but will set a course for how well we work, and how well we help our employees thrive in a beloved community. This investment in a workforce framework will ensure that we have the right people, policies, training, assessment tools, and technology in place to support short and long-term strategies. The recommendations of the Task Force are to be presented in the Spring of 2022 and operationalized by the Fall of 2022.

As usual, the University will be examining demographic changes that may impact the student-age population, geopolitical and pandemic related circumstances that may affect international student demand, economic trends that may impact demand for graduate and professional schools and overall economic conditions that could impact other aspects of the University's financial position.

**STATEMENTS OF NET POSITION**
**June 30, 2021 and 2020**
**(dollars in thousands)**

| | Rutgers, The State University of New Jersey | | Component Unit: Rutgers University Foundation | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **ASSETS:** | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | $ 604,204 | $ 258,924 | $ 5,188 | $ 4,054 |
| Cash and Cash Equivalents - Restricted | - | 118 | 1,531 | 3,142 |
| Short-Term Investments | 25,145 | 255,895 | 36 | 27 |
| Short-Term Investments - Restricted | - | - | 19,937 | 17,537 |
| Accounts Receivable, net | 706,973 | 621,283 | 11,333 | 10,504 |
| Contributions Receivable, net | - | - | 64,217 | 48,033 |
| Inventories | 7,281 | 5,620 | - | - |
| Prepaid Expenses and Other Assets | 6,674 | 8,077 | 742 | 635 |
| Total Current Assets | 1,350,277 | 1,149,917 | 102,984 | 83,932 |
| Noncurrent Assets | | | | |
| Cash and Cash Equivalents | 1,928 | 1,824 | - | - |
| Cash and Cash Equivalents - Restricted | 87,427 | 138,838 | - | - |
| Long-Term Investments | 607,766 | 452,105 | 2,399 | 2,347 |
| Long-Term Investments - Restricted | 1,327,974 | 992,271 | 6,784 | 6,878 |
| Accounts Receivable, net | 59,972 | 63,217 | - | - |
| Contributions Receivable, net | - | - | 36,159 | 31,176 |
| Cash Surrender Value of Whole Life Insurance Policies | - | - | 711 | 715 |
| Capital Assets, net | 3,926,417 | 3,946,994 | - | - |
| Total Noncurrent Assets | 6,011,484 | 5,595,249 | 46,053 | 41,116 |
| **TOTAL ASSETS** | 7,361,761 | 6,745,166 | 149,037 | 125,048 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | | |
| Loss on Refunding | 97,720 | 82,982 | - | - |
| Pension Related | 255,803 | 274,942 | - | - |
| Interest Rate Swaps | 978 | 56,527 | - | - |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | 354,501 | 414,451 | - | - |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | 7,716,262 | 7,159,617 | 149,037 | 125,048 |

(Continued)

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

**STATEMENTS OF NET POSITION**
**June 30, 2021 and 2020**
**(dollars in thousands)**

| | Rutgers, The State University of New Jersey | | Component Unit: Rutgers University Foundation | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **LIABILITIES:** | | | | |
| Current Liabilities | | | | |
| Accounts Payable and Accrued Expenses | 406,008 | 360,177 | 8,008 | 7,319 |
| Unearned Revenue | 235,776 | 220,927 | 1,363 | 990 |
| Payroll Withholdings | 55,563 | 19,874 | - | - |
| Other Payables | 1,392 | 1,216 | - | - |
| Beneficial Interest Payable | - | - | 979 | 1,038 |
| Commercial Paper | 20,000 | 57,707 | - | - |
| Long-Term Liabilities - Current Portion | 73,122 | 57,291 | - | - |
| Total Current Liabilities | 791,861 | 717,192 | 10,350 | 9,347 |
| Noncurrent Liabilities | | | | |
| Other Noncurrent Liabilities | 72,384 | 58,684 | 710 | 769 |
| Unearned Revenue | 51,952 | 65,061 | - | - |
| Derivative Instruments | 37,345 | 56,527 | - | - |
| Beneficial Interest Payable | - | - | 7,309 | 8,263 |
| Net Pension Liability | 1,666,638 | 1,701,640 | - | - |
| Long-Term Liabilities - Noncurrent Portion | 2,198,643 | 2,213,144 | - | - |
| Total Noncurrent Liabilities | 4,026,962 | 4,095,056 | 8,019 | 9,032 |
| **TOTAL LIABILITIES** | 4,818,823 | 4,812,248 | 18,369 | 18,379 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | |
| Pension Related | 383,193 | 362,688 | - | - |
| Irrevocable Split Interest Agreements | - | - | 6,433 | 4,152 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | 5,202,016 | 5,174,936 | 24,802 | 22,531 |
| **NET POSITION (DEFICIT):** | | | | |
| Net Investment in Capital Assets | 1,816,651 | 1,902,879 | - | - |
| Restricted for | | | | |
| Nonexpendable | | | | |
| Instruction | 325,373 | 294,361 | 50 | 59 |
| Scholarships and Fellowships | 457,082 | 350,737 | 1,945 | 1,478 |
| Other | 195,481 | 101,690 | 208 | 181 |
| Expendable | | | | |
| Instruction | 189,581 | 185,808 | 4,741 | 4,380 |
| Research | 84,973 | 49,018 | 65,665 | 38,683 |
| Scholarships and Fellowships | 132,405 | 97,906 | 11,446 | 9,717 |
| Loans | 61,954 | 64,654 | - | - |
| Capital Projects | 57,845 | 64,392 | 21,108 | 29,557 |
| Healthcare and Professional Services | 12,469 | 12,171 | 111 | 57 |
| Other | 155,893 | 144,793 | 9,260 | 9,542 |
| Unrestricted | (975,461) | (1,283,728) | 9,701 | 8,863 |
| **TOTAL NET POSITION** | $ 2,514,246 | $ 1,984,681 | $ 124,235 | $ 102,517 |

See accompanying notes to the financial statements.

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**For the Years Ended June 30, 2021 and 2020**
**(dollars in thousands)**

| | Rutgers, The State University of New Jersey | | Component Unit: Rutgers University Foundation | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **OPERATING REVENUES:** | | | | |
| Student Tuition and Fees (net of scholarship allowances of $266,100 in 2021 and $271,370 in 2020) | $ 1,033,775 | $ 1,071,738 | $ - | $ - |
| Federal Grants and Contracts | 449,110 | 411,076 | - | - |
| State and Municipal Grants and Contracts | 114,852 | 112,770 | - | - |
| Nongovernmental Grants and Contracts | 107,136 | 104,109 | 72,977 | 43,139 |
| Auxiliary Enterprises (net of scholarship allowances of $6,093 in 2021 and $38,457 in 2020) | 79,555 | 217,489 | - | - |
| Net Patient Service Revenues | 253,780 | 240,871 | - | - |
| Health Service Contract Revenues | 710,497 | 656,900 | - | - |
| Other Operating Revenues | 163,150 | 153,212 | 4,450 | 8,640 |
| Total Operating Revenues | 2,911,855 | 2,968,165 | 77,427 | 51,779 |
| **OPERATING EXPENSES:** | | | | |
| Salaries and Wages | 2,138,543 | 2,261,416 | 17,078 | 18,044 |
| Fringe Benefits | 669,800 | 710,639 | 6,725 | 6,756 |
| OPEB Expenses | 76,691 | 18,774 | - | - |
| Supplies and Services | 879,490 | 959,430 | 7,980 | 10,683 |
| Grant Aid to Students | 189,371 | 144,966 | - | - |
| Depreciation | 194,416 | 190,371 | - | - |
| Distributions to Rutgers, The State University of New Jersey | - | - | 122,905 | 141,581 |
| Distributions to Douglass Associate Alumnae | - | - | - | 59 |
| Total Operating Expenses | 4,148,311 | 4,285,596 | 154,688 | 177,123 |
| Operating Loss | (1,236,456) | (1,317,431) | (77,261) | (125,344) |

(Continued)

RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**For the Years Ended June 30, 2021 and 2020**
**(dollars in thousands)**

| | Rutgers, The State University of New Jersey | | Component Unit: Rutgers University Foundation | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **NON-OPERATING REVENUES (EXPENSES):** | | | | |
| State Appropriations | 438,985 | 386,491 | - | - |
| State Paid Fringe Benefits | 431,008 | 447,272 | - | - |
| OPEB Paid by the State | 76,691 | 18,774 | - | - |
| Administrative Fees and Support from Rutgers, The State University of New Jersey | - | - | 25,130 | 25,950 |
| Noncash Support from Rutgers, The State University of New Jersey | - | - | 3,051 | 2,818 |
| Federal Appropriations | 5,819 | 8,241 | - | - |
| COVID Relief Funds | 135,388 | 25,178 | - | - |
| Federal Student Aid | 96,453 | 102,182 | - | - |
| State Student Aid | 126,652 | 127,166 | - | - |
| Contributions | 49,634 | 43,734 | 41,383 | 51,085 |
| Endowment and Investment Income (net of investment management fees for the University of $3,674 in 2021 and $3,773 in 2020) | 24,937 | 37,436 | 14 | 177 |
| Decrease Upon Hedge Termination | (55,263) | - | - | - |
| Net Increase / (Decrease) in Fair Value of Investments | 442,976 | (15,985) | 11 | (52) |
| Increase in Fair Value of Swaps | 18,896 | - | - | - |
| Interest on Capital Asset Related Debt | (90,244) | (92,718) | - | - |
| Gain / (Loss) on Disposal of Capital Assets | 19,276 | (8,993) | - | - |
| Other Non-operating (Expenses) / Revenues | (1,876) | (28,300) | 12 | 11 |
| Total Net Non-operating Revenues | 1,719,332 | 1,050,478 | 69,601 | 79,989 |
| Income/(Loss) before Other Revenues | 482,876 | (266,953) | (7,660) | (45,355) |
| Capital Grants and Gifts | 24,120 | 26,819 | 7,609 | 8,622 |
| Additions to Permanent Endowments | 22,569 | 32,329 | 21,769 | 27,768 |
| Increase / (Decrease) in Net Position | 529,565 | (207,805) | 21,718 | (8,965) |
| Net Position - Beginning of the Year | 1,984,681 | 2,192,486 | 102,517 | 111,482 |
| Net Position - End of the Year | $ 2,514,246 | $ 1,984,681 | $ 124,235 | $ 102,517 |

See accompanying notes to the financial statements.

**STATEMENTS OF CASH FLOWS**
**For the Years Ended June 30, 2021 and 2020**
**(dollars in thousands)**

| | Rutgers, The State University of New Jersey | |
|---|---|---|
| | 2021 | 2020 |
| **Cash Flows from Operating Activities:** | | |
| Student Tuition and Fees | $ 1,021,893 | $ 1,070,290 |
| Research Grants and Contracts | 688,350 | 650,511 |
| Services to Patients | 246,971 | 243,617 |
| Health Service Contract Receipts | 626,889 | 647,117 |
| Payments to Employees and for Benefits | (2,348,442) | (2,466,409) |
| Payments to Suppliers | (834,447) | (1,004,166) |
| Payments for Grant Aid to Students | (189,371) | (144,966) |
| Collection of Loans to Students and Employees | 11,762 | 6,372 |
| Loans to Students and Employees | (6,263) | (1,042) |
| Auxiliary Enterprises Receipts | 75,489 | 226,995 |
| Other Receipts | 146,986 | 134,903 |
| Net Cash Used by Operating Activities | (560,183) | (636,778) |
| **Cash Flows from Noncapital Financing Activities:** | | |
| State Appropriations | 441,690 | 389,915 |
| Federal Appropriations | 5,819 | 8,241 |
| COVID Relief Funds | 165,250 | 54,161 |
| Proceeds from Operating Debt | - | 100,000 |
| Principal Paid on Operating Debt | - | (100,000) |
| Interest Paid on Operating Debt | - | (157) |
| Contributions for other than Capital Purposes | 49,634 | 43,734 |
| Federal and State Student Aid | 223,559 | 227,698 |
| Contributions for Endowment Purposes | 22,569 | 32,329 |
| Net Cash Provided by Noncapital Financing Activities | 908,521 | 755,921 |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from Capital Debt and Leases | 280,592 | 985,423 |
| Capital Grants and Gifts Received | 25,560 | 24,989 |
| Purchases of Capital Assets and Construction in Progress | (179,500) | (201,178) |
| Increase / (Decrease) in Accrued Capital Assets | 8,060 | (38,035) |
| Principal Paid on Capital Debt and Leases | (118,072) | (161,682) |
| Interest Paid on Capital Debt and Leases | (90,270) | (96,202) |
| Debt Defeasance | (216,152) | (632,864) |
| Proceeds from Capital Asset Disposals | 28,000 | - |
| Net Cash Used by Financing Activities | (261,782) | (119,549) |
| **Cash Flows from Investing Activities:** | | |
| Proceeds from Sales and Maturities of Investments | 773,798 | 1,092,471 |
| Investment Income | 24,937 | 37,436 |
| Purchase of Investments | (591,436) | (997,694) |
| Net Cash Provided by Investing Activities | 207,299 | 132,213 |
| **Net Increase in Cash and Cash Equivalents** | 293,855 | 131,807 |
| **Cash and Cash Equivalents - Beginning of the year** | 399,704 | 267,897 |
| **Cash and Cash Equivalents - End of the year** | 693,559 | 399,704 |

(Continued)

**STATEMENTS OF CASH FLOWS**
**For the Years Ended June 30, 2021 and 2020**
**(dollars in thousands)**

| **Reconciliation of Operating Loss to Net Cash Used by Operating Activities:** | **2021** | **2020** |
|---|---|---|
| Operating Loss | (1,236,456) | (1,317,431) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | | |
| State Paid Fringe Benefits | 431,008 | 447,272 |
| OPEB Paid by the State | 76,691 | 18,774 |
| Depreciation | 194,416 | 190,371 |
| Provision for Bad Debts | 31,726 | 57,965 |
| Changes in Assets and Liabilities: | | |
| Receivables | (103,398) | (107,487) |
| Inventories | (1,661) | (512) |
| Prepaid Expenses and Other Assets | 1,402 | (54) |
| Accounts Payable and Accrued Expenses | 29,694 | (28,446) |
| Unearned Revenue | (24,114) | 80,150 |
| Payroll Withholdings | 35,689 | (23,369) |
| Other Payables | 178 | (456) |
| Net Pension Liability | 4,642 | 46,445 |
| Net Cash Used by Operating Activities | $ (560,183) | $ (636,778) |

| **Non-Cash Investing and Financing Activities** | **2021** | **2020** |
|---|---|---|
| Change in Fair Value of Derivatives | $ 19,182 | $ (25,225) |
| Net Increase / (Decrease) in Fair Value of Investments | 442,976 | (15,985) |
| Decrease Upon Hedge Termination | (55,263) | - |
| Capital Assets Acquired through Capital Leases | 3,921 | 6,107 |
| Loss due to Defeasance of Debt | (23,997) | (63,252) |

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).

Effective July 1, 2013, the New Jersey Medical and Health Sciences Education Restructuring Act (the Act), (Chapter 45, P.L. 2012), went into effect. The Act integrated the Cancer Institute of New Jersey and all units of the University of Medicine and Dentistry of New Jersey (UMDNJ), except University Hospital (UH) in Newark and the School of Osteopathic Medicine (SOM) in Stratford, into Rutgers. The UMDNJ schools and units transferred to Rutgers and joined the existing Rutgers School of Nursing, Rutgers Ernest Mario School of Pharmacy and the Rutgers Institute of Health, Health Care Policy and Aging Research to form the Rutgers Biomedical and Health Sciences (RBHS) division.

**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 19).

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.

Due to the ongoing impact of the COVID-19 pandemic in 2021, the Rutgers Business School did not host in-person meetings or events during the year and the decision was made to terminate the lease associated with the space in New York City. The lease expired on September 30, 2020. The RUF NYC LLC organization continues to exist but did not possess assets or liabilities for the year ended June 30, 2021.

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.

Effective July 1, 2020, Barnabas Health, Inc. a New Jersey non-profit corporation and an affiliate of RWJ Barnabas Health, Inc. (RWJBH), became the sole corporate member of the University Physician Associates of New Jersey (UPA). Therefore, UPA will no longer be presented as a discretely presented component unit of the University as it was in prior years. Furthermore, effective, July 1, 2020, a Practice Services Agreement was entered into between the University and RWJBH to define the financial, administrative, and revenue cycle management services provided to the New Jersey Medical School.

**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. For 2021, this amount totaled $17.7 million ($20.9 million in 2020). 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 $79.1 million at June 30, 2021 ($66.7 million in 2020). Income derived from such irrevocable trust funds held by others, aggregating approximately $3.2 million in 2021 ($3.2 million in 2020), 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 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. 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 7.2 million volumes in 2021 (7.0 million volumes in 2020) 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.

**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 $59.1 million from COVID relief funds ($29.0 million in 2020). 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.

Under the University's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**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 $89.2 million during the year ended June 30, 2021 ($89.2 million in 2020), from the Federal Pell Grant program, and $114.3 million during the year ended June 30, 2021 ($113.8 million in 2020), 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, 2021, the University disbursed $389.9 million ($428.5 million in 2020) 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.

**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.

**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 June 2017, GASB issued Statement No. 87, Leases, effective for the University's fiscal year beginning July 1, 2021. This statement establishes a single approach to accounting for and reporting leases based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Limited exceptions to the single-approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases.

In June 2018, GASB issued 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 not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for reporting periods beginning after December 15, 2020, which is fiscal year 2022.

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 financial reporting period beginning after December 15, 2021, which is fiscal year 2023.

In January 2020, GASB issued 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.

In March 2020, 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, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021, which is fiscal year 2022.

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 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 fiscal year 2023.

## NOTE 2 – ADOPTION OF ACCOUNTING PRONOUNCEMENTS

The University adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement establishes standards of accounting and financial reporting for fiduciary activities and also intends to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their role as fiduciaries. The adoption of this standard did not have a significant impact on the University's financial statements.

The University also adopted GASB Statement No. 90, *Majority Equity Interests* (GASB 90). This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this standard did not have an impact on the University's financial statements.

Finally, the University adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No.14 and No.84, and a supersession of GASB Statement No. 32* (GASB 97). The primary objectives of this statement are to improve the consistency of the reporting of fiduciary component units and to enhance the comparability in the application of accounting and financial reporting requirements for deferred compensation plans. The adoption of this standard did not have an impact on 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, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Money Market Funds | $ 656,548 | $ 323,141 |
| Cash and Deposits | 37,011 | 76,563 |
| Total Cash and Cash Equivalents | $ 693,559 | $ 399,704 |

The University's net cash and cash equivalents balance at June 30, 2021, includes a cash book balance of $37.0 million ($76.6 million in 2020). The actual amount of cash on deposit in the University's bank accounts at June 30, 2021, was $38.5 million ($76.7 million in 2020). Of this amount, $1.0 million was insured by the Federal Deposit Insurance Corporation at June 30, 2021 ($1.0 million in 2020). At June 30, 2021, $63.7 million ($29.1 million in 2020) 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 2021 and 2020, 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, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Common Stock | $ 207,278 | $ 174,696 |
| Commercial Paper | - | 2,398 |
| U.S. Government Agencies | 27,718 | 37,549 |
| U.S. Government Bonds | 23,633 | 23,636 |
| Certificates of Deposits (CD's) | - | 5,870 |
| Corporate Bonds | 148,921 | 157,670 |
| Mutual Funds - Common Stock | 437,973 | 441,040 |
| Mutual Funds - Fixed Income | 124,188 | 221,798 |
| Fixed Income Funds | 119,288 | 70,440 |
| Hedge Funds | 335,469 | 213,676 |
| Private Equity | 379,700 | 220,675 |
| Real Estate | 81,218 | 67,470 |
| Real Assets | 70,339 | 58,918 |
| Other | 5,160 | 4,435 |
| Total | $ 1,960,885 | $ 1,700,271 |

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, Commercial Paper, Certificates of Deposit, Mutual Funds – Fixed Income, 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, 2021 and 2020 (dollars in thousands):

| | 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 Fund | 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 |

| Investment Type | Fair Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Common Stock | $ 174,696 | $ 174,696 | $ - | $ - |
| Commercial Paper | 2,398 | - | 2,398 | - |
| U.S. Government Agencies | 37,549 | - | 37,549 | - |
| U.S. Government Bonds | 23,636 | - | 23,636 | - |
| Certificates of Deposits (CD's) | 5,870 | - | 5,870 | - |
| Corporate Bonds | 157,670 | - | 157,670 | - |
| Mutual Funds - Common Stock | 441,040 | 187,761 | 253,279 | - |
| Mutual Funds - Fixed Income | 221,798 | 100,525 | 121,273 | - |
| Real Assets | 26,588 | - | - | 26,588 |
| Other | 4,435 | - | - | 4,435 |
| Subtotal | $ 1,095,680 | $ 462,982 | $ 601,675 | $ 31,023 |

| Investment Type | Net Asset Value |
|---|---|
| Private Equity | $ 178,697 |
| Real Estate | 67,470 |
| Real Assets | 32,330 |
| Venture Capital | 41,978 |
| Fixed Income Funds | 70,440 |
| Credit Hedge Funds | 27,368 |
| Long/Short Hedge Funds | 117,981 |
| Global Macro Hedge Funds | 804 |
| Multi-Strategy Hedge Funds | 67,405 |
| Other Hedge Funds | 118 |
| Subtotal | $ 604,591 |
| Total | $ 1,700,271 |

**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, 2021 and 2020 (dollars in thousands):

| Investment Type | 2021 Unfunded Commitments | 2020 Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Private Equity | $ 138,300 | $ 150,850 | Illiquid | N/A |
| Real Estate | 64,496 | 50,220 | Illiquid | N/A |
| Real Assets | 39,523 | 31,725 | Illiquid | N/A |
| Venture Capital | 41,136 | 15,758 | Illiquid | N/A |
| Fixed Income Funds | 53,754 | 33,469 | 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 | N/A | N/A | Quarterly, Semi-Annually, Annually, Rolling Two-years | 60 - 90 days |
| Total | $ 337,209 | $ 282,022 | | |

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, 2021 and 2020 (dollars in thousands):

| | 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 |

| | 2020 | | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in years) | | | |
| **Investment Type** | **Market Value** | **Less than 1** | **1-5** | **6-10** | **More than 10** |
| U.S. Government Bonds | $ 23,636 | $ 3,552 | $ 20,084 | $ - | $ - |
| U.S. Government Agencies | 37,549 | 499 | 1 | 23,112 | 13,937 |
| Corporate Bonds | 157,670 | 33,602 | 108,993 | 9,800 | 5,275 |
| Commercial Paper | 2,398 | 2,398 | - | - | - |
| Certificates of Deposits (CD's) | 5,870 | 5,870 | - | - | - |
| Mutual Funds - Fixed Income | 221,798 | 221,798 | - | - | - |
| Total | $ 448,921 | $ 267,719 | $ 129,078 | $ 32,912 | $ 19,212 |

**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, 2021 and 2020, 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 | 2021 | 2020 |
|---|---|---|---|
| U.S. Government Agencies and Bonds | AAA | 2,060 | $ 29,253 |
| U.S. Government Agencies and Bonds | AA+ | 45,908 | 31,932 |
| U.S. Government Agencies and Bonds | A+ | 1,693 | - |
| U.S. Government Agencies and Bonds | A | 1,690 | - |
| Certificates of Deposits (CD's) | A+ | - | 5,870 |
| Commercial Paper | A+ | - | 2,398 |
| Corporate Bonds | AAA | 50,200 | 54,915 |
| Corporate Bonds | AA+ | 1,772 | 4,482 |
| Corporate Bonds | AA– | 6,416 | 7,310 |
| Corporate Bonds | A+ | 14,920 | 8,584 |
| Corporate Bonds | A | 18,357 | 19,106 |
| Corporate Bonds | A– | 14,104 | 17,002 |
| Corporate Bonds | BBB+ | 26,284 | 20,921 |
| Corporate Bonds | BBB | 13,590 | 19,218 |
| Corporate Bonds | BB+ | - | 494 |
| Corporate Bonds | BBB- | 3,278 | 4,666 |
| Corporate Bonds | BB- | - | 972 |
| Mutual Funds - Fixed Income | Not Rated | 124,188 | 221,798 |
| Money Market Funds | AAA | 656,548 | 323,141 |
| Total | | $ 981,008 | $ 772,062 |

**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, 2021 and 2020, 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, 2021, the fair value of the Long-Term Investment Pool was $1,804.8 million ($1,335.6 million at June 30, 2020). In addition, the aggregate endowment market value of funds separately invested was $10.8 million at June 30, 2021 ($25.3 million at June 30, 2020). The investment appreciation was $423.7 million at June 30, 2021 (depreciation was $31.0 million at June 30, 2020). 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.

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## 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, 2021 and 2020 (dollars in thousands):

| | 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 |
| Other Receivable | 62,208 | 1,305 | 60,903 |
| Total | $ 846,517 | $ 79,572 | $ 766,945 |

| | Accounts Receivable | Allowance | Net 2020 |
|---|---|---|---|
| Government Grants and Other Sponsored Programs Receivable | $ 204,829 | $ 6,312 | $ 198,517 |
| Construction Related Receivable | 36,779 | - | 36,779 |
| Student Notes Receivable | 66,424 | 6,616 | 59,808 |
| Patient Accounts Receivable | 43,990 | 14,771 | 29,219 |
| Federal and State Governments Receivable | 84,206 | - | 84,206 |
| Student Accounts Receivable | 58,979 | 13,308 | 45,671 |
| Health Service Contract Receivable | 207,194 | 31,890 | 175,304 |
| Other Receivable | 56,642 | 1,646 | 54,996 |
| Total | $ 759,043 | $ 74,543 | $ 684,500 |

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2021 and 2020, 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.

University Behavioral Health Care (UBHC) provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services and the Department of Human Services without charge or at amounts less than their established rates. UBHC and other units maintain records to identify and monitor the level of charity care they provide, which includes the amount of gross charges foregone for services and supplies furnished.

Net patient service revenues comprised of the following for the years ended June 30, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Gross Charges | $ 841,480 | $ 683,579 |
| Deductions from Gross Charges | | |
| Contractual and Other Allowances | (553,840) | (412,942) |
| Provision for Bad Debts | (33,860) | (29,766) |
| Net Patient Service Revenues | $ 253,780 | $ 240,871 |

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, 2021, health service contract revenues totaled $710.5 million ($656.9 million in 2020), which included reimbursement for housestaff salaries, fringe benefits and insurance of $111.4 million ($105.8 million in 2020), and billings under other contractual arrangements of $599.1 million ($551.1 million in 2020).

## NOTE 6 – CAPITAL ASSETS

The detail of capital assets activity for the year ended June 30, 2021 and 2020 is as follows (dollars in thousands):

| | July 1, 2020 | Additions | Transfers | Retirements/ Capitalization | June 30, 2021 |
|---|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | $ 83,153 | $ 1,137 | $ - | $ - | $ 84,290 |
| Capitalized Art Collections | 87,157 | 3,215 | - | - | 90,372 |
| Construction in Progress | 373,011 | 3,063 | - | 155,339 | 220,735 |
| Total | 543,321 | 7,415 | - | 155,339 | 395,397 |
| Capital Assets Being Depreciated: | | | | | |
| Land Improvements | 382,830 | 20,193 | (13,589) | - | 389,434 |
| Buildings | 5,357,251 | 246,003 | - | 11,236 | 5,592,018 |
| Equipment | 671,358 | 64,134 | 13,589 | 13,808 | 735,273 |
| Total | 6,411,439 | 330,330 | - | 25,044 | 6,716,725 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 318,921 | 16,612 | (2,141) | 85 | 333,307 |
| Buildings | 2,232,963 | 137,001 | - | 5,894 | 2,364,070 |
| Equipment | 455,882 | 40,803 | 2,141 | 10,498 | 488,328 |
| Total | 3,007,766 | 194,416 | - | 16,477 | 3,185,705 |
| Net Capital Assets Being Depreciated | 3,403,673 | 135,914 | - | 8,567 | 3,531,020 |
| Total Capital Assets, net | $ 3,946,994 | $ 143,329 | $ - | $ 163,906 | $ 3,926,417 |

During 2021, the University capitalized interest expense of $3.1 million in construction in progress in the accompanying statements of net position.

| | July 1, 2019 | Additions | Transfers | Retirements/ Capitalization | June 30, 2020 |
|---|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | $ 78,537 | $ 4,616 | $ - | $ - | $ 83,153 |
| Capitalized Art Collections | 84,624 | 2,533 | - | - | 87,157 |
| Construction in Progress | 428,031 | 175,039 | - | 230,059 | 373,011 |
| Total | 591,192 | 182,188 | - | 230,059 | 543,321 |
| Capital Assets Being Depreciated: | | | | | |
| Land Improvements | 373,265 | 9,565 | - | - | 382,830 |
| Buildings | 5,089,814 | 204,999 | 75,106 | 12,668 | 5,357,251 |
| Equipment | 897,915 | 41,507 | (75,106) | 192,958 | 671,358 |
| Total | 6,360,994 | 256,071 | - | 205,626 | 6,411,439 |
| Less Accumulated Depreciation: | | | | | |
| Land Improvements | 302,358 | 16,366 | - | (197) | 318,921 |
| Buildings | 2,056,732 | 130,863 | 53,378 | 8,010 | 2,232,963 |
| Equipment | 654,799 | 43,142 | (53,378) | 188,681 | 455,882 |
| Total | 3,013,889 | 190,371 | - | 196,494 | 3,007,766 |
| Net Capital Assets Being Depreciated | 3,347,105 | 65,700 | - | 9,132 | 3,403,673 |
| Total Capital Assets, net | $ 3,938,297 | $ 247,888 | $ - | $ 239,191 | $ 3,946,994 |

During 2020, the University capitalized interest expense of $6.9 million in construction in progress in the accompanying statements of net position.

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at June 30, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Vendors | $ 80,052 | $ 57,700 |
| Accrued Salaries and Benefits | 78,250 | 82,265 |
| Compensated Absences | 61,747 | 64,041 |
| Workers Compensation | 19,801 | 19,801 |
| Interest Payable | 14,383 | 13,864 |
| Other Accrued Expenses | 151,775 | 122,506 |
| Total Accounts Payable and Accrued Expenses | $ 406,008 | $ 360,177 |

## NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2021 and 2020 is as follows (dollars in thousands):

| | 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 Liabilities | 2,270,435 | 240,592 | 239,262 | 2,271,765 | 73,122 |
| Total | $ 4,373,274 | $ 490,068 | $ 527,482 | $ 4,335,860 | $ 308,898 |

| | July 1, 2019 | Additions | Reductions | June 30, 2020 | Current Portion |
|---|---|---|---|---|---|
| Other Noncurrent Liabilities | $ 47,619 | $ 22,246 | $ 11,181 | $ 58,684 | $ – |
| Net Pension Liabilities | 1,731,180 | – | 29,540 | 1,701,640 | – |
| Unearned Revenue | 183,009 | 224,687 | 121,708 | 285,988 | 220,927 |
| Derivative Instruments | 31,302 | 25,225 | – | 56,527 | – |
| Long-Term Liabilities | 1,945,750 | 985,423 | 660,738 | 2,270,435 | 57,291 |
| Total | $ 3,938,860 | $ 1,257,581 | $ 823,167 | $ 4,373,274 | $ 278,218 |

## NOTE 9 – 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. On June 16, 2020, the Board authorized the increase of the commercial paper program from $500 million to $750 million, backed by the University's general revenue pledge. 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, 2021 and 2020, is as follows (dollars in thousands):

| | 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 |

| | July 1, 2019 | Additions | Retirements | June 30, 2020 |
|---|---|---|---|---|
| Taxable | $ 154,485 | $ 100,000 | $ 216,985 | $ 37,500 |
| Tax-exempt | 21,226 | - | 1,019 | 20,207 |
| Total Commercial Paper | $ 175,711 | $ 100,000 | $ 218,004 | $ 57,707 |

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## NOTE 10 – LONG-TERM LIABILITIES

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 | 5,791 |
| 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 |
| University Hospital Space Leases: | | | | | | | |
| Ambulatory Care Center, 140 Bergen St. | 2089 | 4.16%[1] | 18,835 | – | 50 | 18,785 | 52 |
| New Jersey Medical School, 150 Bergen St. | 2089 | 4.16%[1] | 16,000 | – | 42 | 15,958 | 44 |
| **Equipment Leases** | | Various | 7,243 | 3,921 | 5,074 | 6,090 | 3,155 |
| **Loan Payable:** | | | | | | | |
| New Brunswick Development Corporation: | | | | | | | |
| 15 Washington Street Housing Project | 2025 | 12.00% | 2,200 | – | – | 2,200 | – |
| | | | 2,235,327 | 240,592 | 232,520 | 2,243,399 | 69,988 |
| **Unamortized Bond Discounts** | | | (890) | – | (45) | (845) | (45) |
| **Unamortized Bond Premiums** | | | 35,998 | – | 6,787 | 29,211 | 3,179 |
| **Total Long-Term Liabilities** | | | $2,270,435 | $240,592 | $239,262 | $2,271,765 | $73,122 |

[1] Effective interest rate.

Long-term liability activity for the year ended June 30, 2020, is as follows (dollars in thousands):

| | Maturity Date | Interest Rates | July 1, 2019 | Additions | Retirements and Payments | June 30, 2020 | Current Portion |
|---|---|---|---|---|---|---|---|
| **Notes:** | | | | | | | |
| U.S. Department of Education | 2021 | 5.50% | $201 | $ – | $133 | $68 | $68 |
| City of Camden | 2023 | 1.00% | 133 | – | 43 | 90 | 30 |
| New Jersey Infrastructure Bank | 2021 | 0.00% | – | 13,936 | – | 13,936 | 13,936 |
| **Bonds Payable:** | | | | | | | |
| General Obligation Bonds: | | | | | | | |
| 2009 Series G | 2039 | Variable Rate | 62,820 | – | 2,110 | 60,710 | 2,195 |
| 2010 Series H | 2040 | 3.776% - 5.665% | 386,275 | – | 4,855 | 381,420 | 4,970 |
| 2010 Series I | 2029 | 2.00% - 5.00% | 21,670 | – | 21,670 | – | – |
| 2013 Series J | 2036 | 1.00% - 5.00% | 296,135 | – | 243,500 | 52,635 | – |
| 2013 Series K | 2033 | 0.40% - 4.712% | 97,965 | – | 6,550 | 91,415 | 6,300 |
| 2013 Series L | 2043 | 1.00% - 5.00% | 319,350 | – | 309,635 | 9,715 | – |
| 2016 Series M | 2039 | 3.00% - 5.00% | 164,610 | – | 6,640 | 157,970 | 6,980 |
| 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 | – |
| 2020 Series Q | 2029 | 5.00% | – | 17,820 | – | 17,820 | 1,565 |
| **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% | 25,853 | – | 1,201 | 24,652 | 1,262 |
| Series 2016 A | 2022 | 2.84% | 23,525 | – | 5,940 | 17,585 | 6,076 |
| Series 2016 B | 2036 | 4.73% | 4,627 | – | 165 | 4,462 | 174 |
| Higher Education Equipment Leasing Fund, Series 2014 A | 2023 | 5.00% | 1,800 | – | 418 | 1,382 | 439 |
| **Capital Lease Obligations:** | | | | | | | |
| Housing Authority of the City of New Brunswick | 2020 | 3.00% - 5.00% | 3,855 | – | 3,855 | – | – |
| Robert Wood Johnson University Hospital Sublease | 2020 | 3.00% - 5.00% | (680) | – | (680) | – | – |
| New Jersey Economic Development Authority: | | | | | | | |
| College Avenue Redevelopment Project | 2046 | 4.00% - 5.00% | 225,770 | – | 4,120 | 221,650 | 4,350 |
| 15 Washington Street Housing Project | 2031 | 3.10% | 48,830 | – | 2,740 | 46,090 | 2,840 |
| University Hospital Space Leases: | | | - | | | | |
| Ambulatory Care Center, 140 Bergen St. | 2089 | 4.16%[1] | 18,884 | – | 49 | 18,835 | 50 |
| New Jersey Medical School, 150 Bergen St. | 2089 | 4.16%[1] | 16,041 | – | 41 | 16,000 | 42 |
| **Equipment Leases** | | Various | 5,181 | 6,107 | 4,045 | 7,243 | 2,815 |
| **Loan Payable:** | | | | | | | |
| New Brunswick Development Corporation: | | | | | | | |
| 15 Washington Street Housing Project | 2025 | 12.00% | 2,200 | – | – | 2,200 | – |
| | | | 1,870,009 | 982,348 | 617,030 | 2,235,327 | 54,092 |
| **Unamortized Bond Discounts** | | | (934) | – | (44) | (890) | (45) |
| **Unamortized Bond Premiums** | | | 76,675 | 3,075 | 43,752 | 35,998 | 3,244 |
| **Total Long-Term Liabilities** | | | $1,945,750 | $985,423 | $660,738 | $2,270,435 | $57,291 |

[1] Effective interest rate.

**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, 2021, no funds have been drawn against this agreement.

Debt service to maturity for all General Obligation Bonds, using variable rates as of June 30, 2021, and using the net interest rate swap payments as of June 30, 2021 (See Note 11 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 |
| 2022 | $ 47,165 | $ 77,791 | $ 2,280 | $ 6 | $ 2,297 | $ 129,539 |
| 2023 | 69,195 | 75,741 | 2,370 | 6 | 2,209 | 149,521 |
| 2024 | 51,550 | 72,724 | 2,465 | 5 | 2,117 | 128,861 |
| 2025 | 53,395 | 70,392 | 2,560 | 5 | 2,022 | 128,374 |
| 2026 | 58,495 | 68,536 | 2,660 | 5 | 1,923 | 131,619 |
| 2027-2031 | 389,620 | 303,514 | 14,995 | 20 | 7,972 | 716,121 |
| 2032-2036 | 351,055 | 228,842 | 18,310 | 12 | 4,765 | 602,984 |
| 2037-2041 | 347,410 | 160,148 | 12,875 | 3 | 1,029 | 521,465 |
| 2042-2046 | 241,845 | 96,082 | – | – | – | 337,927 |
| 2047-2051 | 61,515 | 68,449 | – | – | – | 129,964 |
| 2052-2056 | – | 64,597 | – | – | – | 64,597 |
| 2057-2061 | – | 64,597 | – | – | – | 64,597 |
| 2062-2066 | – | 64,597 | – | – | – | 64,597 |
| 2067-2071 | – | 64,597 | – | – | – | 64,597 |
| 2072-2076 | – | 64,597 | – | – | – | 64,597 |
| 2077-2081 | – | 64,597 | – | – | – | 64,597 |
| 2082-2086 | – | 64,598 | – | – | – | 64,598 |
| 2087-2091 | – | 64,598 | – | – | – | 64,598 |
| 2092-2096 | – | 64,598 | – | – | – | 64,598 |
| 2097-2101 | – | 64,598 | – | – | – | 64,598 |
| 2102-2106 | – | 64,598 | – | – | – | 64,598 |
| 2107-2111 | – | 64,598 | – | – | – | 64,598 |
| 2112-2116 | – | 64,598 | – | – | – | 64,598 |
| 2117-2119 | 330,000 | 38,758 | – | – | – | 368,758 |
| Total | $ 2,001,245 | $ 2,100,745 | $ 58,515 | $ 62 | $ 24,334 | $ 4,184,901 |

**New Bond Issuance**

During fiscal year 2020, the University issued General Obligation Bonds, 2019 Series P (Federally Taxable) for $330.0 million to provide financing for various capital projects approved by the Board of Governors.

**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.

During fiscal year 2020, the University issued General Obligation Refunding Bonds, 2019 Series R (Federally Taxable) for $614.5 million to partially refund the 2013 Series J and the 2013 Series L bonds. As part of the refunding, the University reduced its total debt service over the next 24 years by $51.7 million and obtained an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of $50.6 million. The difference between the reacquisition price and the net carrying amount of the old debt of $63.2 million is being deferred and amortized as a reduction to interest expense through the year 2043 using the effective interest method.

In addition, during fiscal year 2020, the University issued General Obligation Refunding Bonds, 2020 Series Q (Tax-Exempt) for $17.8 million to refund the 2010 Series I bonds. As part of the refunding, the University reduced its total debt service over the next 10 years by $3.2 million and obtained an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of $2.9 million. The difference between the reacquisition price and the net carrying amount of the old debt nearly broke even.

**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 |
|---|---|---|---|
| 2022 | $ 7,762 | $ 1,558 | $ 9,320 |
| 2023 | 8,053 | 1,280 | 9,333 |
| 2024 | 1,668 | 1,082 | 2,750 |
| 2025 | 1,753 | 997 | 2,750 |
| 2026 | 1,841 | 910 | 2,751 |
| 2027-2031 | 10,506 | 3,245 | 13,751 |
| 2032-2036 | 8,429 | 832 | 9,261 |
| 2037 | 382 | 10 | 392 |
| Total | $ 40,394 | $ 9,914 | $ 50,308 |

**Capital Lease Obligations**

- **Housing Authority of the City of New Brunswick**

Pursuant to the terms of the capital lease and agreement dated July 1, 1992 between the University and the Housing Authority of the City of New Brunswick (the Housing Authority), the Housing Authority issued bonds for the purpose of providing long-term financing for the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. The bonds were fully paid by June 30, 2020. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the University. As discussed more fully below, a portion of this capital lease obligation is being funded under a sublease agreement.

- **Robert Wood Johnson University Hospital Sublease**

In conjunction with the Housing Authority capital lease and agreement, the University simultaneously entered into a sublease and agreement with the Robert Wood Johnson University Hospital, Inc. (the Hospital), dated July 1, 1992, whereby the Hospital agreed to lease a portion of the parking facility from the University. At the end of the term, title to the Hospital's portion of the parking deck will be transferred to the Hospital.

**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.

**Ambulatory Care Center**

On July 2, 2013, the University (subtenant) entered into a sublease agreement with University Hospital (sub landlord) to sublease the Ambulatory Care Center located at 140 Bergen Street, Newark, New Jersey. The present value of the sublease was calculated using a discount rate of 4.16%. The sublease expiration date is May 31, 2089 and the base rent is $0.8 million per year.

**New Jersey Medical School – Hospital Building**

On July 1, 2013, the University (subtenant) entered into a sublease agreement with University Hospital (sub landlord) to sublease a portion of the Hospital Building located at 150 Bergen Street, Newark, New Jersey. The present value of the sublease was calculated using a discount rate of 4.16%. The sublease expiration date is May 31, 2089 and the base rent is $0.7 million per year.

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

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 9,611 | $ 4,343 | $ 13,954 |
| 2023 | 7,905 | 3,665 | 11,570 |
| 2024 | 8,219 | 3,329 | 11,548 |
| 2025 | 8,604 | 2,973 | 11,577 |
| 2026 | 6,874 | 2,602 | 9,476 |
| 2027-2031 | 30,398 | 10,944 | 41,342 |
| 2032-2036 | 788 | 6,613 | 7,401 |
| 2037-2041 | 966 | 6,435 | 7,401 |
| 2042-2046 | 1,184 | 6,217 | 7,401 |
| 2047-2051 | 1,452 | 5,949 | 7,401 |
| 2052-2056 | 1,780 | 5,621 | 7,401 |
| 2057-2061 | 2,183 | 5,218 | 7,401 |
| 2062-2066 | 2,676 | 4,725 | 7,401 |
| 2067-2071 | 3,281 | 4,120 | 7,401 |
| 2072-2076 | 4,023 | 3,378 | 7,401 |
| 2077-2081 | 4,932 | 2,469 | 7,401 |
| 2082-2086 | 6,047 | 1,355 | 7,402 |
| 2087-2089 | 4,266 | 175 | 4,441 |
| Total | $ 105,189 | $ 80,131 | $ 185,320 |

**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. As of June 30, 2021, interest rate on the note is 0.0% and will mature on June 30, 2023. The university anticipates to convert the note to a long-term bond issued by NJIB upon maturity. As of June 30, 2021, total draws from the short-term loan amounted to $29.7 million.

**Miscellaneous Equipment Leases**

The University has entered into certain lease-purchase agreements for equipment. The following represents the book value of the University's equipment capital leases at June 30, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Cost | $ 17,366 | $ 13,445 |
| Accumulated Depreciation | (6,807) | (2,657) |
| Net Book Value | $ 10,559 | $ 10,788 |

**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, 2021 and 2020, 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.

**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, 2021 and 2020 (dollars in thousands):

| | Amount Defeased | Final Maturity/Call Date | Amount Outstanding at June 30, 2021 | Amount Outstanding at June 30, 2020 |
|---|---|---|---|---|
| General Obligation Refunding Bonds, 2013 Series J | $ 243,500 | 5/1/2023 | $ 212,165 | $ 228,225 |
| General Obligation Bonds, 2013 Series L | 309,635 | 5/1/2023 | 303,905 | 306,840 |
| NJEDA General Obligation Lease Revenue Bonds, Series 2013 | 192,155 | 6/15/2023 | 192,155 | - |
| Total | $ 745,290 | | $ 708,225 | $ 535,065 |

## NOTE 11 – 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 the period 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 fair value for Swap #1 of $18.9 million is reported in the statement of revenue, expenses and changes in net position as an increase in the fair value of the Swaps.

For the years ended June 30, 2021 and 2020, the University had two derivative instruments outstanding (dollars in thousands).

| | | | Notional Amount | | | | | | Fair Value | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Swap # | Type | Objective | 2021 | 2020 | Effective Date | Termination Date | Terms | Counterparty Credit Rating (Moody's/S&P) | 2021 | 2020 | Change in Fair Value from 2020 |
| 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 | ($36,367) | ($55,263) | $18,896 |
| 2 | Pay fixed, receive variable interest rate swap | Hedge of changes in cash flows on variable-rate General Obligation Bond | 7,485 | 8,520 | 5/1/2007 | 5/1/2027 | Pay fixed 3.824%, receive SIFMA swap index | Aa2/AA– | (978) | (1,264) | 286 |
| | | | $107,485 | $108,520 | | | | | ($37,345) | ($56,527) | $19,182 |

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

**Credit Risk:**
As of June 30, 2021 and 2020, 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. The table below shows when collateralization would be required or triggered.

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

As of June 30, 2021 and 2020, the University's credit ratings by Moody's and S&P was Aa3 and A+, respectively. As of June 30, 2021, the university was required to post collateral totaling to $17.8 million ($37.3 million in 2020).

**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 12 – COMMITMENTS**

At June 30, 2021, the estimated cost of capital projects under construction and/or in the design stage with approved sources of funding, aggregated approximately $505.0 million ($667.5 million in 2020). The additional funding required at June 30, 2021 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, 2021 | Additional Funding Required at June 30, 2021 | Estimated Total Cost |
| Borrowing | $ 72,610 | $ 119,742 | $ 192,352 |
| State | 8,622 | - | 8,622 |
| Gifts and Other Sources | 226,392 | 77,644 | 304,036 |
| Total | $ 307,624 | $ 197,386 | $ 505,010 |

The University leases certain space used in general operations. Rental expense was approximately $23.5 million in 2021 ($25.9 million in 2020). The leases are non-cancelable and have been classified as operating leases which are expected to expire through 2048. Minimum annual rental commitments approximate the following (dollars in thousands):

| Fiscal Year | Amount |
|---|---|
| 2022 | $ 21,767 |
| 2023 | 19,397 |
| 2024 | 15,066 |
| 2025 | 10,657 |
| 2026 | 7,025 |
| 2027-2031 | 35,662 |
| 2032-2036 | 21,642 |
| 2037-2041 | 20,482 |
| 2042-2046 | 11,160 |
| 2047-2051 | 10,282 |
| Total | $ 173,140 |

## NOTE 13 – NATURAL EXPENSES BY FUNCTIONAL CLASSIFICATION

The University reports operating expenses by natural classification. Details of these expenses by functional classification at June 30, 2021 and 2020, are as follows (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Instruction | $ 899,030 | $ 958,967 |
| Research | 529,213 | 573,994 |
| Extension and Public Service | 297,600 | 244,457 |
| Academic Support | 418,306 | 484,043 |
| Student Services | 128,080 | 144,803 |
| Operations and Maintenance of Plant | 213,243 | 230,719 |
| General Administration and Institutional | 266,970 | 306,005 |
| Scholarships and Fellowships | 162,861 | 120,694 |
| Depreciation | 194,416 | 190,371 |
| Patient Care Services | 800,410 | 743,362 |
| Auxiliary Enterprises | 161,491 | 269,407 |
| OPEB Expenses | 76,691 | 18,774 |
| Total Operating Expenses | $ 4,148,311 | $ 4,285,596 |

## NOTE 14 - 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, 2021 and 2020 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 2021 and 2020.

**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, 2021, the University reported a liability of $1,576.1 million and $90.6 million for PERS and PFRS, respectively ($1,620.5 million and $81.1 million for PERS and PFRS, respectively, in 2020), 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, 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 total pension liability used to calculate the net pension liability at June 30, 2020, was determined by an actuarial valuation as of July 1, 2018, and rolled forward to the measurement date of June 30, 2019, 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 2020, which was 7.1% and 2.1% for PERS and PFRS, respectively (7.0% and 1.9%, respectively, in 2019). The University's proportionate share of the respective net pension liabilities for the plan was 4.1% and 0.5% for PERS and PFRS, respectively (3.9% and 0.4%, respectively in 2019).

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, 2020 and 2019 measurement of the net pension liability for PERS and PFRS used the following actuarial assumptions:

| | 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% |

| | 2019 | |
|---|---|---|
| | 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 2020 and 2019, 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-2020 for 2020 and MP-2019 for 2019.

In 2020 and 2019, 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 for 2020 and MP-2019 for 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 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, 2020 and 2019) 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, 2020 and June 30, 2019 are summarized in the following tables:

| | 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% |

| | 2019 | |
|---|---|---|
| **Asset Class** | **Target Allocation** | **Long-Term Expected Real Rate of Return** |
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Markets Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

**Discount Rate –** The discount rate used to measure the total pension liability for PERS and PFRS was 7.00% as of June 30, 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 78% of the actuarially determined contributions. 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.

The discount rate used to measure the total pension liability for PERS and PFRS was 6.28% and 6.85%, respectively, as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Change in Assumptions –** 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%. For the valuation used in the measurement of the net pension liability for PERS as of June 30, 2019, the discount rate increased 0.62% to 6.28% 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, 2019, the discount rate increased 0.34% to 6.85% 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, 2020 and 2019, 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):

| | 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 |

| | 2019 | | |
|---|---|---|---|
| | **At 1% Decrease** | **At Current Discount Rate** | **At 1% Increase** |
| PERS (5.28%, 6.28%, 7.28%, respectively) | $1,864,420 | $1,620,535 | $1,415,595 |
| PFRS (5.85%, 6.85%, 7.85%, respectively) | 94,862 | 81,105 | 69,728 |
| Total | $1,959,282 | $1,701,640 | $1,485,323 |

**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, 2021 and 2020 (dollars in thousands):

| 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 |

| 2020 | PERS | PFRS | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Changes of Assumptions | $89,978 | $1,074 | $91,052 |
| Changes in Proportionate Share | 80,834 | 11,499 | 92,333 |
| Difference Between Expected and Actual Experience | 16,738 | – | 16,738 |
| Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,568 | 1,030 | 2,598 |
| Contributions Subsequent to Measurement Date | 64,214 | 8,007 | 72,221 |
| Total | $253,332 | $21,610 | $274,942 |
| **Deferred Inflows of Resources** | | | |
| Changes of Assumptions | $324,999 | $11,353 | $336,352 |
| Changes in Proportionate Share | 7,946 | 4,877 | 12,823 |
| Difference Between Expected and Actual Experience | 11,604 | 1,909 | 13,513 |
| Total | $344,549 | $18,139 | $362,688 |

Included in deferred outflows of resources related to pensions is $89.2 million and $72.2 million on June 30, 2021 and 2020 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, 2022 and 2021, 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 |
|---|---|---|---|
| 2022 | ($80,083) | ($1,517) | ($81,600) |
| 2023 | (76,953) | 251 | (76,702) |
| 2024 | (40,177) | 1,962 | (38,215) |
| 2025 | (18,645) | 980 | (17,665) |
| 2026 | (3,343) | 912 | (2,431) |
| Total | ($219,201) | $2,588 | ($216,613) |

**Annual Pension Expense –** The University's annual pension expense for PERS and PFRS for the year ended June 30, 2021, was approximately $90.8 million and $7.3 million, respectively ($117.0 million and $5.9 million, respectively, in 2020).

**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, 2021 and 2020 was $1,293.8 million and $1,298.3 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 2021. 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, 2021 and 2020 were $104.1 million and $104.1 million, respectively. Employee contributions for the years ended June 30, 2021 and 2020 were $69.3 million and $68.9 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 $285,000 for calendar year 2020 and $290,000 for calendar year 2021.

## 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, 2021, the State recorded a liability of $4,375.3 million ($3,145.0 million in 2020), 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, 2021, the University's share was 54.7% (57.3% in 2020), and 15.5% (17.3% in 2020) of the special funding situation of the Plan, respectively.

For the year ended June 30, 2021, the University recognized OPEB expense of $76.7 million ($18.8 million in 2020). 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 $76.7 million ($18.8 million in 2020).

*Actuarial assumptions and other inputs* – 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 State's liability associated with the University at June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to the measurement date of June 30, 2019. The valuation used the following assumptions:

| | 2020 | 2019 |
|---|---|---|
| Inflation Rate | 2.50% | 2.50% |
| Discount Rate | 2.21% | 3.50% |
| Salary Increases: | | |
| Through 2026 | 1.55 – 15.25% | 1.55 – 15.25% |
| Thereafter | 2.75 – 7.00% | 1.55 – 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, 2019 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.

The June 30, 2018 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-2019. 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-2019. 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-2019.

Certain actuarial assumptions used in the June 30, 2019 and 2018 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, 2019 pre-Medicare medical benefits valuation, 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%.

For the June 30, 2018 pre-Medicare medical benefits valuation, the trend rate is initially 5.7%, deceasing to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5%, decreasing to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

## NOTE 15 - 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 $61.7 million at June 30, 2021 ($64.0 million in 2020). 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 $18.5 million at June 30, 2021 ($18.5 million in 2020), 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 $2.8 million at June 30, 2021 ($2.8 million in 2020), 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 16 - 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, 2021, for these items is $41.8 million ($45.2 million in 2020). The reserve balance recorded at June 30, 2021 is $61.8 million. This amount includes $32.8 million of invested reserves at June 30, 2021 ($41.1 million in 2020). The University also maintains an uninvested balance of $29.0 million at June 30, 2021 ($12.7 million in 2020).

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, UPA, 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 $10.5 million in 2021 ($15.8 million in 2020). Contributions to the Fund from the State totaled $1.2 million in 2021 ($6.5 million in 2020), while contributions from RBHS affiliates, DOC, and faculty practice plans totaled $9.3 million in 2021 ($9.3 million in 2020).

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.

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**NOTE 17 – IMPACT OF COVID-19**

As a result of the coronavirus pandemic (COVID-19), the University has been awarded $369.8 million in grants 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 $54.2 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, 2021, all of the HEERF I money has been expended with $0.6 million in MSI remaining.

**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, 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. These awards have not been drawn down and do not impact 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 (GEER) Fund 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 GEER 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 GEER was $19.2 million and $1.5 million remains unspent and remains in unearned revenues 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 18 - 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 19 – 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, 2021 and 2020 is as follows.

**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 | $ 1,096,490 | $ 253,787 | $ 1,350,277 |
| Current Assets-Due from RHG/(to) Rutgers | 274,690 | (274,690) | - |
| Capital Assets, Net | 3,903,406 | 23,011 | 3,926,417 |
| Other Noncurrent Assets | 2,085,067 | - | 2,085,067 |
| Deferred Outflows | 278,428 | 76,073 | 354,501 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | 7,638,081 | 78,181 | 7,716,262 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:** | | | |
| Current Liabilities | 699,192 | 92,669 | 791,861 |
| Non Current Liabilities | 3,681,378 | 345,584 | 4,026,962 |
| Deferred Inflows | 282,664 | 100,529 | 383,193 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS** | 4,663,234 | 538,782 | 5,202,016 |
| **NET POSITION (DEFICIT):** | | | |
| Net Investment in Capital Assets | 1,812,177 | 4,474 | 1,816,651 |
| Restricted for | | | |
| Nonexpendable | 977,936 | - | 977,936 |
| Expendable | 683,173 | 11,947 | 695,120 |
| Net Unrestricted | (498,439) | (477,022) | (975,461) |
| **TOTAL NET POSITION/(DEFICIT)** | $ 2,974,847 | $ (460,601) | $ 2,514,246 |

**CONDENSED STATEMENT OF NET POSITION**
**June 30, 2020**
**(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 | $ 982,774 | $ 167,143 | $ 1,149,917 |
| Current Assets-Due from RHG/(to) Rutgers | 171,255 | (171,255) | - |
| Capital Assets, Net | 3,927,537 | 19,457 | 3,946,994 |
| Other Noncurrent Assets | 1,648,255 | - | 1,648,255 |
| Deferred Outflows | 350,935 | 63,516 | 414,451 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | 7,080,756 | 78,861 | 7,159,617 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:** | | | |
| Current Liabilities | 636,653 | 80,539 | 717,192 |
| Non Current Liabilities | 3,756,917 | 338,139 | 4,095,056 |
| Deferred Inflows | 261,734 | 100,954 | 362,688 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS** | 4,655,304 | 519,632 | 5,174,936 |
| **NET POSITION (DEFICIT):** | | | |
| Net Investment in Capital Assets | 1,895,140 | 7,739 | 1,902,879 |
| Restricted for | | | |
| Nonexpendable | 746,788 | - | 746,788 |
| Expendable | 636,995 | (18,253) | 618,742 |
| Net Unrestricted | (853,471) | (430,257) | (1,283,728) |
| **TOTAL NET POSITION/(DEFICIT)** | $ 2,425,452 | $ (440,771) | $ 1,984,681 |

**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 | 616,021 | 55,077 | 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 | 162,923 | 227 | 163,150 |
| Total Operating Revenues | 2,083,412 | 828,443 | 2,911,855 |
| **OPERATING EXPENSES** | | | |
| Operating Expenses, excluding depreciation and OPEB Expense | 3,051,739 | 825,465 | 3,877,204 |
| Depreciation Expense | 189,439 | 4,977 | 194,416 |
| OPEB Expense | 63,081 | 13,610 | 76,691 |
| Cost Pool | (85,806) | 85,806 | - |
| Total Operating Expenses | 3,218,453 | 929,858 | 4,148,311 |
| Operating loss | (1,135,041) | (101,415) | (1,236,456) |
| **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 | (90,244) | - | (90,244) |
| Gain on Disposal of Capital Assets | 19,412 | (136) | 19,276 |
| Net Other Non-Operating Revenues | 3,771 | 172 | 3,943 |
| Net Non-Operating Revenue | 1,590,894 | 128,438 | 1,719,332 |
| Gain/(Loss) Before Other Revenues | 455,853 | 27,023 | 482,876 |
| Other Revenues | 46,689 | - | 46,689 |
| Transfers From/(To) the University | 46,853 | (46,853) | - |
| Decrease in Net Position | 549,395 | (19,830) | 529,565 |
| Net Position/Surplus/(Deficit) at Beginning of Year | 2,425,452 | (440,771) | 1,984,681 |
| Net Position/Surplus/(Deficit) at End of Year | $ 2,974,847 | $ (460,601) | $ 2,514,246 |

## CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**Year ended June 30, 2020**
**(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) | $ 1,071,738 | $ - | $ 1,071,738 |
| Grants and Contracts | 571,265 | 56,690 | 627,955 |
| Auxiliary Enterprises (net of scholarship allowances) | 217,489 | - | 217,489 |
| Net Patient Service Revenues | 21,741 | 219,130 | 240,871 |
| Health Service Contract Revenues | 166,697 | 490,203 | 656,900 |
| Other Operating Revenues | 152,674 | 538 | 153,212 |
| Total Operating Revenues | 2,201,604 | 766,561 | 2,968,165 |
| **OPERATING EXPENSES** | | | |
| Operating Expenses, excluding depreciation and OPEB Expense | 3,261,252 | 815,199 | 4,076,451 |
| Depreciation Expense | 187,866 | 2,505 | 190,371 |
| OPEB Expense | 15,541 | 3,233 | 18,774 |
| Cost Pool | (87,320) | 87,320 | - |
| Total Operating Expenses | 3,377,339 | 908,257 | 4,285,596 |
| Operating loss | (1,175,735) | (141,696) | (1,317,431) |
| **NON-OPERATING REVENUES/(EXPENSES)** | | | |
| State Appropriations (including fringe benefits paid directly by the State) | 714,498 | 119,265 | 833,763 |
| OPEB Paid by the State | 15,541 | 3,233 | 18,774 |
| Contributions | 43,650 | 84 | 43,734 |
| Endowment and Investment Income | 37,436 | - | 37,436 |
| Net Decrease in Fair Value of Investments | (15,985) | - | (15,985) |
| COVID Relief Funds | 25,178 | - | 25,178 |
| Governmental Student Aid | 229,348 | - | 229,348 |
| Interest on Capital Asset Related Debt | (92,718) | - | (92,718) |
| Loss on Disposal of Capital Assets | (8,993) | - | (8,993) |
| Net Other Non-Operating Expenses | (19,316) | (743) | (20,059) |
| Net Non-Operating Revenue | 928,639 | 121,839 | 1,050,478 |
| Loss Before Other Revenues | (247,096) | (19,857) | (266,953) |
| Other Revenues | 59,148 | - | 59,148 |
| Transfers From/(To) the University | 43,191 | (43,191) | - |
| Decrease in Net Position | (144,757) | (63,048) | (207,805) |
| Net Position/(Deficit) at Beginning of Year | 2,570,209 | (377,723) | 2,192,486 |
| Net Position/(Deficit) at End of Year | $ 2,425,452 | $ (440,771) | $ 1,984,681 |

**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 | $ (546,003) | $ (14,180) | $ (560,183) |
| Net Cash Flows from Noncapital Financing Activities | 885,714 | 22,807 | 908,521 |
| Net Cash Flows from Financing Activities | (253,155) | (8,627) | (261,782) |
| 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 |

**CONDENSED STATEMENT OF CASH FLOWS**
**Year ended June 30, 2020**
**(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 | $ (623,008) | $ (13,770) | $ (636,778) |
| Net Cash Flows from Noncapital Financing Activities | 732,005 | 23,916 | 755,921 |
| Net Cash Flows from Financing Activities | (109,420) | (10,129) | (119,549) |
| Net Cash Flows from Investing Activities | 132,213 | - | 132,213 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 131,790 | 17 | 131,807 |
| Cash and Cash Equivalents - Beginning of the Year | 267,898 | (1) | 267,897 |
| Cash and Cash Equivalents - End of the Year | $ 399,688 | $ 16 | $ 399,704 |

## NOTE 20 - 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, 2021 and 2020 (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Money Market Account | $ 605 | $ 894 |
| Cash and Deposits | 6,114 | 6,302 |
| | $ 6,719 | $ 7,196 |

The Board of Overseers, 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, 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 Foundation's investments at June 30, 2020 are summarized in the following table by their fair value hierarchy (dollars in thousands):

| | 2020 | | | |
|---|---|---|---|---|
| | Investments by Fair Value Level | | | |
| Investment Type | Fair Value | Level 1 | Level 2 | Level 3 |
| U.S. Treasury Securities | $ 366 | $ 366 | $ – | $ – |
| Corporate Bonds | 65 | 45 | 9 | 11 |
| Mortgage-backed Securities | 1 | 1 | – | – |
| Preferred Stock | 55 | 41 | 14 | – |
| Fixed Income Mutual Funds | 8,085 | 8,085 | – | – |
| Equity Securities | 6,272 | 6,272 | – | – |
| International Equity Securities | 844 | 844 | – | – |
| Money Market Mutual Funds | 10,388 | 10,388 | – | – |
| Real Estate | 653 | – | 653 | – |
| Privately Held Securities | 60 | – | – | 60 |
| | $ 26,789 | $ 26,042 | $ 676 | $ 71 |

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, 2021, the amount on deposit with the banks was $5.9 million ($6.1 million in 2020). As of June 30, 2021, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling $0.3 million ($0.3 million in 2020). Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2021 and 2020, 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.

The Foundation limits the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No initial purchase of an equity or fixed income security in any one issuer should exceed 5% of the portion of the Foundation's assets under management by each investment manager. In addition, no single equity security should be greater than 10% of the market value of the Foundation's assets under management. As of June 30, 2021 and 2020, there are no investments in any one issuer greater than 5% of total investments.

**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, 2021 and 2020, the Foundation's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

| Investment Type | Quality Rating | 2021 Amount | 2020 Amount |
|---|---|---|---|
| U.S. Treasury Securities | AA+ | $ 263 | $ 366 |
| Corporate Bonds | A- | 8 | 8 |
| Corporate Bonds | BBB | – | 11 |
| Corporate Bonds | BBB- | 10 | 21 |
| Corporate Bonds | BB+ | 37 | 25 |
| Mortgage-backed Securities | AA+ | 1 | 1 |
| Preferred Stock | A- | 1 | 1 |
| Preferred Stock | BBB- | 15 | 13 |
| Preferred Stock | Not Rated | 77 | 41 |
| Money Market Mutual Funds | AAA | 10,393 | 10,388 |
| Fixed Income Mutual Funds | Not Rated | 7,868 | 8,085 |
| Total | | $ 18,673 | $ 18,960 |

**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, 2021 and 2020 (dollars in thousands):

| | | 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 |

| Investment Type | Fair Value | 2020 Investment Maturities (in years) Less than 1 | 1 – 5 | 6 – 10 | More than 10 |
|---|---|---|---|---|---|
| U.S. Treasury Securities | $ 366 | $ 154 | $ 212 | $ – | $ – |
| Mortgage-backed Securities | 1 | – | – | 1 | – |
| Corporate Bonds | 65 | 36 | 12 | 9 | 8 |
| Preferred Stock | 55 | 37 | 18 | – | – |
| Money Market Mutual Funds | 10,388 | 10,388 | – | – | – |
| Fixed Income Mutual Funds | 8,085 | – | 5,428 | 2,657 | – |
| Total | $ 18,960 | $ 10,615 | $ 5,670 | $ 2,667 | $ 8 |

**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, 2021 and 2020 were as follows (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Administrative Fees and Support: | | |
| Endowment Administrative Fee | $ 11,744 | $ 11,196 |
| University Support | 13,386 | 14,754 |
| | $ 25,130 | $ 25,950 |
| Noncash Support: | | |
| Fair Rental Value of Space Occupied | $ 1,397 | $ 1,267 |
| University-Paid Payroll Taxes and Benefits | 1,654 | 1,551 |
| | 3,051 | 2,818 |
| Total | $ 28,181 | $ 28,768 |

**Assessment Fee Income**

The Foundation charges 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. For the year ended June 30, 2021, assessment fees totaling $4.4 million ($8.2 million in 2020) were recorded.

**Restricted Contributions Receivable**

The anticipated receipt of contributions receivable as of June 30, 2021 and 2020, is as follows (dollars in thousands):

| | 2021 | 2020 |
|---|---|---|
| Year Ending June 30: | | |
| Within One Year | $ 73,598 | $ 53,055 |
| Two to Five Years | 38,900 | 33,448 |
| | 112,498 | 86,503 |
| Less Allowance for Uncollectible Contributions Receivable | (12,122) | (7,294) |
| | $ 100,376 | $ 79,209 |

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 $129.2 million as of June 30, 2021 ($124.4 million in 2020) 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, 2021 were $16.6 million ($20.9 million in 2020).

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**NOTE 21 – SUBSEQUENT EVENTS**

On July 12, 2021, a total of $28.5 million in funding from the U.S. Department of Education, through the second round of Governor's Emergency Education Relief Funding (GEERF II), was awarded to 35 public and public-mission private institutions that receive state operating aid. These funds are to support the launch of the "Opportunity Meets Innovation Challenge," a competitive grant program to implement best practices and develop sustainable system-wide reforms as the state builds long-term resiliency. In implementing these strategies, institutions will be focusing on students who are historically disadvantaged, including underrepresented minorities, low-income students, and working-age adults.

The total allocation for the University of GEERF II was $3.0 million comprised of $1.5 million for Rutgers University – Newark, $0.9 million for Rutgers University – Camden, and $0.6 million for Rutgers University – New Brunswick.

RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**Schedules of Employer Contributions***
For the Seven Years Ended June 30, 2021
(dollars in thousands)

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

| Police and Firemen's Retirement System (PFRS) | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | $9,176 | $8,007 | $6,220 | $4,810 | $3,069 | $1,512 | $1,298 |
| Contributions in relation to the Contractually Required Contribution | $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) | $9,414 | $9,942 | $9,716 | $9,418 | $8,932 | $8,091 | $8,466 |
| Contributions as a percentage of Employee Covered Payroll | 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 Seven Years Ended June 30, **2021**
(dollars in thousands)

| Public Employees' Retirement System (PERS) | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| University Proportionate Share of the Net Pension Liability – State Group | 7.09% | 7.04% | 6.96% | 6.64% | 6.72% | 6.60% | 6.42% |
| University Proportionate Share of the Net Pension Liability – Total Plan | 4.08% | 3.94% | 3.80% | 3.48% | 3.35% | 3.39% | 3.33% |
| University Proportionate Share of the Net Pension Liability | $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) | $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 | 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 | 42.90% | 42.04% | 40.45% | 36.78% | 31.20% | 38.21% | 42.74% |

| Police and Firemen's Retirement System (PFRS) | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| University Proportionate Share of the Net Pension Liability – State Group | 2.11% | 1.93% | 1.85% | 1.57% | 1.79% | 1.76% | 1.76% |
| University Proportionate Share of the Net Pension Liability – Total Plan | 0.47% | 0.44% | 0.41% | 0.32% | 0.33% | 0.36% | 0.36% |
| University Proportionate Share of the Net Pension Liability | $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) | $9,942 | $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 | 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 | 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 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 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 Four Years Ended June 30, 2021
(dollars in thousands)

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| University's proportion of the total OPEB liability | 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 | $4,375,261 | $3,145,049 | $4,053,949 | $4,702,301 |
| Total OPEB liability | $4,375,261 | $3,145,049 | $4,053,949 | $4,702,301 |
| University's covered-employee payroll | $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% |

* 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 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%.

## University Administrative Officers

Jonathan Holloway, *President*

Nancy E. Cantor, *Chancellor, Rutgers University–Newark*

Antonio D. Tillis, *Chancellor, Rutgers University–Camden*

Francine Conway, *Chancellor-Provost, Rutgers University–New Brunswick*

Brian L. Strom, *Chancellor, Rutgers Biomedical and Health Sciences, Executive Vice President, Health Affairs*

Brian Ballentine, *Senior Vice President, Strategy*

Kimberly A. Hopely, *President, Rutgers University Foundation; Executive Vice President, Development and Alumni Engagement*

Enobong (Anna) Branch, *Senior Vice President, Equity*

Andrea Conklin Bueschel, *Senior Vice President, Administration, and Chief of Staff*

Antonio M. Calcado, *Executive Vice President and Chief Operating Officer*

Vivian Fernández, *Senior Vice President, Human Resources*

J. Michael Gower, *Executive Vice President and Chief Financial Officer*

Patrick E. Hobbs, *Director, Intercollegiate Athletics*

John J. Hoffman, *Senior Vice President and General Counsel*

Peter J. McDonough, Jr., *Senior Vice President, External Affairs*

Prabhas V. Moghe, *Executive Vice President, Academic Affairs*

Michele L. Norin, *Senior Vice President and Chief Information Officer*

Michael B. Zwick, *Senior Vice President, Research*