RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY

ANNUAL FINANCIAL REPORT

2022-2023

Cover: The Bruce and Phyllis Nicholas Engineering Students Project Studio, completed in 2023 and located on the campus of Rutgers–New Brunswick, is the university's first net zero-energy building.

Photo: jeffrey Totaro, architectural photographer

RUTGERS UNIVERSITY

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Message from the President

Members of the Rutgers Community,

I offer my thanks to the Executive Vice President and Chief Financial Officer, J. Michael Gower, and his team in University Finance and Administration for their diligence in preparing Rutgers University's Annual Financial Report for the fiscal year 2023.

Again this year, our expenditures have expressed our priorities as a public research university committed to academic access and excellence, building community, and service to advance the common good. The university's assets fund innovation, advance student and faculty success, and improve the foundational, daily operations of the university. Examples include the Rutgers Scarlet Service initiative, which places undergraduate students in summer internships with direct-service government entities and nonprofit agencies; the ongoing Strategic Diversity Cluster Hiring initiative that brings new faculty members to Rutgers whose research aligns with timely, topical areas; and capital projects such as the One Stop student services center at Rutgers University–Newark, the Cooper Street Gateway Project at Rutgers–Camden, and the New Jersey Health and Life Science Exchange project in New Brunswick.

The past year has provided much cause for pride at Rutgers. Last fall, Rutgers–Camden moved into the Top 50 among all public national universities in the country in the U.S. News & World Report rankings—joining Rutgers–Newark, which rose to #40, and Rutgers–New Brunswick, which has reached #15. In a record-breaking year for Rutgers research, the university generated more than $929 million in research grants and sponsored programs and more than 4,200 awards across a wide range of projects. We reached—a year ahead of schedule—a goal I set at my inauguration to raise $50 million to support need-based Scarlet Promise Grants, thanks to gifts from some 14,000 donors, and we recognized a net increase in fair value of investments in 2023.

We continue our multi-year approach to reducing our structural deficit and to improving enrollment, which decreased during the COVID pandemic, particularly among international and transfer students. We are also grateful for the donors who have invested in our future, increasing our gift revenue. And our recent adoption of the common app in the undergraduate admissions process has significantly increased our pool of applicants for the class entering Rutgers this coming fall.

The fiscal challenges we face are sobering but surmountable. As we address these challenges, we will remain steadfast in our commitment to upholding Rutgers' mission, and we will continue to count on the members of our Rutgers community—students, faculty, staff, alumni, governing boards, families, donors, and friends—to carry our great university forward with excellence.

Sincerely,

Jonathan Holloway
President and University Professor

RUTGERS

I am pleased to share with you the certified Annual Financial Report for fiscal year 2023 for Rutgers, The State University of New Jersey.

Financial Highlights

The university's net position increased $60.8 million while total operating revenue increased by $135.1 million. Increases in operating revenue are attributed to growth in patient service, auxiliary, health service contract, and grants and contract revenue, offsetting decreases in net tuition and fees and other operating revenues, which include categories such as royalties and licensing technology fees. Net non-operating revenues decreased by 3.1%, primarily due to a decrease in COVID Relief Funds and other postemployment benefits, and operating expenses increased by 3.8%.

Message from the EVP-CFO

The increase in the university's net position is due primarily to improvement in restricted net assets and net investment in plant. While the overall position improved, unrestricted net assets before adjustment for retirement benefits defined in Government Accounting Standards Board No. 68 decreased by $94.0 million. This reduction reflects the structural deficit the university faces due to the end of COVID Relief Funds, a softening of enrollment-related revenue, and increased costs in all categories.

The enclosed Management's Discussion and Analysis and financial statements provide additional details on the use of resources. Some highlights follow:

- Rutgers received a record $929.3 million in sponsored award funding and $12.7 million in licensing revenue.

- Rutgers received $53.8 million in contributions supporting operating costs, including gifts from Foundation activities; this slight increase over FY22 is primarily related to an increase in gifts for scholarships and institutes.

- The university recognized $58.8 million in net increases in fair value of investments in 2023 following a decrease in 2022. This was due to the long-term investment pool's annual return of 6.9%. As of June 30, 2023, endowment assets were $1.87 billion.

- The university adopted Governmental Accounting Standards Board No. 96 for subscription-based information technology agreements (SBITAs) with a retroactive application as of July 1, 2021. The standard required the university to recognize a SBITA liability and a right-to-use SBITA asset.

- Annual appropriations from the State represent a vital part of the university's funding. In fiscal 2023, State appropriations (including operating aid and fringe benefits paid by the State on behalf of Rutgers) increased by $80.4 million, an 8.5% increase from fiscal 2022. The increase in the fringe portion of this figure is due to a combination of higher rates and additional federal grant and contract fringe relief. The increase in operating aid is made up of outcome-based funding and special State appropriations dedicated to supporting campus buses for Rutgers–Newark, a student success initiative in Rutgers–Camden, and other initiatives in health and civic engagement.

RUTGERS

Capital Assets

Rutgers is deeply committed to creating exceptional and supportive learning environments that provide our students with the necessary tools and resources to thrive as scholars and leaders—both while at Rutgers and beyond. In fiscal year 2023, Rutgers celebrated the completion of the university's first net-zero building, the Bruce and Phyllis Nicholas Engineering Students Projects Studio. The sustainable space, located on the Busch campus in New Brunswick, was built for hands-on learning and interdisciplinary collaboration. In addition to fulfilling a key component of the School of Engineering strategic plan, this project also reflects the university's commitment to climate action and the goal of achieving carbon neutrality before Rutgers' 275th anniversary in 2041 and to helping achieve national net-zero greenhouse gas emissions by 2050.

In spring of 2023, the university received $300 million of federal American Rescue Plan funds from the State of New Jersey, much of which will be allocated to the development of the New Jersey Health & Life Science Exchange (HELIX) project, a public-private development consisting of three buildings in downtown New Brunswick. Rutgers Health at the HELIX will be the new home to the Rutgers Robert Wood Johnson Medical School (RWJMS) as well as a translational research facility expected to be completed by 2026. I am pleased with the favorable funding structure that is in place for this project in addition to the appropriation. This includes funding to support debt service by tax credits administered through the New Jersey Economic Development Authority Aspire program as well as the issuance of tax-exempt and taxable bonds at reasonable rates given the rise in interest rates in general.

This year, Rutgers also began the planning stages for various other facilities-related projects, including a One Stop Student Services Center in Newark; the Brandt Behavioral Health Treatment Center and Residence to provide ambulatory treatment for youth; fire safety and building and sites improvements projects; and the Medical Sciences Building Services Project to create new medical research laboratories.

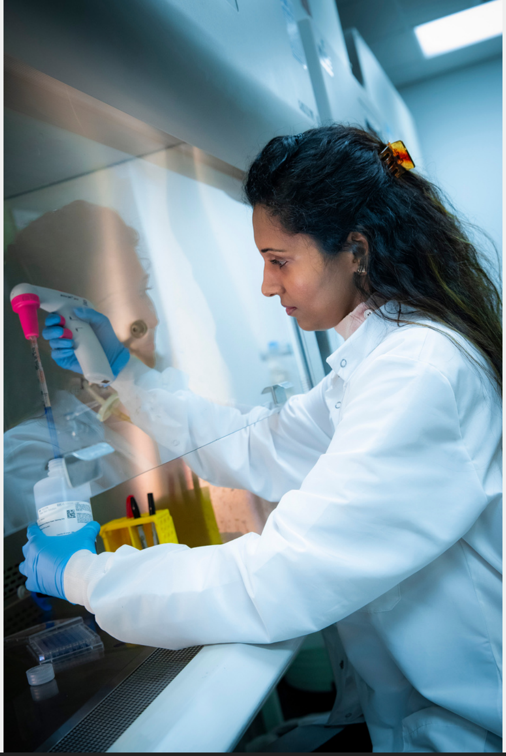
Moving Forward

As the Fiscal 2023 Financial Report on Rutgers' Allocation and Transfer of Resources Across Campuses demonstrates, the university anticipated an operating budget deficit of $125 million in its approved budget. The university closed the year with a deficit in operations of approximately $88.5 million, an improvement when compared to budget but still a very challenging structural position that can only be sustained for a few years. We must continue to monitor—and be ready to respond to—the impact of broad economic factors like inflation, particularly in areas like energy, commodities, cost of benefit programs, and travel; workforce and enrollment pressures; and other "headwinds" impacting higher education in general.

To that end, a high priority for the university will be the work already underway to advance a financial sustainability plan, one which would move the university over three to five years to balance the operating budget and generate additional net revenue to support progressing on deferred maintenance and other capital needs, adopting critical future technologies, funding development of new programs, and rebuilding reserves to provide greater resiliency. This initiative will require the engagement of the entire Rutgers community, innovation in program development, creative thinking, and careful decision-making, rooted in the university's mission and values.

J. Michael Gower

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



Rutgers, By the Numbers

67,000+ students
50 states
120 nations

29 schools
150+ undergrad. &
400+ grad. programs

675,000 degrees conferred
8th oldest university in the United States

$929.3 million in grants & awards generated

6,000+ acres
900+ buildings
19,000 resident beds

300+ Rutgers research centers & institutes

1,300+ Rutgers Health professionals
2.8 million annual patients

Rutgers-**New Brunswick** #15 **|** Rutgers-**Newark** #40 **|** Rutgers-**Camden** #50

Top Public National University *(U.S. News & World Report, 2023)*

Major Facilities Projects

(as of June 30, 2023)

COMPLETED

The **Bruce and Phyllis Nicholas Engineering Student Project Studio** in New Brunswick is a single story, 5,000 square foot space dedicated to student innovation. Students, including the members of Rutgers Formula Racing, Rutgers Solar Car Team, and other student organizations focused on design and building, now can use this space to engage with real-world technological challenges in an environment that fosters teamwork, innovation, problem solving, and leadership and management skills. The project studio is the first net-zero building at Rutgers—meaning the total amount of energy used by the building on an annual basis is equal to the amount of renewable energy created on the site.

IN PROGRESS

The **Health & Life Science Exchange (HELIX NJ)** is a public-private partnership with the city of New Brunswick located on a four-acre redevelopment site in New Brunswick. The building will be a 573,000 square foot high-tech high-rise. Rutgers will occupy 441,000 square feet, which will include the new home for Robert Wood Johnson Medical School (RWJMS), space for translational research, and a vivarium. HELIX also will house the New Jersey Innovation Hub and core partner spaces.

The **One Stop Student Center Services Center (One Stop)** on the campus of Rutgers–Newark will serve as a "single point of service" for students seeking assistance with financial aid, student accounts and registration. The center aims to create a simplified and consistent student experience and a culture that supports student satisfaction and success. This 22,000 square foot project involves the renovation of 15,500 square feet and the addition of 6,500 square feet. Anticipated completion date is summer 2025.

The **Brandt Behavioral Health Treatment Center and Residence** on the campus of Rutgers–New Brunswick will provide residences and clinical treatment for up to 16 clients and daily ambulatory treatment for hundreds of youths from the surrounding communities. A one-story, 15,600 square foot treatment building will have space for counseling, studio therapy, and administrative offices for the clinical program, while a two-story, 26,600 square foot residential building will house client residences, a kitchen and dining space, and fitness and social spaces. Anticipated completion date is summer 2025.

The **Medical Science Building Services** project on the campus of Rutgers–Newark consists of renovations to provide new medical research laboratories, elevator and fire alarm upgrades, reconfiguration and/or expansion of all medical education spaces, and enhancements of the exterior appearance of the existing building for Rutgers New Jersey Medical School. In phases, this project is focusing on improvements for 650,000 gross square feet to modernize the building and provide much needed upgrades to the facility. Anticipated completion date is fall 2025.

Fire Safety, Building, and Site Improvements projects across Rutgers include assessment, prioritization, design (where required), and renovations to buildings and select systems improvements to upgrade existing systems, provide new infrastructure, and abate conditions highlighted by code-mandated fire safety inspections. Accessibility improvements to buildings and sites will enhance the experience of students, visitors, faculty and staff, reduce risk of claims, and increase compliance with the state codes and federal law.

RUTGERS UNIVERSITY

Governors and Trustees

During the Year Ended June 30, 2023

RUTGERS UNIVERSITY

University Finance and Administration
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February 9, 2024

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

I am pleased to submit the Annual Financial Report of Rutgers, The State University of New Jersey for the year ended June 30, 2023. 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 healthcare.

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
Suite 400
150 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

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

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information

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

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

KPMG LLP

Short Hills, New Jersey
February 9, 2024

Management's Discussion and Analysis (unaudited)

June 30, 2023

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, 2023 and 2022, and its changes in financial position for the fiscal years then ended, with fiscal year 2021 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 2023, 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 68,000 students enrolled. These schools are located at Rutgers University–New Brunswick, Rutgers University–Newark, and Rutgers University–Camden. Rutgers Biomedical and Health Sciences (RBHS), 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. On July 27, 2018, RWJBarnabas Health (RWJBH) and the University announced plans to partner and create the state's largest academic health care system dedicated to providing high-quality patient care, leading-edge research and world-class health and medical education that will transform and advance health care in New Jersey. RWJBH is now primarily responsible for the day-to-day management of the joint clinical effort. This RWJBH-lead management structure renders the purposes and mission of RHG essentially moot. Therefore, the University, as RHG's sole corporate member, restructured it to maintain its corporate existence in a dormant format in June 2021. RHG is a blended component unit of the University, however due to its inactivity any additional disclosures have been omitted. Effective July 18, 2023, RBHS and its mission areas of teaching, research, clinical care, and service will be known collectively as Rutgers Health.

On July 1, 2022, the University established a subsidiary single member limited liability company called Scarlet Assets Management Company, LLC (SAMCO) as an alternative solution to maximize revenue generation from licensing the University's multimedia rights assets and to become a platform for other revenue enhancing opportunities for the University, who is its sole member. No transactions existed in fiscal year 2023 for SAMCO.

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

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

Implementation of GASB 96

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 or subscriptions) for government-end users. The standards for SBITAs are based on the standards established in GASB 87, *Leases*, as amended. Under this statement, the University is required to recognize a SBITA liability and a right-to-use SBITA asset.

The University implemented GASB 96 as of July 1, 2021. As a result, fiscal year 2022 has been adjusted and adjusted amounts are reflected for MD&A purposes. Fiscal year 2021 remains unchanged. (See Note 2)

Financial Highlights

The University's financial condition at June 30, 2023, improved with an increase in net position of $60.8 million. Total operating revenues increased by $135.1 million, or 4.3%, with increases of 12.2% in auxiliary revenue, 11.0% in grant and contract revenues, 22.9% in net patient service revenues and 1.6% in health service contract revenues offset by decreases of 2.8% in net tuition and fees and 9.2% in other operating revenues. Operating expenses increased by $169.5 million, or 3.8%, while net non-operating revenues decreased by $39.8 million, or 3.1%, primarily due to a decrease in COVID Relief Funds of $188.8 million and other postemployment benefits of $125.5 million, offset by an increase in fair value of investments of $190.6 million and annual appropriations and fringe benefits of $80.4 million.

Tuition revenue is a significant source of funding for the University. Tuition and fee rates increased on average 2.9%, however the enrollment declined from 69,541 students in fiscal 2022 to 67,620 students in fiscal 2023. Tuition and fees, net of scholarship allowances, decreased $30.0 million, or 2.8% in fiscal year 2023.

Auxiliary revenues increased $32.3 million as a result of increases in housing and dining rates of 3.0% and 5.0%, respectively, along with increased housing occupancy and meal plans due to the continued physical return of students to on-campus activities.

Annual appropriations from the State represent a vital part of the University's funding. In fiscal 2023, State appropriations including operating aid and fringe benefits paid on behalf of Rutgers by the State increased due to additional appropriations which resulted in an $80.4 million increase, to $1,026.6 million, or an 8.5% increase from fiscal 2022. State appropriations, including other postemployment benefits (received from)/paid by the State, as well as federal appropriations, contributions, endowment and investment income, governmental student aid, and COVID relief funds are shown as non-operating revenue.

Net increase/(decrease) in fair value of investments represent realized and unrealized gains and losses on University investments mostly associated with the University's endowments maintained in the long term investment pool. The University recognized $58.8 million in net increases in fair value of investments in 2023.

In May 2023, the University received $300 million from the State of New Jersey through the federal Coronavirus State Fiscal Recovery Fund (SFRF), established pursuant to the federal American Rescue Plan Act of 2021, of which $260 million will be used for the New Jersey Health + Life Science Exchange (HELIX) project, a public-private development consisting of three buildings in downtown New Brunswick. Rutgers Health at the HELIX will be the new home to Rutgers Robert Wood Johnson Medical School (RWJMS) and a Rutgers translational research facility. The remaining funding of $40 million will be used to support capital improvements in Camden and Newark. The HELIX project is estimated to cost $735 million with the Rutgers portion estimated to cost $567 million which will be further funded by tax credits administered through the New Jersey Economic Development Authority Aspire program and through the issuance of tax-exempt and taxable bonds.

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.

Statements of Net Position

The Statements of Net Position present 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 Statements 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, 2023, 2022 and 2021 is as follows (in thousands):

Condensed Statements of Net Position

June 30, 2023, 2022 and 2021

(dollars in thousands)

	2023	2022	2021
Assets:			
Current assets	$ 1,506,040	$ 1,343,083	$ 1,358,299
Noncurrent assets:			
Capital assets, net	3,930,717	3,989,222	4,042,635
Other noncurrent assets	2,359,874	2,260,986	2,294,217
Total Assets	7,796,631	7,593,291	7,695,151
Deferred Outflows of Resources	319,993	309,602	354,501
Total Assets and Deferred Outflows of Resources	8,116,624	7,902,893	8,049,652
Liabilities:			
Current liabilities	1,180,817	879,290	811,745
Noncurrent liabilities	3,829,407	3,813,893	4,120,603
Total Liabilities	5,010,224	4,693,183	4,932,348
Deferred Inflows of Resources	410,246	574,380	596,297
Total Liabilities and Deferred Inflows of Resources	5,420,470	5,267,563	5,528,645
Net Position (Deficit):			
Net investment in capital assets	1,734,606	1,712,133	1,819,126
Restricted – nonexpendable	941,498	904,434	977,936
Restricted – expendable	699,037	699,646	695,120
Unrestricted	(678,987)	(680,883)	(971,175)
Total Net Position	$ 2,696,154	$ 2,635,330	$ 2,521,007

For MD&A purposes, the tables below show the impact of GASB 68 to the Statements of Net Position as of June 30, 2023, 2022 and 2021.

Condensed Statement of Net Position
June 30, 2023
(dollars in thousands)

	As Reported	GASB 68 Adjustment	Before GASB 68 Adjustment
Assets:			
Current assets	$ 1,506,040	$ -	$ 1,506,040
Noncurrent assets:			
Capital assets, net	3,930,717	-	3,930,717
Other noncurrent assets	2,359,874	-	2,359,874
Total Assets	7,796,631	-	7,796,631
Deferred Outflows of Resources	319,993	(238,581)	81,412
Liabilities:			
Current liabilities	1,180,817	-	1,180,817
Noncurrent liabilities	3,829,407	(1,633,519)	2,195,888
Total Liabilities	5,010,224	(1,633,519)	3,376,705
Deferred Inflows of Resources	410,246	(181,153)	229,093
Net Position (Deficit):			
Net investment in capital assets	1,734,606	-	1,734,606
Restricted – nonexpendable	941,498	-	941,498
Restricted – expendable	699,037	-	699,037
Unrestricted	(678,987)	1,576,091	897,104
Total Net Position	$ 2,696,154	$ 1,576,091	$ 4,272,245

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

	As Reported	GASB 68 Adjustment	Before GASB 68 Adjustment
Assets:			
Current assets	$ 1,343,083	$ -	$ 1,343,083
Noncurrent assets:			
Capital assets, net	3,989,222	-	3,989,222
Other noncurrent assets	2,260,986	-	2,260,986
Total Assets	7,593,291	-	7,593,291
Deferred Outflows of Resources	309,602	(219,519)	90,083
Liabilities:			
Current liabilities	879,290	-	879,290
Noncurrent liabilities	3,813,893	(1,552,681)	2,261,212
Total Liabilities	4,693,183	(1,552,681)	3,140,502
Deferred Inflows of Resources	574,380	(338,871)	235,509
Net Position (Deficit):			
Net investment in capital assets	1,712,133	-	1,712,133
Restricted – nonexpendable	904,434	-	904,434
Restricted – expendable	699,646	-	699,646
Unrestricted	(680,883)	1,672,033	991,150
Total Net Position	$ 2,635,330	$ 1,672,033	$ 4,307,363

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

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

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 $146.5 million from 2022 to 2023. This is primarily due to an increase in cash and cash equivalents of $113.5 million and an increase in accounts receivable of $28.3 million. The cash and cash equivalents increase resulted from an increase in capital grant funds received in advance of the HELIX project of $300 million, offset by an increase in operating expenses. The increase in accounts receivable is primarily related to increases in governmental and sponsored programs of $83.1 million and student accounts receivable of $52.6 million offset by decreases in patient and health service contract receivables of $109.6 million. Governmental and sponsored programs increased due to timing of state appropriations received and increased activity in sponsored programs, and the increase in student accounts receivable resulted from slower payments due to a temporary suspension in past due notices and holds on student records. Current assets decreased by $15.2 million from 2021 to 2022. This is primarily due to a decrease in cash and cash equivalents of $176.0 million and short-term investments of $5.5 million offset by an increase in accounts receivable of $165.2 million primarily related to health service contract receivables.

The following table summarizes the University's changes in Cash and Cash Equivalents and Investments as of June 30, 2023, 2022 and 2021 (dollars in thousands):

	2023	2022	2021
Cash and Cash Equivalents			
Current			
Cash and Cash Equivalents	$ 541,651	$ 428,165	$ 604,204
Noncurrent			
Cash and Cash Equivalents	-	-	1,928
Cash and Cash Equivalents - Restricted	48,659	42,756	87,427
Total Cash and Cash Equivalents	590,310	470,921	693,559
Investments			
Current			
Short-Term Investments	18,578	19,695	25,145
Noncurrent			
Long-Term Investments	700,315	654,038	607,766
Long-Term Investments - Restricted	1,310,085	1,277,795	1,327,974
Total Investments	2,028,978	1,951,528	1,960,885
Total Cash and Cash Equivalents and Investments	$ 2,619,288	$ 2,422,449	$ 2,654,444

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 $301.5 million from $879.3 million in 2022 to $1,180.8 million in 2023. The increase is primarily attributable to capital grant funds received in advance for the HELIX project. Current liabilities increased $67.6 million from $811.7 million in 2021 to $879.3 million in 2022. The increase is primarily attributable to a $50.4 million increase in scheduled principal payments related to general obligation bonds and an infrastructure loan. Accounts payable and accrued expenses increased as a result of retroactive salary increases related to the ratification of union agreements and increased fringe benefits costs. The University's current assets cover current liabilities by a factor of 1.3 times in 2023, 1.6 times in 2022, and 1.7 times in 2021. 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 2023, 2022, and 2021.

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position that is applicable to a future reporting period. In 2023, deferred outflows of resources increased by $10.4 million, primarily due to GASB 68 related increases in pension liability, adjusted by a net increase in subsequent contributions. This was offset by a decrease in loss on refunding.

In 2022, deferred outflows of resources decreased by $44.9 million, primarily due to the GASB 68 pension adjustment of $36.3 million, which was due to the changes in the University's proportionate share of the net pension liability and the difference between assumptions and actual experience.

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 6.9%, (9.7%), and 35.1% in fiscal years 2023, 2022 and 2021, respectively. The average annual return over the 5-year period ended June 30, 2023, 2022 and 2021 was 6.6%, 7.1%, and 11.8%, 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 $65.8 million in fiscal 2023, $57.6 million in fiscal 2022, and $52.0 million in fiscal 2021.

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 $37.2 million to $941.6 million for fiscal 2023 and decreased $73.5 million to $904.4 million for fiscal 2022. Term endowments are those funds received from donors that function as endowments until a specified event occurs. The University's term endowments increased $0.3 million to $61.5 million in fiscal 2023 and decreased $2.8 million to $61.2 million in fiscal 2022. 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 $52.3 million in fiscal 2023 to $867.8 million and increased $31.4 million in fiscal 2022 to $815.5 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 $532.2 million, or 28.4%, can be classified as unrestricted net position in 2023, $483.3 million, or 27.1% in 2022 and $444.3 million, or 24.3% in 2021. From this unrestricted endowment, a significant portion of the income is internally designated by the University for scholarships, fellowships, professorships, and research efforts.

Capital Assets and Debt Activities

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

Capital asset additions totaled $211.0 million in 2023, as compared to $251.9 million in 2022. 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.

Major projects completed during fiscal 2023 include:

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

In addition, as of June 30, 2023, the University had various projects under construction or in the design stage. Significant projects include:

- The HELIX project is a public private partnership with the city of New Brunswick located on a four-acre redevelopment site across the street from the New Brunswick train station. This building will be a 573,000 square foot high-tech high-rise with Rutgers occupying a total of 441,000 square feet which will be on floors 2 to 4 (Translational Research), floors 5 to 8 (RWJMS and the Chancellors Suite), and the 12th floor (Vivarium). Floors 9 to 11 will house the New Jersey Innovation Hub and Core Partner spaces.

- The One Stop Student Center Services Center (One Stop) at Rutgers University-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 the 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. Project completion is at 9%. The anticipated completion date is summer 2025.

- The Brandt Behavioral Health Treatment Center and Residence project will be comprised of two buildings that provide residences and clinical treatment for up to 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 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. Construction is underway and 55% complete.

- The 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. Project completion is at 50%.

- The Medical Science Building Services project consists of renovations to provide new medical research laboratories, elevator and fire alarm upgrades, reconfiguration and/or expansion of all medical education spaces, and enhancements of the exterior appearance of the existing building. Phase I 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. Phase III Design which is underway, will build upon the designs from Phases I and II, and will include preparations to complete construction plans, pre-construction services, minor renovations, asbestos abatement, and relocations. Project completion is at 72%. The anticipated completion date is fall 2025.

- The Building and Site Improvements project will include assessment, prioritization, design, asbestos abatement (where required), and renovations to buildings and select site improvements to accessible routes (exterior walkway, ramps, entrance doors, and door operators), public lavatories, circulation within major areas of the building, classroom and hall seating, and elevators are likely candidates for prioritization. Accessibility improvements will enhance the experience of students, visitors, faculty and staff, reduce risk of claims, and increase compliance with the state codes and federal law. Project completion is at 6%. The anticipated completion date is fiscal year 2026.

Several major projects completed during fiscal 2022 include:

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

- Student Services One-Stop on Busch Campus supports student services needs under one roof. Students 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 consisted of the gut renovation of half of the first floor of the Administrative Services Building (approximately 13,000 square feet) for the front-facing student services space, with an associated small addition that will allow for an effective entrance and waiting area. The second and third floors (26,000 square feet each) underwent substantial renovations including HVAC systems, window units, and new finishes and furnishings.

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

Net Pension Liability

In June 2012, GASB issued GASB 68. This statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The University participates in the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), both defined benefit cost-sharing multiple-employer pension plans. GASB 68 requires that the proportionate share of the net pension liability be recognized by each participating employer in the plan. The net pension liability is the portion of the actuarial present value of projected benefit payments attributed to past periods of employee service net of the pension plan's fiduciary net position. A cost-sharing employer is also required to recognize its proportionate share of pension expense and report deferred outflows and deferred inflows of resources for its proportionate share. The changes in net pension liability adjusted for the deferred inflows and deferred outflows of resources result in pension expense. Prior to 2015, the University only recognized pension expense for these plans up to the amount contributed to the plan by the state as indicated within the fringe benefit rate provided by the state. Historically, the state has directly covered pension contributions on behalf of the University and has no current plans to change that. GASB 68 also required the recording of the deferred outflow of resources of $238.6 million, $219.5 million and $255.8 million, a net pension liability of $1,633.5 million, $1,552.7 million and $1,666.6 million, and a deferred inflow of resources of $181.2 million, $338.9 million and $383.2 million in 2023, 2022, and 2021, respectively.

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

Net Position

Net Position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or declined during the year. Net position consists of four major categories: net investment in capital assets, restricted net position (nonexpendable and expendable), and unrestricted net position. Prior to the pension adjustment required by GASB 68, the University's net position decreased by $35.1 million in 2023 (decreased by $7.7 million in 2022 and increased $541.0 million in 2021).

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. Fiscal 2023 increased by $22.5 million ($107.0 million decrease in 2022 and $83.8 million decrease in 2021).

The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position are 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 $37.1 million in fiscal 2023 ($73.5 million decrease in 2022 and $231.1 million increase in 2021) as a result of increases in fair value of investments. The decrease of $73.5 million in 2022 was the result of decreases 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 a decrease of $0.6 million in fiscal 2023 ($4.5 million increase in 2022 and $76.4 million increase in 2021). The increase of $4.5 million in 2022 was the result of increases in sponsored programs.

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 a decrease of $94.0 million in unrestricted net assets for 2023 ($168.3 million increase in 2022 and a $317.2 million increase in 2021). Subsequent to the GASB 68 adjustment, unrestricted net assets increased $1.9 million in 2023 ($290.3 million increase in 2022 and $312.6 million increase in 2021).

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and the expenses incurred during the fiscal year. Activities are classified as either operating, non-operating, or other. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating activities. Non-operating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and contributions as non-operating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenues. A summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022 and 2021 is as follows (dollars in thousands).

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023, 2022 and 2021
(dollars in thousands)

	2023	2022	2021
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,047,194	$ 1,077,165	$ 1,033,775
Grants and contracts	784,980	707,202	671,098
Auxiliary enterprises (net of scholarship allowances)	296,162	263,899	79,555
Net patient service revenues	290,251	236,263	253,780
Health service contract revenues	786,004	773,958	710,497
Other operating revenues	108,389	119,427	149,777
Total operating revenues	3,312,980	3,177,914	2,898,482
Operating expenses	4,586,942	4,417,424	4,141,411
Operating loss	(1,273,962)	(1,239,510)	(1,242,929)
Non-operating revenues/(expenses):			
State appropriations (including fringe benefits paid directly by the state)	1,026,580	946,216	869,993
OPEB (Received from)/Paid by the State	(83,716)	41,757	76,691
Contributions	53,824	48,289	49,634
Endowment and investment income	43,356	33,324	24,937
Decrease Upon Hedge Termination	-	-	(55,263)
Net increase/(decrease) in fair value of investments	58,820	(131,758)	442,976
Increase in Fair Value of Swaps	8,064	24,918	18,896
Governmental student aid	211,285	219,576	223,105
COVID Relief Funds	11,107	199,918	135,388
Interest on capital asset related debt	(90,882)	(96,357)	(94,586)
Net other non-operating revenues	25,771	18,124	40,795
Net non-operating revenues	1,264,209	1,304,007	1,732,566
(Loss)/Income before other revenues	(9,753)	64,497	489,637
Other revenues	70,577	49,826	46,689
Increase in net position	60,824	114,323	536,326
Net position at beginning of year	2,635,330	2,521,007	1,984,681
Net position at end of year	$ 2,696,154	$ 2,635,330	$ 2,521,007

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, 2023, 2022 and 2021.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023
(dollars in thousands)

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,047,194	$ -	$ 1,047,194
Grants and contracts	784,980	-	784,980
Auxiliary enterprises (net of scholarship allowances)	296,162	-	296,162
Net patient service revenues	290,251	-	290,251
Health service contract revenues	786,004	-	786,004
Other operating revenues	108,389	-	108,389
Total operating revenues	3,312,980	-	3,312,980
Operating expenses:			
Salaries and Wages	2,416,827	-	2,416,827
Fringe Benefits	810,740	95,942	906,682
OPEB (Benefit)	(83,716)	83,716	-
Supplies and Services	1,061,751	-	1,061,751
Grant Aid to Students	140,687	-	140,687
Depreciation	240,653	-	240,653
Total operating expenses	4,586,942	179,658	4,766,600
Operating loss	(1,273,962)	(179,658)	(1,453,620)
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	1,026,580	-	1,026,580
OPEB Received from the State	(83,716)	83,716	-
Contributions	53,824	-	53,824
Endowment and investment income	43,356	-	43,356
Net increase in fair value of investments	58,820	-	58,820
Increase in Fair Value of Swaps	8,064	-	8,064
Governmental student aid	211,285	-	211,285
COVID Relief Funds	11,107	-	11,107
Interest on capital asset related debt	(90,882)	-	(90,882)
Net other non-operating revenues	25,771	-	25,771
Net non-operating revenues	1,264,209	83,716	1,347,925
(Loss) before other revenues	(9,753)	(95,942)	(105,695)
Other revenues	70,577	-	70,577
Increase in net position	60,824	(95,942)	(35,118)
Net position at beginning of year	2,635,330	1,672,033	4,307,363
Net position at end of year	$ 2,696,154	$ 1,576,091	$ 4,272,245

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

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	$ 1,077,165	$ -	$ 1,077,165
Grants and contracts	707,202	-	707,202
Auxiliary enterprises (net of scholarship allowances)	263,899	-	263,899
Net patient service revenues	236,263	-	236,263
Health service contract revenues	773,958	-	773,958
Other operating revenues	119,427	-	119,427
Total operating revenues	3,177,914	-	3,177,914
Operating expenses:			
Salaries and Wages	2,275,911	-	2,275,911
Fringe Benefits	674,950	121,995	796,945
OPEB Expense	41,757	(41,757)	-
Supplies and Services	953,220	-	953,220
Grant Aid to Students	235,228	-	235,228
Depreciation	236,358	-	236,358
Total operating expenses	4,417,424	80,238	4,497,662
Operating loss	(1,239,510)	(80,238)	(1,319,748)
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	946,216	-	946,216
OPEB Paid by the State	41,757	(41,757)	-
Contributions	48,289	-	48,289
Endowment and investment income	33,324	-	33,324
Net decrease in fair value of investments	(131,758)	-	(131,758)
Increase in Fair Value of Swaps	24,918	-	24,918
Governmental student aid	219,576	-	219,576
COVID Relief Funds	199,918	-	199,918
Interest on capital asset related debt	(96,357)	-	(96,357)
Net other non-operating revenues	18,124	-	18,124
Net non-operating revenues	1,304,007	(41,757)	1,262,250
Income before other revenues	64,497	(121,995)	(57,498)
Other revenues	49,826	-	49,826
Increase in net position	114,323	(121,995)	(7,672)
Net position at beginning of year	2,521,007	1,794,028	4,315,035
Net position at end of year	$ 2,635,330	$ 1,672,033	$ 4,307,363

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

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

Operating revenues represent 69.7%, 68.0%, and 68.3% of total revenues in fiscal years 2023, 2022 and 2021, respectively, excluding OPEB (received from)/paid by the State, interest on capital asset related debt, increase in fair value of swaps and net increase/(decrease) 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 $342.7 million of a total $483.4 million of student aid directly to student accounts. The remaining $140.7 million was paid to students and is reflected as grant aid to student expense. Scholarship allowances allocated to tuition and fees amounted to $295.3 million. Another $47.4 million was allocated to residence fees, which are included in auxiliary enterprises. Tuition and fees, net of scholarship allowances decreased $30.0 million in fiscal year 2023. The decrease resulted primarily from a decrease in enrollment of approximately 1,900 students. The decrease in students was offset by an increase in tuition and fee rates of 2.9% for the 2022-2023 academic year. Tuition and fees, net of scholarship allowances, increased $43.4 million in fiscal year 2022. The change resulted primarily from the removal of the freeze in tuition and a decrease in fees rates in fiscal 2021 and the approval of 2.5% increase in tuition and 2.9% increase in fees rates for the 2021-2022 academic year.

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 2023 and 2022, total grant and contract revenue was $785.0 million and $707.2 million, respectively, an increase of $77.8 million, or 11.0%. The increase was mainly the result of increases on the RBHS and New Brunswick campuses of $53.0 million and $20.3 million, respectively, resulting from new contracts and newly hired research faculty. In fiscal years 2022 and 2021, total grant and contract revenue was $707.2 million and $671.1 million, respectively, an increase of $36.1 million, or 5.4%. The increase was mainly attributable to an increase in sponsored program revenues of $19.9 million within the RBHS school and $14.3 million within units in the New Brunswick campus.

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 $343.6 million and $298.6 million in fiscal years 2023 and 2022, respectively, less scholarship allowances of $47.4 million and $34.8 million in fiscal years 2023 and 2022, respectively. Auxiliary net revenues increased in fiscal year 2023 by $32.3 million or 12.2%. The largest increases occurred in Housing and Dining, due to average rate increases of 3% and 5% respectively, along with increased housing occupancy and meal plans in 2023, due to the continued physical return of students to on-campus activities. Auxiliary net revenues increased in fiscal year 2022 by $184.3 million or 231.7%. The largest increases occurred in Housing and Dining, as a result of students returning to campus for the academic year 2021-2022 after COVID-19 restrictions were reduced.

Net Patient Service Revenues include revenues related to patient care services, which are generated within RBHS behavioral healthcare, faculty practice operations, community healthcare centers and cancer center, under contractual arrangements with governmental payers and private insurers. In fiscal year 2023, net patient service revenue was $290.3 million compared to $236.3 million for fiscal year 2022, an increase of $54.0 million, or 22.9%. The increases occurred primarily at RWJMS in the amount of $35.8 million, University Behavioral Healthcare (UBHC) $10.1 million, and Cancer Institute of New Jersey (CINJ) $6.1 million. The increases were mainly due to increase in charges and patient service mix. In fiscal year 2022, net patient service revenue was $236.3 million compared to $253.8 million for fiscal year 2021, a decrease of $17.5 million, or 6.9%. The largest decreases were at RWJMS in the amount of $7.6 million, CINJ $7.1 million, and UBHC $4.2 million. The decreases were mainly due to an increase in contractual allowances at RWJMS, and a decrease in patient volume at UBHC.

Health Service Contract Revenues include revenues from physician services provided under agreements with certain New Jersey hospitals, such as University Hospital of Newark, Cooper Hospital, RWJBH, New Jersey Department of Corrections and others. It also includes reimbursements for graduate medical education residency programs provided by housestaff in connection with RWJMS, New Jersey Medical School (NJMS), and Rutgers School of Dental Medicine (RSDM). In fiscal year 2023, health service contract revenue was $786.0 million, which included affiliate and other contract revenues of $655.2 million and housestaff revenues of $130.8 million, representing an overall increase of $12.0 million, or 1.6% over related revenues for fiscal 2022. Housestaff revenues increased at NJMS, partially offset by a decrease at RWJMS. Affiliate and contract revenues increased by $10.8 million, primarily at NJMS, UBHC and the Chancellor's unit, partially offset by decreases at RWJMS and University Correctional Health Care (UCHC). In fiscal year 2022, health service contract revenue was $774.0 million, which included affiliate and other contract revenues of $644.4 million and housestaff revenues of $129.6 million, representing an overall increase of $63.5 million, or 8.9% over related revenues for fiscal 2021. Housestaff revenues increased at RWJMS and NJMS. Affiliate and contract revenues increased due to testing for COVID-19, and there was also an increase in affiliate revenues because of the IPA signed with Barnabas Health, Inc., a New Jersey non-profit corporation and an affiliate of RWJBH.

Significant components of non-operating revenues include the following:

State Appropriations include both operating assistance and fringe benefits paid on-behalf of Rutgers by the State. Total operating assistance was $515.1 million, $481.6 million, and $439.0 million in fiscal years 2023, 2022, and 2021, respectively. Fringe benefits paid on-behalf of Rutgers by the State totaled $511.5 million, $464.6 million, and $431.0 million in fiscal years 2023, 2022, and 2021, respectively.

COVID Relief Funds, include HEERF I, II, and III, GEERF I and II, and CRF I and II. HEERF provides budgetary relief to higher education institutions through numerous provisions and also provides for additional aid to be distributed directly to students. The University recognized $9.8 million in HEERF revenue in fiscal year 2023 and $197.8 million in fiscal year 2022. GEERF provides funds to support students and faculty for continuity of operations during the period of disruption caused by the COVID-19 pandemic. The University recognized $1.2 million in GEERF revenue in fiscal year 2023 and $1.9 million in fiscal year 2022. CRF funds provide support for costs such as those related to cleaning and disinfecting supplies, the transition to online learning and support for COVID-19 testing, among other eligible costs. The University recognized $60.1 million in CRF revenue in fiscal year 2021, as the funds were fully spent.

Governmental Student Aid is also a significant component of non-operating revenues. The University's students benefit from various federal programs, such as, Pell Grants and the Federal Supplemental Educational Opportunity Grants. In addition, the State provides aid through the Tuition Aid Grant (TAG) program and the Educational Opportunity Fund (EOF). The University received a total of $96.3 million in fiscal year 2023 from federal programs, a 3.2% decrease from the $99.5 million received in fiscal year 2022. In fiscal year 2022, the University received a total of $99.5 million from federal programs, a 3.1% increase from the $96.5 million received in fiscal year 2021. The University also received $115.0 million from the State in fiscal year 2023, a decrease of 4.2% over the $120.1 million received in fiscal year 2022. In fiscal year 2022 the University received $120.1 million from the State, a decrease of 5.2% over the $126.7 million received in fiscal year 2021.

Contributions include gifts received by the University through Foundation fundraising activities. The University received a total of $53.8 million in contributions in fiscal year 2023 compared with $48.3 million in fiscal year 2022. The slight increase of $5.5 million is mainly the result of an increase in gifts received for scholarships and institutes. The University received a total of $48.3 million in contributions in fiscal year 2022 compared with $49.6 million in fiscal year 2021. The slight decrease of $1.3 million is mainly the result of less gifts received for scholarship funds.

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 $39.5 million in fiscal year 2023 for capital grants and gifts compared with $21.4 million in fiscal year 2022. The University recognized $23.6 million in federal capital grants related to the HELIX project. The University received $31.1 million in fiscal year 2023 and $28.5 million in fiscal year 2022 in gifts to add to our endowment as a result of the Foundation's activities.

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

The natural classification of expenses demonstrates that the major expenditure of the University in fiscal year 2023 is salaries and wages accounting for 52.7% of total operating expenses with GASB 68 and 75 adjustments (51.5% in 2022 and 51.6% in 2021) and 50.7% without the GASB 68 and 75 adjustments in fiscal year 2023 (50.6% in 2022 and 52.7% in 2021). Negotiated and other staff salary and wages increased 6.2% in fiscal year 2023 (3.2% in 2022 and deferred in 2021). Pension expense for the GASB 68 adjustment was ($95.9) million in fiscal year 2023 compared to ($122.0) million in fiscal year 2022 and $4.6 million in fiscal year 2021. OPEB (benefit)/expense for the GASB 75 adjustment was ($83.7) million in fiscal year 2023, $41.8 million in fiscal year 2022 and $76.7 million in fiscal year 2021. The decrease of $125.5 million in fiscal year 2023 and decrease of $34.9 million in fiscal year 2022 is due to changes to the OPEB plan and changes in the actuarial assumptions and amortization calculations 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 has assessed the economic impact coming out of the COVID-19 pandemic as it has nearly returned to pre-pandemic levels of operations. The transformations experienced in the workplace, in higher education demand, and inflation in the general economy have been profound, demonstrated by the University's first-approved deficit budget in recent years. The University is determining a path to financial sustainability that aims over the next three to five years to balance its operating budget and generate additional funds to support capital needs, technology advancements, new program development, and rebuilding of reserves. This journey toward financial sustainability will be guided by the advancement of Rutgers' values:

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

The University continues to plan its enrollment strategy, taking into consideration demographic changes that continue to impact the traditional college-age population, a returning demand from international student populations, the attendance trends in county colleges that impact our transfer population, and the demand for graduate and professional school programs. The University is also planning for additional conditions that could impact other aspects of the University's financial position and structural deficit:

- Inflation through certain cost areas such as energy, commodities, and travel;
- Increased competition for employees, resulting in wage pressures;
- Compensation increases from the recent collective bargaining agreements with unions representing employees throughout the University;
- Extraordinary increases in benefit costs from the State for employees whose benefits are not paid for by the State; and
- Other increased pandemic-related costs.

The University is addressing these challenges using the lens of its values by considering the following opportunities:

- Developing a University-wide **enrollment strategy** to take advantage of all opportunities including increasing out-of-state students to at least the pre-pandemic level and maintaining in-state student levels.
- Implementing new programs to meet the needs of constituents and employers and provide **incremental net income** to the University.
- Evaluating tuition and fee increases for fiscal year 2025 and beyond, while **balancing access** with cost of operations.
- Continuing legislative initiatives to support increases in Operating Base appropriation, increased New Jersey Tuition Aid Grant amounts to help provide financial assistance for in-state students, and additional relief from the reimbursement for state-provided fringe benefits covering non-state supported employees.
- Setting appropriate **revenue targets** for gifts and contributions, endowment and investment income, and other revenue sources.
- **Streamlining expense outlays** through **service and program reviews** to repurpose funds to support the University's highest priorities.
- Maximizing the use of our facilities and auxiliary assets for **revenue generation opportunities.**

STATEMENTS OF NET POSITION
As of June 30, 2023 and 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2023	2022	2023	2022
ASSETS:				
Current Assets				
Cash and Cash Equivalents	$ 541,651	$ 428,165	$ 3,412	$ 3,140
Cash and Cash Equivalents - Restricted	-	-	11,172	6,846
Short-Term Investments	18,578	19,695	57	29
Short-Term Investments - Restricted	-	-	19,257	17,556
Accounts Receivable, net	924,980	880,212	9,657	9,669
Contributions Receivable, net	-	-	60,623	56,784
Inventories	7,720	8,024	-	-
Prepaid Expenses and Other Assets	13,111	6,987	787	586
Total Current Assets	1,506,040	1,343,083	104,965	94,610
Noncurrent Assets				
Cash and Cash Equivalents - Restricted	48,659	42,756	-	-
Long-Term Investments	700,315	654,038	2,298	2,286
Long-Term Investments - Restricted	1,310,085	1,277,795	4,308	5,383
Accounts Receivable, net	277,208	286,397	-	-
Contributions Receivable, net	-	-	33,869	30,911
Cash Surrender Value of Whole Life Insurance Policies	-	-	428	428
Capital Assets, net	3,930,717	3,989,222	658	944
Other Assets	23,607	-	-	-
Total Noncurrent Assets	6,290,591	6,250,208	41,561	39,952
TOTAL ASSETS	7,796,631	7,593,291	146,526	134,562
DEFERRED OUTFLOWS OF RESOURCES:				
Loss on Refunding	81,412	89,566	-	-
Pension Related	238,581	219,519	-	-
Interest Rate Swaps	-	517	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	319,993	309,602	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	8,116,624	7,902,893	146,526	134,562

(Continued)

RUTGERS UNIVERSITY

STATEMENTS OF NET POSITION
As of June 30, 2023 and 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2023	2022	2023	2022
LIABILITIES:				
Current Liabilities				
Accounts Payable and Accrued Expenses	534,860	427,578	10,744	10,130
Unearned Revenue	485,629	224,308	2,030	211
Payroll Withholdings	14,025	52,813	-	-
Other Payables	1,266	1,465	-	-
Beneficial Interest Payable	-	-	813	888
Commercial Paper	38,673	18,134	-	-
Long-Term Lease and Subscription Liabilities - Current Portion	38,753	34,698	362	348
Long-Term Liabilities - Current Portion	67,611	120,294	-	-
Total Current Liabilities	1,180,817	879,290	13,949	11,577
Noncurrent Liabilities				
Other Noncurrent Liabilities	28,873	31,802	1,297	1,011
Unearned Revenue	26,839	39,243	-	-
Derivative Instruments	3,363	11,966	-	-
Beneficial Interest Payable	-	-	6,134	6,413
Net Pension Liability	1,633,519	1,552,681	-	-
Long-Term Lease and Subscription Liabilities - Noncurrent Portion	133,424	137,448	182	544
Long-Term Liabilities - Noncurrent Portion	2,003,389	2,040,753	-	-
Total Noncurrent Liabilities	3,829,407	3,813,893	7,613	7,968
TOTAL LIABILITIES	5,010,224	4,693,183	21,562	19,545
DEFERRED INFLOWS OF RESOURCES:				
Pension Related	181,153	338,871	-	-
Lessor Real Estate	229,093	235,509	-	-
Irrevocable Split Interest Agreements	-	-	2,973	3,570
TOTAL DEFERRED INFLOWS OF RESOURCES	410,246	574,380	2,973	3,570
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,420,470	5,267,563	24,535	23,115
NET POSITION (DEFICIT):				
Net Investment in Capital Assets	1,734,606	1,712,133	108	46
Restricted for				
Nonexpendable				
Academic/Departmental Uses	477,788	463,628	409	220
Scholarships and Fellowships	463,710	440,806	2,544	2,461
Expendable				
Academic/Departmental Uses	373,658	358,691	39,700	29,757
Scholarships and Fellowships	236,576	231,337	10,537	10,497
Loans	53,675	59,282	-	-
Sponsored Programs	-	4,203	59,100	49,425
Capital Projects	26,374	38,389	7,400	13,785
Other	8,754	7,744	6	606
Unrestricted	(678,987)	(680,883)	2,187	4,650
TOTAL NET POSITION	$ 2,696,154	$ 2,635,330	$ 121,991	$ 111,447

See accompanying notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2023	2022	2023	2022
OPERATING REVENUES:				
Student Tuition and Fees (net of scholarship allowances of $295,348 in 2023 and $250,900 in 2022)	$ 1,047,194	$ 1,077,165	$ -	$ -
Federal Grants and Contracts	525,131	472,163	-	-
State and Municipal Grants and Contracts	134,535	116,538	-	-
Nongovernmental Grants and Contracts	125,314	118,501	70,355	88,399
Auxiliary Enterprises (net of scholarship allowances of $47,424 in 2023 and $34,750 in 2022)	296,162	263,899	-	-
Net Patient Service Revenues	290,251	236,263	-	-
Health Service Contract Revenues	786,004	773,958	-	-
Other Operating Revenues	108,389	119,427	409	883
Total Operating Revenues	3,312,980	3,177,914	70,764	89,282
OPERATING EXPENSES:				
Salaries and Wages	2,416,827	2,275,911	21,150	19,463
Fringe Benefits	810,740	674,950	8,641	7,895
OPEB (Benefit)/Expense	(83,716)	41,757	-	-
Supplies and Services	1,061,751	953,220	10,368	11,571
Grant Aid to Students	140,687	235,228	-	-
Depreciation/Amortization	240,653	236,358	-	-
Distributions to Rutgers, The State University of New Jersey	-	-	162,413	181,109
Distributions to Others	-	-	7	59
Total Operating Expenses	4,586,942	4,417,424	202,579	220,097
Operating Loss	(1,273,962)	(1,239,510)	(131,815)	(130,815)

(Continued)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey		Component Unit: Rutgers University Foundation	
	2023	2022	2023	2022
NON-OPERATING REVENUES (EXPENSES):				
State Appropriations	515,076	481,591	-	-
State Paid Fringe Benefits	511,504	464,625	-	-
OPEB (Received from)/Paid by the State	(83,716)	41,757	-	-
Administrative Fees and Support from Rutgers, The State University of New Jersey	-	-	29,882	27,895
Noncash Support from Rutgers, The State University of New Jersey	-	-	4,345	4,337
Federal Appropriations	7,074	6,840	-	-
COVID Relief Funds	11,107	199,918	-	-
Federal Student Aid	96,273	99,487	-	-
State Student Aid	115,012	120,089	-	-
Contributions	53,824	48,289	67,319	50,119
Endowment and Investment Income (net of investment management fees for the University of $3,947 in 2023 and $4,490 in 2022)	43,356	33,324	462	(5)
Net Increase/(Decrease) in Fair Value of Investments	58,820	(131,758)	(161)	22
Increase in Fair Value of Swaps	8,064	24,918	-	-
Interest on Capital Asset Related Debt	(90,882)	(96,357)	(17)	(17)
Loss on Disposal of Capital Assets	(6,139)	(1,373)	-	-
Other Non-operating Revenues	24,836	12,657	5	1,138
Total Net Non-operating Revenues	1,264,209	1,304,007	101,835	83,489
(Loss)/Income before Other Revenues	(9,753)	64,497	(29,980)	(47,326)
Capital Grants and Gifts	39,477	21,372	7,541	6,619
Additions to Permanent Endowments	31,100	28,454	32,983	27,919
Increase/(Decrease) in Net Position	60,824	114,323	10,544	(12,788)
Net Position - Beginning of the Year	2,635,330	2,521,007	111,447	124,235
Net Position - End of the Year	$ 2,696,154	$ 2,635,330	$ 121,991	$ 111,447

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

	Rutgers, The State University of New Jersey	
	2023	2022
Cash Flows from Operating Activities:		
Student Tuition and Fees	$ 994,496	$ 1,082,607
Research Grants and Contracts	729,489	734,649
Services to Patients	270,359	243,501
Health Service Contract Receipts	884,280	598,208
Payments to Employees and for Benefits	(2,784,884)	(2,614,830)
Payments to Suppliers	(1,059,552)	(953,011)
Payments for Grant Aid to Students	(140,687)	(235,228)
Collection of Loans to Students and Employees	7,680	5,131
Loans to Students and Employees	(1,253)	(1,622)
Auxiliary Enterprises Receipts	290,803	255,126
Other Receipts	84,736	123,063
Net Cash Used by Operating Activities	(724,533)	(762,406)
Cash Flows from Noncapital Financing Activities:		
State Appropriations	501,399	461,918
Federal Appropriations	7,074	6,840
COVID Relief Funds	9,901	143,848
Contributions for other than Capital Purposes	53,824	48,289
Federal and State Student Aid	209,835	222,068
Contributions for Endowment Purposes	31,100	28,454
Net Cash Provided by Noncapital Financing Activities	813,133	911,417
Cash Flows from Financing Activities:		
Proceeds from Capital Debt and Leases	52,327	8,726
Capital Grants and Gifts Received	329,840	24,646
Purchases of Capital Assets and Construction in Progress	(143,818)	(122,870)
Increase in Accrued Capital Assets	9,433	2,987
Principal Paid on Capital Debt and Leases	(163,169)	(111,397)
Interest Paid on Capital Debt and Leases	(85,761)	(91,954)
Interest Income on Leases	7,210	7,290
Net Cash Provided/(Used) by Financing Activities	6,062	(282,572)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	780,520	658,698
Investment Income	43,356	33,324
Purchase of Investments	(799,149)	(781,099)
Net Cash Provided/(Used) by Investing Activities	24,727	(89,077)
Net Increase/(Decrease) in Cash and Cash Equivalents	119,389	(222,638)
Cash and Cash Equivalents - Beginning of the year	470,921	693,559
Cash and Cash Equivalents - End of the year	590,310	470,921

(continued)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022
(dollars in thousands)

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	**2023**	**2022**
Operating Loss	(1,273,962)	(1,239,510)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
State Paid Fringe Benefits	511,504	464,625
OPEB (Received from)/Paid by the State	(83,716)	41,757
Depreciation/Amortization	240,653	236,358
Provision for Bad Debts	22,734	20,514
Changes in Assets and Liabilities:		
Receivables	(39,095)	(154,590)
Inventories	304	(743)
Prepaid Expenses and Other Assets	(6,125)	(314)
Accounts Payable and Accrued Expenses	60,070	(42,332)
Unearned Revenue	(21,970)	36,499
Payroll Withholdings	(38,788)	(2,750)
Other Payables	(200)	75
Net Pension Liability	(95,942)	(121,995)
Net Cash Used by Operating Activities	$ (724,533)	$ (762,406)

Non-Cash Investing and Financing Activities	**2023**	**2022**
Change in Fair Value of Derivatives	$ 8,603	$ 25,380
Net Increase/(Decrease) in Fair Value of Investments	58,820	(131,758)
Capital Assets Acquired through Capital Leases	15,199	11,930

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

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

Basis of Accounting

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

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

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the Foundation).

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.

The Foundation's business includes activities associated with a limited liability corporation, RUF NYC LLC, which is considered a blended component unit and whose financial activity is included in the Foundation statements. In 2023 and 2022, there was no financial activity for this entity. 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.

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

Cash and Cash Equivalents

Current cash and cash equivalents, which are both unrestricted and restricted in nature, consist of cash on hand, and all highly liquid investments with an original maturity of three months or less except for those managed as a component of the University's investment portfolio, which are included in non-current restricted cash. The University reclassifies net overdrafts from Cash and Cash Equivalents to Accounts Payable and Accrued Liabilities. This amount totaled $27.7 million in 2023 ($22.0 million in 2022). 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 $71.3 million at June 30, 2023 ($69.3 million in 2022). Income derived from such irrevocable trust funds held by others, aggregating approximately $3.0 million in 2023 ($3.2 million in 2022), is reported in the accompanying financial statements as non-operating revenue. Due to these funds being donor-established perpetual trusts, they do not meet the requirements of irrevocable split-interest agreements as defined in GASB 81, *Irrevocable Split-Interest Agreements.*

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

Inventories

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

Capital Assets

Capital assets consist of land, buildings, land improvements, equipment, and construction in progress, right-to-use lease and subscription-based information technology arrangement (SBITA or subscription) assets, and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation and amortization. Depreciation on buildings, land improvements, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years. Beginning in 2017, the components of certain buildings (i.e., those with a cost in excess of $15.0 million and that have greater than 30.0% of assignable square footage allocated to organized research) are depreciated over the estimated useful life of those components. Library books totaling approximately 7.5 million volumes in 2023 (7.4 million volumes in 2022) have not been capitalized. The capitalization threshold is $5,000 and above. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized at the acquisition value of the item at the time of acquisition. Assets acquired under lease and SBITA agreements are classified as right-to-use lease and SBITA assets and amortized on a straight-line basis over the shorter of the lease term or the underlying asset useful life (see Note 6 and Note 7).

Leases and Similar Subscription-Based Information Technology Arrangements

Lessor:

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

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

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

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

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

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

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

Lessee and Similar Subscription-Based Information Technology Arrangements:

The University is a lessee for various noncancellable leases of real estate and equipment from external parties. The University also has noncancellable SBITAs (similar to a lease) for the right-to-use information technology hardware and software. For leases and SBITAs with a maximum possible term of 12 months or less at commencement, the University recognizes expense based on the provisions of the lease contract or SBITA, respectively. For all other leases and SBITAs (i.e. those that are not short-term), the University recognizes a right-to-use lease asset or SBITA asset, respectively and lease liability or SBITA liability, respectively (see Note 6).

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

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

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

- The University generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs unless the rate that the lessor/vendor charges is known. The University's incremental borrowing rate for leases and SBITAs is based on the rate of interest it would need to pay if it issued general obligation bonds. The University utilized its outstanding taxable debt issuances to develop a yield curve for all lease terms from 12 months to 100 years. For the University's leases, discount rates were grouped into ranges by the most popular lease periods for the University. For SBITAs, discount rates were used that correspond to the SBITA term. The yield curve is updated on a quarterly basis and utilized for any new leases or SBITAs entered into during that period.

- The lease or SBITA term includes the noncancellable portion of the lease or SBITA, respectively, plus any additional periods covered by either the University or lessor's unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor have an option to terminate are excluded from the lease or SBITA term.

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

Unearned Revenue

Unearned revenue includes summer session activity for July and August, as well as billings to third and fourth year medical and dental students, which will be recognized as revenue in the following fiscal year. It also includes cash received from grant and contract sponsors which has not yet been earned under the terms of the agreement. This includes $1.6 million from COVID relief funds ($2.8 million in 2022) and $276.4 million of the $300.0 million of federal American Rescue Plan funds provided by the State for the New Jersey Health + Life Science Exchange (HELIX) project. In addition, advances from the Big Ten Conference and advances related to State of New Jersey Capital grant programs are included in unearned revenue.

Net Position (Deficit)

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

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

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

Classification of Revenue

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

As a result of the coronavirus pandemic (COVID-19), the University has been awarded $373.0 million in grants since fiscal year 2020 and expendable through September 2023 to defray institutional expenses and provide emergency aid to eligible students. The University recognized $11.1 million and $199.9 million in COVID relief funds as of June 30, 2023 and 2022, respectively. As of June 30, 2023, $1.6 million remained unspent and classified as unearned revenue in the 2023 Statements of Net Position. As of June 30, 2022, $12.5 million was unspent and $2.8 million was classified as unearned revenue in the 2022 Statements of Net Position.

Grant Aid to Students

Grant aid to students includes 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 $86.6 million during the year ended June 30, 2023 ($88.2 million in 2022), from the Federal Pell Grant program, and $102.6 million during the year ended June 30, 2023 ($109.3 million in 2022), 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, 2023, the University disbursed $373.0 million ($398.6 million in 2022) under the Federal Direct Loan Program. Direct student loans receivable is not included in the University's Statements of Net Position since they are repayable directly to the U.S. Department of Education.

Income Taxes

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

Reclassifications

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

Use of Estimates

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

Related Party Transactions

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

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

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

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). This statement enhances comparability and consistency in accounting and financial reporting by addressing two areas: (1) practice issues that have been identified during the implementation of certain GASB statements, and (2) guidance on accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* are effective for fiscal years beginning after June 15, 2023, which is fiscal year 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* (GASB 100). This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 will be effective for fiscal years beginning after June 15, 2023, which is fiscal year 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). This statement updates accounting and financial reporting requirements for compensated absences and associated salary-related payments to better align the recognition and measurement guidance under a unified model which results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. GASB 101 will be effective for fiscal years beginning after December 15, 2023, which is fiscal year 2025.

NOTE 2 – ADOPTION OF ACCOUNTING PRONOUNCEMENTS AND CORRECTION OF AN IMMATERIAL ERROR

The University adopted GASB statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement establishes new requirements on the accounting and reporting for subscription-based information technology arrangements (SBITAs or subscriptions). The standards for SBITAs are based on the standards established in GASB 87, *Leases*, as amended. The balances below were calculated using the facts and circumstances that existed at July 1, 2021 as prescribed by GASB 96. In addition, the University had other immaterial errors in various net position categories.

June 30, 2022 was corrected for the effects of the University's adoption of GASB 96 and other immaterial errors as follows:

	July 1, 2021 as Originally Reported	GASB 96 Impact	July 1, 2021 as Adjusted
Capital Assets, Net	$ 4,042,635	$ 29,208	$ 4,071,843
Long-Term Lease and Subscription Liabilities - Current Portion	22,837	11,961	34,798
Long-Term Lease and Subscription Liabilities - Noncurrent Portion	131,222	23,353	154,575
Supplies and Services Expenses	-	6,106	6,106

	June 30, 2022 as Originally Reported	GASB 96 Impact and Other Immaterial Error Corrections	June 30, 2022 as Adjusted
Capital Assets, Net	$ 3,964,832	$ 24,390	$ 3,989,222
Accounts Payable and Accrued Expenses	427,350	228	427,578
Long-Term Lease and Subscription Liabilities - Current Portion	19,091	15,607	34,698
Long-Term Lease and Subscription Liabilities - Noncurrent Portion	106,685	30,763	137,448
Net Position - Net Investment in Capital Assets	1,829,023	(116,890)	1,712,133
Net Position - Restricted for Expendable - Capital Projects	48,833	(10,444)	38,389
Net Position - Unrestricted	(786,009)	105,126	(680,883)
Supplies and Services Expenses	$ 951,044	$ 2,176	$ 953,220
Depreciation/Amortization	216,873	19,485	236,358
Interest on Capital Asset Related Debt	(95,810)	(547)	(96,357)
Decrease in Net Position	136,531	(22,208)	114,323
Cash Flows From Operating Activities - Payments to Suppliers	$ (950,835)	$ (2,176)	$ (953,011)
Cash Flows From Financing Activities - Purhcases of Capital Assets and Construction in Progress	(148,392)	25,522	(122,870)
Cash Flows From Financing Activities - Principal Paid on Capital Debt and Leases	(88,395)	(23,002)	(111,397)
Cash Flows From Financing Activities - Interest Paid on Capital Debt and Leases	(91,610)	(344)	(91,954)
Reconciliation of Operating Loss to Net Cash Used by Operating Activities - Operating Loss	(1,217,849)	(21,661)	(1,239,510)

The University also adopted 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. The adoption of this standard did not have an impact on the University's financial statements.

The University also adopted 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. 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, 2023 and 2022 (dollars in thousands):

	2023	2022
Money Market Funds	$ 578,053	$ 454,826
Cash and Deposits	12,257	16,095
Total Cash and Cash Equivalents	$ 590,310	$ 470,921

The University's net cash and cash equivalents balance at June 30, 2023, includes a cash book balance of $12.3 million ($16.1 million in 2022). The actual amount of cash on deposit in the University's bank accounts at June 30, 2023, was $11.5 million ($16.1 million in 2022). Of this amount, $1.0 million was insured by the Federal Deposit Insurance Corporation at June 30, 2023 ($1.0 million in 2022). At June 30, 2023, $30.0 million ($64.6 million in 2022) 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 2023 and 2022, 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, 2023 and 2022 (dollars in thousands):

	2023	2022
Common Stock	$ 341,002	$ 211,002
U.S. Government Agencies	36,950	50,048
U.S. Government Bonds	75,869	64,475
Corporate Bonds	155,477	166,867
Mutual Funds - Common Stock	85,996	165,051
Mutual Funds - Fixed Income	9,022	7,868
Fixed Income Funds	124,626	140,596
Hedge Funds	508,223	459,933
Private Equity	392,619	368,073
Venture Capital	105,236	101,346
Real Estate	87,003	109,491
Real Assets	103,203	101,407
Other	3,752	5,371
Total	$ 2,028,978	$ 1,951,528

The Hedge Funds description includes: Credit, Long/Short Equity, Global Macro, Multi-Strategy Hedge Funds and Other.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 – unadjusted quoted 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, U.S. Government Bonds, Mutual Funds – Common Stock, and Mutual Funds – Fixed Income.

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

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

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

The following tables summarize the University's investments by strategy type as of June 30, 2023 and 2022 (dollars in thousands):

	2023			
		Investments Measured at Fair Value		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Common Stock	$ 341,002	$ 341,002	$ -	$ -
Government Agencies	36,950	-	36,950	-
Government Bonds	75,869	2,679	73,190	-
Corporate Bonds	155,477	-	155,477	-
Mutual Funds - Common Stock	85,996	44,494	41,502	-
Mutual Funds - Fixed Income	9,022	9,022	-	-
Real Assets	37,454	-	-	37,454
Other	3,752	-	-	3,752
Subtotal	$ 745,522	$ 397,197	$ 307,119	$ 41,206

Investment Type	Net Asset Value
Private Equity	$ 392,619
Real Estate	87,003
Real Assets	65,749
Venture Capital	105,236
Fixed Income Funds	124,626
Credit Hedge Funds	86,474
Long/Short Hedge Funds	312,556
Global Macro Hedge Funds	37,868
Multi-Strategy Hedge Funds	71,205
Other Hedge Funds	120
Subtotal	$ 1,283,456
Total	$ 2,028,978

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

Investment Type	Net Asset Value
Private Equity	$ 368,073
Real Estate	109,491
Real Assets	62,298
Venture Capital	101,346
Fixed Income Funds	140,596
Credit Hedge Funds	90,725
Long/Short Hedge Funds	272,579
Global Macro Hedge Funds	32,756
Multi-Strategy Hedge Funds	63,753
Other Hedge Funds	120
Subtotal	$ 1,241,737
Total	$ 1,951,528

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, 2023 and 2022 (dollars in thousands):

Investment Type	2023 Unfunded Commitments	2022 Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	$ 179,330	$ 123,517	Illiquid	N/A
Real Estate	91,383	60,260	Illiquid	N/A
Real Assets	28,877	42,126	Illiquid	N/A
Venture Capital	144,038	102,212	Illiquid	N/A
Fixed Income Funds	33,287	37,266	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	5,344	15,000	Quarterly, Semi-Annually, Annually, Rolling Two-years	60 - 90 days
Total	$ 482,259	$ 380,381		

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 is 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, 2023 and 2022 (dollars in thousands):

	2023				
		Investment Maturities (in years)			
Investment Type	**Market Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Government Bonds	$ 75,869	$ -	$ 61,974	$ 8,603	$ 5,292
U.S. Government Agencies	36,950	8,198	367	1,687	26,698
Corporate Bonds	155,477	16,269	122,923	15,279	1,006
Mutual Funds - Fixed Income	9,022	9,022	-	-	-
Total	$ 277,318	$ 33,489	$ 185,264	$ 25,569	$ 32,996

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

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, 2023 and 2022, 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	2023	2022
U.S. Government Agencies and Bonds	AAA	$ 717	$ 1,415
U.S. Government Agencies and Bonds	AA+	105,993	107,584
U.S. Government Agencies and Bonds	AA-	2,192	2,227
U.S. Government Agencies and Bonds	AA	1,448	797
U.S. Government Agencies and Bonds	A	2,469	2,500
Corporate Bonds	AAA	59,041	51,239
Corporate Bonds	AA+	1,604	1,618
Corporate Bonds	AA–	10,284	4,929
Corporate Bonds	A+	11,467	23,940
Corporate Bonds	A	10,284	19,913
Corporate Bonds	A–	39,206	32,973
Corporate Bonds	BBB+	18,173	16,741
Corporate Bonds	BBB	3,921	12,206
Corporate Bonds	BBB-	1,497	3,308
Mutual Funds - Fixed Income	Not Rated	9,022	7,868
Money Market Funds	AAA	578,053	454,826
Total		$ 855,371	$ 744,084

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, 2023 and 2022, 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, 2023, the fair value of the Long-Term Investment Pool was $1,861.4 million ($1,787.1 million at June 30, 2022). In addition, the aggregate endowment market value of funds separately invested was $10.5 million at June 30, 2023 ($9.4 million at June 30, 2022). The investment appreciation was $63.9 million at June 30, 2023 (depreciation was $121.3 million at June 30, 2022). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net position.

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

NOTE 4 – ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2023 and 2022 (dollars in thousands):

	Accounts Receivable	Allowance	Net 2023
Government Grants and Other Sponsored Programs Receivable	$ 235,772	$ 4,513	$ 231,259
Construction Related Receivable	21,876	-	21,876
Student Notes Receivable	51,262	6,889	44,373
Patient Accounts Receivable	82,791	28,980	53,811
Federal and State Governments Receivable	126,087	-	126,087
Student Accounts Receivable	118,037	20,870	97,167
Health Service Contract Receivable	350,863	14,479	336,384
Lessor Rent Receivable	240,247	-	240,247
Other Receivable	66,928	15,944	50,984
Total	$ 1,293,863	$ 91,675	$ 1,202,188

	Accounts Receivable	Allowance	Net 2022
Government Grants and Other Sponsored Programs Receivable	$ 187,206	$ 5,776	$ 181,430
Construction Related Receivable	28,585	-	28,585
Student Notes Receivable	57,521	6,720	50,801
Patient Accounts Receivable	50,464	16,645	33,819
Federal and State Governments Receivable	92,792	-	92,792
Student Accounts Receivable	61,092	16,483	44,609
Health Service Contract Receivable	469,774	20,252	449,522
Lessor Rent Receivable	243,609	-	243,609
Other Receivable	57,721	16,279	41,442
Total	$ 1,248,764	$ 82,155	$ 1,166,609

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2023 and 2022, 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 RBHS behavioral healthcare clinics, community healthcare centers, cancer center, and the operations of faculty practice plans under contractual arrangements with governmental payers and private insurers.

Net patient service revenues comprised of the following for the years ended June 30, 2023 and 2022 (dollars in thousands):

	2023	2022
Gross Charges	$ 1,487,258	$ 928,031
Deductions from Gross Charges		
Contractual and Other Allowances	(1,175,144)	(665,264)
Provision for Bad Debts	(21,863)	(26,504)
Net Patient Service Revenues	$ 290,251	$ 236,263

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, 2023, health service contract revenues totaled $786.0 million ($774.0 million in 2022), which included reimbursement for housestaff salaries, fringe benefits and insurance of $130.8 million ($129.6 million in 2022), and billings under other contractual arrangements of $655.2 million ($644.4 million in 2022).

NOTE 6 – LEASES AND SIMILAR SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Lessee and Similar Subscription-Based Information Technology Arrangements

As discussed in Note 1 – Leases and Similar Subscription-Based Information Technology Arrangements, the University is a lessee for various noncancellable leases of real estate and equipment. The University also has noncancellable SBITA arrangements (similar to a lease) for the right-to-use various information technology hardware and software. Lease or SBITA terms for the leases and arrangements vary from 1 year to 82 years. The discount rate used for the calculation of the lease or SBITA liability varies depending on the length of the respective leases and arrangements, and ranged from 0.26% to 13.40%. Variable payments included in leases and SBITAs that were not included in the measurement of the lease and SBITA liability that depend on consumer price index changes from the initial measurement totaled an insignificant amount for the years ended June 30, 2023 and 2022, respectively.

The detail of right-to-use lease and SBITA assets activity for the year ended June 30, 2023 and 2022 is as follows (dollars in thousands):

	July 1, 2022	Additions	Deductions	June 30, 2023
Right-To-Use Lease Assets:				
Real Estate	$ 128,502	$ 7,453	$ 1,254	$ 134,701
Equipment	37,531	7,746	936	44,341
Total Right-To-Use Lease Assets	166,033	15,199	2,190	179,042
Less Accumulated Amortization:				
Real Estate	23,844	11,691	1,074	34,461
Equipment	11,188	7,425	895	17,718
Total Accumulated Amortization	35,032	19,116	1,969	52,179
Total Right-To-Use Lease Assets, net	131,001	(3,917)	221	126,863
SBITA Assets:				
SBITA Assets	72,538	28,918	9,993	91,463
Less Accumulated Amortization	19,821	24,801	9,993	34,629
Total SBITA Assets, net	52,717	4,117	-	56,834
Total Right-To-Use Lease and SBITA Assets, net	$ 183,718	$ 200	$ 221	$ 183,697

	July 1, 2021	Additions	Deductions	June 30, 2022
Right-To-Use Lease Assets:				
Real Estate	$ 122,352	$ 9,504	$ 3,354	$ 128,502
Equipment	56,201	2,426	21,096	37,531
Total Right-To-Use Lease Assets	178,553	11,930	24,450	166,033
Less Accumulated Amortization:				
Real Estate	12,839	12,964	1,959	23,844
Equipment	8,882	6,151	3,845	11,188
Total Accumulated Amortization	21,721	19,115	5,804	35,032
Total Right-To-Use Lease Assets, net	156,832	(7,185)	18,646	131,001
SBITA Assets:				
SBITA Assets	35,400	37,138	-	72,538
Less Accumulated Amortization	-	19,821	-	19,821
Total SBITA Assets, net	35,400	17,317	-	52,717
Total Right-To-Use Lease and SBITA Assets, net	$ 192,232	$ 10,132	$ 18,646	$ 183,718

The detail of lease and SBITA liabilities activity for the year ended June 30, 2023 and 2022 is as follows (dollars in thousands):

	July 1, 2022	Additions	Deductions	June 30, 2023	Current Portion
Real Estate Lease Liabilities	$ 104,867	$ 8,106	$ 12,579	$ 100,394	$ 11,436
Equipment Lease Liabilities	20,909	7,855	7,845	20,919	6,122
SBITA Liabilities	46,370	28,539	24,045	50,864	21,195
Total	$ 172,146	$ 44,500	$ 44,469	$ 172,177	$ 38,753

	July 1, 2021	Additions	Deductions	June 30, 2022	Current Portion
Real Estate Lease Liabilities	$ 109,614	$ 8,586	$ 13,333	$ 104,867	$ 11,886
Equipment Lease Liabilities	44,445	2,354	25,890	20,909	7,205
SBITA Liabilities	35,314	34,023	22,967	46,370	15,607
Total	$ 189,373	$ 44,963	$ 62,190	$ 172,146	$ 34,698

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

	Lease Payments			SBITA Payments		
Year	Principal	Interest	Total	Principal	Interest	Total
2024	$ 17,558	$ 3,403	$ 20,961	$ 21,195	$ 1,339	$ 22,534
2025	13,274	2,996	16,270	13,978	813	14,791
2026	9,193	2,685	11,878	5,137	351	5,488
2027	6,714	2,460	9,174	4,776	216	4,992
2028	4,879	2,282	7,161	3,064	95	3,159
2029-2033	8,529	10,287	18,816	2,714	68	2,782
2034-2038	2,617	9,589	12,206	-	-	-
2039-2043	3,353	9,098	12,451	-	-	-
2044-2048	4,019	8,487	12,506	-	-	-
2049-2053	4,603	7,766	12,369	-	-	-
2054-2058	5,209	6,956	12,165	-	-	-
2059-2063	4,668	6,087	10,755	-	-	-
2064-2068	4,844	5,306	10,150	-	-	-
2069-2073	5,669	4,393	10,062	-	-	-
2074-2078	6,147	3,413	9,560	-	-	-
Thereafter	20,037	2,326	22,363	-	-	-
Total	$ 121,313	$ 87,534	$ 208,847	$ 50,864	$ 2,882	$ 53,746

As of June 30, 2023, the University was contractually obligated to make lease and SBITA payments totaling $8.3 million that is expected to commence in fiscal year 2023 ($7.0 million in lease payments as of 2022). The University has certain rights and obligations for these leases. However, it did not recognize a right-to-use lease or SBITA asset or liability since the lease or arrangement has not yet commenced as of June 30, 2023.

Lessor Arrangements

As discussed in Note 1 – Leases and Similar Subscription-Based Technology Arrangements, the University is a lessor for various noncancellable long-term leases of its land and buildings. Lease terms for the leases vary from 1 year to 68 years. The discount rate used for the calculation of the lease receivable varies depending on the length of the respective leases, and ranged from 0.57% to 5.42%.

Variable payments included in leases that were not included in the measurement of the lease receivable include percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants. Percentage rent totaled an insignificant amount for the years ended June 30, 2023 and 2022, respectively. Lease income from noncancellable long-term fixed payment leases totaled $13.6 million and $12.8 million for the years ended June 30, 2023 and 2022, respectively. Interest income from noncancellable long-term leases totaled $7.3 million for the years ended June 30, 2023 and 2022, respectively.

Where a monthly lease payment is less than the calculated interest amount for that month, the difference is recorded as accrued interest receivable and accounted for separately from the respective lease receivable balance. Monthly interest accrues based on prior month-end balances of both the lease receivable account and the related accrued interest receivable account. This accrued interest account will accumulate until such time that monthly lease payment is greater than the interest calculated for that month. In leases that have outstanding accrued interest receivable balances, the related lease payments are applied in the following order: (1) to the interest portion of the rent, (2) to the accrued interest balance until fully paid, and (3) to the lease receivable balance. Accrued interest receivable totaled $0.4 million at June 30, 2023 and 2022, respectively.

The detail of lessor activity for the year ended June 30, 2023 and 2022 is as follows (dollars in thousands):

	July 1, 2022	Additions	Deductions	June 30, 2023
Lessor Accounts Receivable	$ 243,609	$ 6,820	$ 10,182	$ 240,247
Deferred Inflows of Resources - Lessor Real Estate	235,509	7,247	13,663	229,093

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

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

Year	Principal	Interest	Total
2024	$ 9,413	$ 7,019	$ 16,432
2025	9,210	6,777	15,987
2026	9,445	6,529	15,974
2027	9,175	6,281	15,456
2028	7,974	6,050	14,024
2029-2033	41,919	26,888	68,807
2034-2038	46,318	20,760	67,078
2039-2043	5,719	16,835	22,554
2044-2048	6,778	15,832	22,610
2049-2053	8,110	14,636	22,746
2054-2058	9,895	13,200	23,095
2059-2063	8,867	11,615	20,482
Thereafter	67,424	32,354	99,778
Total	$ 240,247	$ 184,776	$ 425,023

NOTE 7 – CAPITAL ASSETS

The detail of capital assets activity for the year ended June 30, 2023 and 2022 is as follows (dollars in thousands):

	July 1, 2022	Additions	Retirements/ Capitalization	June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 84,691	$ 105	$ 7	$ 84,789
Capitalized Art Collections	94,008	1,125	-	95,133
Construction in Progress	186,528	111,686	66,901	231,313
Total	365,227	112,916	66,908	411,235
Capital Assets Being Depreciated:				
Land Improvements	399,421	12,097	-	411,518
Buildings	5,651,290	54,646	7,093	5,698,843
Equipment	748,923	31,339	100,985	679,277
Total	6,799,634	98,082	108,078	6,789,638
Less Accumulated Depreciation:				
Land Improvements	344,987	11,047	7	356,027
Buildings	2,489,211	140,312	3,836	2,625,687
Equipment	525,159	45,915	98,935	472,139
Total	3,359,357	197,274	102,778	3,453,853
Net Capital Assets Being Depreciated	3,440,277	(99,192)	5,300	3,335,785
Net Right-To-Use Lease Assets (See Note 6)	131,001	(3,917)	221	126,863
Net SBITA Assets (See Note 6)	52,717	4,117	-	56,834
Total Capital Assets, net	$ 3,989,222	$ 13,924	$ 72,429	$ 3,930,717

	July 1, 2021	Additions	Retirements/ Capitalization	June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 84,291	$ 400	$ -	$ 84,691
Capitalized Art Collections	90,372	3,636	-	94,008
Construction in Progress	214,543	99,021	127,036	186,528
Total	389,206	103,057	127,036	365,227
Capital Assets Being Depreciated:				
Land Improvements	389,434	9,987	-	399,421
Buildings	5,556,629	106,019	11,358	5,651,290
Equipment	717,993	32,803	1,873	748,923
Total	6,664,056	148,809	13,231	6,799,634
Less Accumulated Depreciation:				
Land Improvements	333,308	11,679	-	344,987
Buildings	2,358,761	140,469	10,019	2,489,211
Equipment	481,582	45,416	1,839	525,159
Total	3,173,651	197,564	11,858	3,359,357
Net Capital Assets Being Depreciated	3,490,405	(48,755)	1,373	3,440,277
Net Right-To-Use Lease Assets (See Note 6)	156,832	(7,185)	18,646	131,001
Net SBITA Assets (See Note 6)	35,400	17,317	-	52,717
Total Capital Assets, net	$ 4,071,843	$ 64,434	$ 147,055	$ 3,989,222

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2023 and 2022 (dollars in thousands):

	2023	2022
Vendors	$ 167,994	$ 138,302
Accrued Salaries and Benefits	173,058	86,188
Compensated Absences	65,614	64,747
Workers Compensation	19,801	19,801
Interest Payable	14,167	14,066
Other Accrued Expenses	94,226	104,474
Total Accounts Payable and Accrued Expenses	$ 534,860	$ 427,578

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2023 and 2022 is as follows (dollars in thousands):

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
Other Noncurrent Liabilities	$ 31,802	$ 1,887	$ 4,816	$ 28,873	$ –
Net Pension Liabilities	1,552,681	80,838	–	1,633,519	–
Unearned Revenue	263,551	485,629	236,712	512,468	485,629
Derivative Instruments	11,966	–	8,603	3,363	–
Long-Term Lease and Subscription Liabilities	172,146	44,500	44,469	172,177	38,753
Long-Term Liabilities	2,161,047	30,287	120,334	2,071,000	67,611
Total	$ 4,193,193	$ 643,141	$ 414,934	$ 4,421,400	$ 591,993

	July 1, 2021	Additions	Reductions	June 30, 2022	Current Portion
Other Noncurrent Liabilities	$ 72,384	$ 1,786	$ 42,368	$ 31,802	$ –
Net Pension Liabilities	1,666,638	–	113,957	1,552,681	–
Unearned Revenue	287,728	224,308	248,485	263,551	224,308
Derivative Instruments	37,345	–	25,379	11,966	–
Long-Term Lease and Subscription Liabilities	189,373	44,963	62,190	172,146	34,698
Long-Term Liabilities	2,230,932	–	69,885	2,161,047	120,294
Total	$ 4,484,400	$ 271,057	$ 562,264	$ 4,193,193	$ 379,300

NOTE 10 – COMMERCIAL PAPER

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

Commercial paper activity as of June 30, 2023 and 2022, is as follows (dollars in thousands):

	July 1, 2022	Additions	Retirements	June 30, 2023
Tax-exempt	$ 18,134	$ 21,590	$ 1,051	$ 38,673
Total Commercial Paper	$ 18,134	$ 21,590	$ 1,051	$ 38,673

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

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, is as follows (dollars in thousands):

	Maturity Date	Interest Rates	July 1, 2022	Additions	Retirements and Payments	June 30, 2023	Current Portion
Notes:							
City of Camden	2023	1.00%	$ 30	$ -	$ 30	$ -	$ -
New Jersey Infrastructure Bank	2023	0.00%	29,707	-	29,707	-	-
Bonds Payable:							
General Obligation Bonds:							
2009 Series G	2039	Variable Rate	56,235	-	2,370	53,865	2,465
2010 Series H	2040	3.776% - 5.665%	369,970	-	6,670	363,300	7,065
2013 Series J	2036	1.00% - 5.00%	35,925	-	17,725	18,200	18,020
2013 Series K	2033	0.40% - 4.712%	77,330	-	3,690	73,640	6,475
2013 Series L	2043	1.00% - 5.00%	6,635	-	3,235	3,400	3,400
2016 Series M	2039	3.00% - 5.00%	143,650	-	7,705	135,945	5,840
2018 Series N	2028	4.00% - 5.00%	44,045	-	21,590	22,455	-
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%	610,290	-	6,995	603,295	7,140
2020 Series Q	2029	5.00%	14,680	-	1,585	13,095	3,610
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%	22,062	-	1,396	20,666	1,468
Series 2016 A	2022	2.84%	5,719	-	5,719	-	-
Series 2016 B	2036	4.73%	4,106	-	192	3,914	201
Higher Education Equipment Leasing Fund, Series 2014 A	2023	5.00%	482	-	482	-	-
New Jersey Infrastructure Bank, Series 2022A-2 (I-Bank)	2047	5.00%	-	13,550	-	13,550	-
New Jersey Infrastructure Bank, Series 2022A-2 (Fund)	2047	0.00%	-	14,900	-	14,900	604
Capital Lease Obligations:							
New Jersey Economic Development Authority:							
College Avenue Redevelopment Project	2026	4.00% - 5.00%	20,600	-	4,790	15,810	5,010
15 Washington Street Housing Project	2031	3.10%	40,330	-	3,015	37,315	3,105
Loan Payable:							
New Brunswick Development Corporation:							
15 Washington Street Housing Project	2025	12.00%	2,200	-	-	2,200	-
			2,135,815	28,450	117,160	2,047,105	64,403
Unamortized Bond Discounts			(800)	-	(45)	(755)	(45)
Unamortized Bond Premiums			26,032	1,837	3,219	24,650	3,253
Total Long-Term Liabilities			$ 2,161,047	$ 30,287	$ 120,334	$ 2,071,000	$ 67,611

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

	Maturity Date	Interest Rates	July 1, 2021	Additions	Retirements and Payments	June 30, 2022	Current Portion
Notes:							
City of Camden	2023	1.00%	$ 60	$ -	$ 30	$ 30	$ 30
New Jersey Infrastructure Bank	2023	0.00%	29,707	-	-	29,707	29,707
Bonds Payable:							
General Obligation Bonds:							
2009 Series G	2039	Variable Rate	58,515	-	2,280	56,235	2,370
2010 Series H	2040	3.776% - 5.665%	376,450	-	6,480	369,970	6,670
2013 Series J	2036	1.00% - 5.00%	52,635	-	16,710	35,925	17,725
2013 Series K	2033	0.40% - 4.712%	85,115	-	7,785	77,330	3,690
2013 Series L	2043	1.00% - 5.00%	9,715	-	3,080	6,635	3,235
2016 Series M	2039	3.00% - 5.00%	150,990	-	7,340	143,650	7,705
2018 Series N	2028	4.00% - 5.00%	44,045	-	-	44,045	21,590
2018 Series O	2048	4.15%	100,655	-	-	100,655	-
2019 Series P	2119	3.915%	330,000	-	-	330,000	-
2019 Series R	2043	2.057% - 3.270%	614,485	-	4,195	610,290	6,995
2020 Series Q	2029	5.00%	16,255	-	1,575	14,680	1,585
2020 Series S	2046	1.46% - 2.68%	220,900	-	-	220,900	-
Other Long-Term Obligations:							
New Jersey Educational Facilities Authority:							
Higher Education Capital Improvement Fund:							
Series 2002 A	2022	3.00% - 5.25%	264	-	-	264	264
Series 2014 A	2033	3.50% - 5.00%	23,390	-	1,328	22,062	1,396
Series 2016 A	2022	2.84%	11,509	-	5,790	5,719	5,719
Series 2016 B	2036	4.73%	4,288	-	182	4,106	192
Higher Education Equipment Leasing Fund, Series 2014 A	2023	5.00%	943	-	461	482	482
Capital Lease Obligations:							
New Jersey Economic Development Authority:							
College Avenue Redevelopment Project	2026	4.00% - 5.00%	25,145	-	4,545	20,600	4,790
15 Washington Street Housing Project	2031	3.10%	45,300	-	4,970	40,330	3,015
Loan Payable:							
New Brunswick Development Corporation:							
15 Washington Street Housing Project	2025	12.00%	2,200	-	-	2,200	-
			2,202,566	-	66,751	2,135,815	117,160
Unamortized Bond Discounts			(845)	-	(45)	(800)	(45)
Unamortized Bond Premiums			29,211	-	3,179	26,032	3,179
Total Long-Term Liabilities			$ 2,230,932	$ -	$ 69,885	$ 2,161,047	$ 120,294

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, 2028. As of June 30, 2023, no funds have been drawn against this agreement.

Debt service to maturity for all General Obligation Bonds, using variable rates as of June 30, 2023, and using the net interest rate swap payments as of June 30, 2023 (See Note 12 for additional information about derivatives), are as follows (dollars in thousands):

	Fixed Rate Bonds		Variable Rate Bonds		Interest Rate	
Year	Principal	Interest	Principal	Interest	Swaps, Net	Total
2024	$ 51,550	$ 72,724	$ 2,465	$ 2,020	$ (673)	$ 128,086
2025	53,395	70,392	2,560	1,927	(658)	127,616
2026	58,495	68,536	2,660	1,831	(644)	130,878
2027	68,900	66,396	2,765	1,732	(630)	139,163
2028	93,310	64,025	2,875	1,628	(615)	161,223
2029-2033	398,675	273,688	16,245	6,432	(2,428)	692,612
2034-2038	307,740	200,945	19,830	3,128	(1,181)	530,462
2039-2043	381,775	131,581	4,465	167	(63)	517,925
2044-2048	141,045	81,641	-	-	-	222,686
2049-2053	-	64,597	-	-	-	64,597
2054-2058	-	64,597	-	-	-	64,597
2059-2063	-	64,597	-	-	-	64,597
2064-2068	-	64,597	-	-	-	64,597
2069-2073	-	64,597	-	-	-	64,597
2074-2078	-	64,597	-	-	-	64,597
2079-2083	-	64,597	-	-	-	64,597
2084-2088	-	64,598	-	-	-	64,598
2089-2093	-	64,598	-	-	-	64,598
2094-2098	-	64,598	-	-	-	64,598
2099-2103	-	64,598	-	-	-	64,598
2104-2108	-	64,598	-	-	-	64,598
2109-2113	-	64,598	-	-	-	64,598
2114-2118	-	64,598	-	-	-	64,598
2119	330,000	12,920	-	-	-	342,920
Total	$ 1,884,885	$ 1,947,213	$ 53,865	$ 18,865	$ (6,892)	$ 3,897,936

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.

On December 22, 2022, the New Jersey Infrastructure Bank (NJIB) issued $86.5 million of its Environmental Infrastructure Bonds, Series 2022A-2 (Green Bonds) to finance various improvements to wastewater treatment systems and drinking water systems of various municipalities, regional, county and municipal utilities and sewerage authorities, and State entities. Part of this issuance is to refund the University's short-term construction loan of $29.7 million with the NJIB, see Notes – New Jersey Infrastructure Bank – "Busch Cogeneration Plant Upgrade". The University entered into the Series 2022A-2 I-Bank Loan Agreement and the Series 2022A-2 I-Bank Fund Loan Agreement, which are general obligations of the University.

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

Year	Principal	Interest	Total
2024	$ 2,273	$ 1,889	$ 4,162
2025	2,662	1,668	4,330
2026	2,765	1,564	4,329
2027	2,872	1,456	4,328
2028	2,970	1,355	4,325
2029-2033	16,608	5,140	21,748
2034-2038	9,457	2,443	11,900
2039-2043	6,355	1,495	7,850
2044-2048	7,068	552	7,620
Total	$ 53,030	$ 17,562	$ 70,592

Capital Lease Obligations

New Jersey Economic Development Authority (NJEDA)

- **College Avenue Redevelopment Project**

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

- **15 Washington Street**

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

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

Year	Principal	Interest	Total
2024	$ 8,115	$ 1,953	$ 10,068
2025	8,495	1,601	10,096
2026	6,760	1,236	7,996
2027	1,280	920	2,200
2028	1,315	882	2,197
2029-2031	27,160	7,382	34,542
Total	$ 53,125	$ 13,974	$ 67,099

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 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. On December 22, 2022, the note was refunded prior to its maturity of June 30, 2023 by the issuance of NJIB Environmental Infrastructure Bonds, Series 2022A-2. As of November 30, 2022, total draws from the short-term loan amounted to $30.0 million, which were repaid in the refunding. During fiscal year 2022, interest rates on the note varied from 0.07% to 0.348%. As of June 30, 2022, total draws from the short-term loan amounted to $29.7 million.

LEAP School Bond Financing Guaranty

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

University Hospital, New Jersey Infrastructure Bank Series 2022A-2 Financing Guaranty

On December 22, 2022, the NJIB issued $86.5 million of its Environmental Infrastructure Bonds, Series 2022A-2 (Green Bonds) to finance various improvements to wastewater treatment systems and drinking water systems of various municipalities, regional, county and municipal utilities and sewerage authorities, and State entities. Part of this issuance is to finance University Hospital's $7.3 million project to replace three existing turbines and related alterations, and a new gas compressor. For purposes of satisfying NJIB's Credit Policy, the obligations of University Hospital with respect to its Series 2022A-2 Bonds is secured by a general obligation guaranty by the University. The University guarantees the payment, when due, of the principal and interest, as well as all other fees and amounts on the Bonds.

Bank Letter of Credit

As of June 30, 2023 and 2022, the University had a standby letter of credit with TD Bank, N.A. totaling $2.2 million for general liability and workers compensation insurance purposes related to current construction projects. There were no draws against the letter of credit during these fiscal years.

Bank Line of Credit

In November 2021, the University entered into a $100.0 million loan agreement to provide a revolving line of credit for working capital. This loan agreement has an expiration date of November 10, 2024. As of June 30, 2023, no funds have been drawn against this agreement.

Defeased Bonds

The University has defeased various bonds with the proceeds of new debt or with University funds. The funds are deposited to an irrevocable escrow trust account for the payment of the principal, interest, and call premiums, if any, on the refunded bonds. The defeased bonds and the related trusts are not reflected in the accompanying financial statements. The following represents the defeased debt at June 30, 2023 and 2022 (dollars in thousands):

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

The University has entered into various pay-fixed, receive-variable interest rate swaps in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain. These swaps are valued using a market approach that considers benchmark interest rates and, therefore, are classified in Level 2 of the fair value hierarchy. Subsequent to year end, the University transitioned the receive-variable interest rate for Swap #1 from LIBOR to the Secured Overnight Financing Rate (SOFR).

Beginning in fiscal year 2021, hedge accounting is no longer applied for Swap #1 pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The change in the fair value for Swap #1 is reported in the Statements of Revenue, Expenses and Changes in Net Position each year as an increase or decrease in the fair value of the swaps. As of June 30, 2023, the increase in fair value for Swap #1 is $8.1 million ($24.9 million in 2022).

For the years ended June 30, 2023 and 2022, the University had two derivative instruments outstanding (dollars in thousands):

			Notional Amount						Fair Value		
Swap #	Type	Objective	2023	2022	Effective Date	Termination Date	Terms	Counterparty Credit Rating (Moody's/S&P)	2023	2022	Change in Fair Value from 2022
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	Aa1/A+	($3,385)	($11,449)	$8,064
2	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Obligation Bond	5,245	6,395	5/1/2007	5/1/2027	Pay fixed 3.824%, receive SIFMA swap index	Aa2/AA–	22	(517)	539
			$105,245	$106,395					($3,363)	($11,966)	$8,603

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

Credit Risk:
As of June 30, 2023, the University was exposed to credit risk for Swap #2 because the swap had a positive fair value. In 2022, the University was not exposed to credit risk with its swap counterparties because all of the swaps had negative fair values.

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

	2023		2022	
Ratings by Moody's and S&P	**Swap #1 Collateral Threshold**	**Swap #2 Collateral Threshold**	**Swap #1 Collateral Threshold**	**Swap #2 Collateral Threshold**
Aaa/AAA	Infinite	Infinite	Infinite	Infinite
Aa3/AA–	Infinite	Infinite	Infinite	Infinite
A1/A+	$35.0 million	$20.0 million	$35.0 million	$20.0 million
A2/A	$10.0 million	$10.0 million	$10.0 million	$10.0 million
A3/A–	$10.0 million	$10.0 million	$10.0 million	$10.0 million
Baa1/BBB+	$5.0 million	$5.0 million	$5.0 million	$5.0 million
Baa2/BBB	$5.0 million	$5.0 million	$5.0 million	$5.0 million
Baa3/BBB–	Zero	Zero	Zero	Zero
Below Baa3/BBB– or not rated	Zero	Zero	Zero	Zero

As of June 30, 2023 and 2022, the University's credit ratings by Moody's and S&P was Aa3 and A+, respectively. As of June 30, 2023 and 2022, the university was not required to post collateral.

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

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

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

NOTE 13 – COMMITMENTS

At June 30, 2023, the estimated cost of capital projects under construction and/or in the design stage with approved sources of funding, aggregated approximately $1,172.9 million ($530.5 million in 2022). The additional funding required at June 30, 2023 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, 2023	Additional Funding Required at June 30, 2023	Estimated Total Cost
Borrowing	$ 91,221	$ 412,170	$ 503,391
Federal	300,000	-	300,000
State	14,531	184	14,715
Gifts and Other Sources	289,721	65,038	354,759
Total	$ 695,473	$ 477,392	$ 1,172,865

NOTE 14 – NATURAL EXPENSES BY FUNCTIONAL CLASSIFICATION

The University reports operating expenses by natural classification. Details of these expenses by functional classification at June 30, 2023 and 2022, are as follows (dollars in thousands):

	2023	2022
Instruction	$ 1,043,232	$ 944,975
Research	663,179	565,325
Extension and Public Service	234,126	216,276
Academic Support	492,535	458,441
Student Services	155,888	136,772
Operations and Maintenance of Plant	258,887	246,829
General Administration and Institutional	297,702	276,447
Scholarships and Fellowships	120,942	213,610
Depreciation/Amortization	240,653	236,358
Patient Care Services	842,084	799,424
Auxiliary Enterprises	321,430	281,210
OPEB (Benefit)/Expense	(83,716)	41,757
Total Operating Expenses	$ 4,586,942	$ 4,417,424

NOTE 15 - EMPLOYEE BENEFITS

Retirement Plans

The University has primarily three retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, State of New Jersey Police and Firemen's Retirement System, and the Alternate Benefit Program. Under these plans, participants make annual contributions, and the State of New Jersey makes employer contributions on behalf of the University for these Plans. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University is charged for contributions on behalf of employees through a fringe benefits charge assessed by the State, which is included within the state paid fringe benefits in the accompanying Statements 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 Comprehensive Financial 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 on June 30, 2023, and 2022 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 Comprehensive Financial 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 2023 and 2022.

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, 2023, the University reported a liability of $1,548.8 million and $84.8 million for PERS and PFRS, respectively ($1,468.8 million and $83.8 million for PERS and PFRS, respectively, in 2022), 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, 2023, was determined by an actuarial valuation as of July 1, 2021, and rolled forward to the measurement date of June 30, 2022, for both PERS and PFRS. The total pension liability used to calculate the net pension liability at June 30, 2022, was determined by an actuarial valuation as of July 1, 2020, and rolled forward to the measurement date of June 30, 2021, for both PERS and PFRS. The 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 2022, which was 6.9% and 2.0% for PERS and PFRS, respectively (6.8% and 2.1%, respectively, in 2021). 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 (4.4% and 0.6%, respectively in 2021).

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, 2022 and 2021 measurement of the net pension liability for PERS and PFRS used the following actuarial assumptions:

	2022	
	PERS	PFRS
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75 – 6.55% based on years of service	-
Through	-	All future years 3.25 – 16.25% based on years of service
Thereafter	-	Not Applicable
Investment rate of return	7.00%	7.00%

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

In 2022 and 2021, pre-retirement mortality rates for PERS were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021 for 2022 and 2021.

In 2022 and 2021 employee mortality rates for PFRS were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuations were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS and PFRS. The actuarial assumptions used in the July 1, 2020 valuations were based on the results of an actuarial experience study for the period and 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, 2022 and 2021) 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 rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2022 and June 30, 2021 are summarized in the following tables:

	2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.91%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%

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

Discount Rate – The discount rate used to measure the total pension liability for PERS and PFRS was 7.00% as of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Change in Assumptions – For the valuation used in the measurement of the net pension liability for PERS and PFRS as of June 30, 2022 and 2021, the discount rate and 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, 2022 and 2021, 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):

	2022		
	At 1% Decrease	**At Current Discount Rate**	**At 1% Increase**
PERS (6.00%, 7.00%, 8.00%, respectively)	$1,767,261	$1,548,764	$1,363,304
PFRS (6.00%, 7.00%, 8.00%, respectively)	98,630	84,755	73,199
Total	$1,865,891	$1,633,519	$1,436,503

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

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, 2023 and 2022 (dollars in thousands):

2023	PERS	PFRS	Total
Deferred Outflows of Resources			
Changes of Assumptions	$2,314	$86	$2,400
Changes in Proportionate Share	44,578	6,930	51,508
Difference Between Expected and Actual Experience	24,973	631	25,604
Difference Between Projected and Actual Earnings on Pension Plan Investments	37,415	3,003	40,418
Contributions Subsequent to Measurement Date	106,838	11,813	118,651
Total	$216,118	$22,463	$238,581
Deferred Inflows of Resources			
Changes of Assumptions	$113,379	$4,075	$117,454
Changes in Proportionate Share	47,987	5,458	53,445
Difference Between Expected and Actual Experience	8,156	2,098	10,254
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total	$169,522	$11,631	$181,153

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

Included in deferred outflows of resources related to pensions is $118.7 million and $129.6 million on June 30, 2023 and 2022 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, 2024 and 2023, 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
2024	($45,549)	862	($44,687)
2025	(24,842)	(167)	(25,009)
2026	(9,986)	(279)	(10,265)
2027	20,006	(299)	19,707
2028	129	(921)	(792)
Thereafter	-	(177)	(177)
Total	($60,242)	($981)	($61,223)

Annual Pension Expense – The University's annual pension expense for PERS and PFRS for the year ended June 30, 2023, was approximately $22.8 million and $6.5 million, respectively ($7.9 million and $4.9 million, respectively, in 2022).

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, 2023 and 2022 was $1,380.0 million and $1,299.6 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 2023. 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, 2023 and 2022 were $110.3 million and $104.1 million, respectively. Employee contributions for the years ended June 30, 2023 and 2022 were $73.8 million and $70.4 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 $305,000 for calendar year 2022 and $330,000 for calendar year 2023.

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 Empower. 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 (Benefit)/Expense

As of June 30, 2023, the State recorded a liability of $2,888.2 million ($3,637.4 million in 2022), 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, 2023, the University's share was 51.9% (53.5% in 2022), and 13.8% (14.6% in 2022) of the special funding situation of the Plan, respectively.

For the years ended June 30, 2023 and 2022, the University recognized an OPEB (benefit) expense of ($83.7) million and $41.8 million, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized related revenue on OPEB (received from)/paid by the State of ($83.7) million in 2023 and $41.8 million in 2022.

Actuarial assumptions and other inputs – The State's liability associated with the University at June 30, 2023 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to the measurement date of June 30, 2022. The State's liability associated with the University at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. The valuation used the following assumptions:

	2022	2021
Inflation Rate	Not applicable	2.50%
Discount Rate	3.54%	2.16%
Salary Increases:		
Through 2026	-	1.55 – 15.25%
Thereafter	-	2.75 – 7.00%
All future years	2.75 – 16.25%	-

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, 2022, and June 30, 2021, preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Future disability mortality was based on the Pub-2010 "Safety" (PFRS), "Teachers" (ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees' mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Certain actuarial assumptions used in the June 30, 2021 valuations were based on the results of actuarial experience studies of the State's defined benefit pension plans during the period July 1, 2018 through June 30, 2021.

Certain actuarial assumptions used in the June 30, 2020 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, 2022 pre-Medicare medical benefits, the trend is initially 6.3%, 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 2023 through 2024 are reflected. For PPO the trend is initially 6.4% in fiscal year 2024, increasing to 14.4% in fiscal year 2026 and decreasing to 4.5% after 8 years. For HMO the trend is initially 6.5% in fiscal year 2025, increasing to 15.5% in fiscal year 2026 and decreasing to 4.5% after 8 years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 4.5% long-term trend rate after seven years.

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

NOTE 16 - COMPENSATED ABSENCES

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

The University recorded a liability for accumulated vacation time in the amount of $65.6 million at June 30, 2023 ($64.7 million in 2022). The liability is calculated based upon employees' accrued vacation time as of the Statements 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 $18.4 million at June 30, 2023 ($19.3 million in 2022), 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 $2.1 million at June 30, 2023 ($2.2 million in 2022), which is included in other noncurrent liabilities in the accompanying Statements of Net Position. Employees began using these days on July 1, 2010, and may continue for the duration of employment with the University. Once these days are exhausted, the employee will not be eligible for any additional days.

NOTE 17 - RISK MANAGEMENT

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

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

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

The University is self-insured for workers' compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total projected liability at June 30, 2023, for these items is $33.2 million ($36.2 million in 2022). The reserve balance recorded at June 30, 2023 is $63.2 million. This amount includes $32.6 million of invested reserves at June 30, 2023 ($30.6 million in 2022). The University also maintains an uninvested balance of $30.6 million at June 30, 2023 ($29.0 million in 2022).

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

Payment of claims from the Fund totaled $18.0 million in 2023 ($21.2 million in 2022). Contributions to the Fund from the State totaled $7.2 million in 2023 ($10.7 million in 2022), while contributions from RBHS affiliates, DOC, and faculty practice plans totaled $10.8 million in 2023 ($10.5 million in 2022).

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

NOTE 18 - 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 - 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, 2023 and 2022 (dollars in thousands):

	2023	2022
Money Market Account	$ 385	$ 601
Cash and Deposits	14,199	9,385
	$ 14,584	$ 9,986

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

Fair Value Measurement

The Foundation's investments at June 30, 2023 are summarized in the following table by their fair value hierarchy (dollars in thousands):

	2023			
	Investments by Fair Value Level			
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	$ 231	$ 231	$ –	$ –
Corporate Bonds	7	7	–	–
Preferred Stock	1	–	–	1
Fixed Income Mutual Funds	4,973	4,973	–	–
Equity Securities	7,270	7,270	–	–
International Equity Securities	1,586	1,586	–	–
Money Market Mutual Funds	10,457	10,457	–	–
Real Estate	1,179	–	1,179	–
Alternative Investments	216	216	–	–
	$ 25,920	$ 24,740	$ 1,179	$ 1

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

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

The 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, 2023, the amount on deposit with the banks was $14.1 million ($9.2 million in 2022). As of June 30, 2023, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling $0.3 million ($0.3 million in 2022). Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2023 and 2022, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

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

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

As of June 30, 2023 and 2022, the Foundation's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2023 Amount	2022 Amount
U.S. Treasury Securities	AA+	$ 231	$ 285
Corporate Bonds	A-	7	7
Corporate Bonds	BBB-	–	17
Corporate Bonds	BB+	–	32
Mortgage-backed Securities	AA+	–	1
Preferred Stock	A	1	–
Preferred Stock	A-	–	1
Preferred Stock	BBB-	–	12
Preferred Stock	Not Rated	–	55
Money Market Mutual Funds	AAA	10,457	10,402
Fixed Income Mutual Funds	Not Rated	4,973	5,830
Total		$ 15,669	$ 16,642

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, 2023 and 2022 (dollars in thousands):

		2023			
		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Securities	$ 231	$ 196	$ 35	$ –	$ –
Corporate Bonds	7	–	7	–	–
Preferred Stock	1	1	–	–	–
Money Market Mutual Funds	10,457	10,457	–	–	–
Fixed Income Mutual Funds	4,973	–	2,386	2,148	439
Total	$ 15,669	$ 10,654	$ 2,428	$ 2,148	$ 439

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

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, 2023 and 2022 were as follows (dollars in thousands):

	2023	2022
Administrative Fees and Support:		
Endowment Administrative Fee	$ 13,700	$ 12,616
University Support	16,182	15,279
	$ 29,882	$ 27,895
Noncash Support:		
Fair Rental Value of Space Occupied	$ 2,062	$ 2,181
University-Paid Payroll Taxes and Benefits	2,283	2,156
	4,345	4,337
Total	$ 34,227	$ 32,232

Assessment Fee Income

Prior to January 1, 2022, the Foundation charged an assessment fee on all new gifts and nongovernmental grants in order to further advancement efforts on behalf of Rutgers, the State University of New Jersey. On April 12, 2022, the University's Board of Governors approved a resolution to eliminate the assessment fee, with a retroactive application to January 1, 2022. For the years ended June 30, 2023 and 2022, assessment fees totaling $0 and $0.5 million, respectively, were recorded.

Subscription-Based Information Technology Arrangements

The Foundation has noncancellable SBITAs for the right-to-use various information technology software. The Foundation applied a discount rate range of 0.9% to 3.6% in the present value calculation of the SBITA assets and liability.

A summary of SBITA asset activity during the year ended June 30, 2023 is as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023
SBITA Assets	$ 1,189	$ –	$ –	$ 1,189
Less Accumulated Amortization	(245)	(286)	–	(531)
Total	$ 944	$ (286)	$ –	$ 658

A summary of SBITA asset activity during the year ended June 30, 2022 is as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022
SBITA Assets	$ –	$ 1,189	$ –	$ 1,189
Less Accumulated Amortization	–	(245)	–	(245)
Total	$ –	$ 944	$ –	$ 944

Future annual SBITA payments are as follows:

	Principal	Interest
Year ending June 30:		
2024	$ 352	$ 10
2025	179	3
	$ 531	$ 13

Restricted Contributions Receivable

The anticipated receipt of contributions receivable as of June 30, 2023 and 2022, is as follows (dollars in thousands):

	2023	2022
Year Ending June 30:		
Within One Year	$ 81,067	$ 71,955
Two to Five Years	37,318	33,454
	118,385	105,409
Less Allowance for Uncollectible Contributions Receivable	(23,893)	(17,714)
	$ 94,492	$ 87,695

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 $162.3 million as of June 30, 2023 ($145.8 million in 2022) 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, 2023 were $62.7 million ($71.5 million in 2022).

NOTE 20 – SUBSEQUENT EVENTS

On July 19, 2023, the Middlesex County Improvement Authority (the Authority) issued the Rutgers University General Obligation Lease Revenue Bonds (New Jersey Health + Life Science Exchange – H-1 Project), 2023 Series A and 2023 Series B (Federally Taxable) for $190.8 million and $113.8 million, respectively. The proceeds of the Bonds were loaned by the Authority to NJ Innovation Associates Urban Renewal LLC (the Company), whose sole and managing member is DEVCO, to finance the HELIX project being undertaken and constructed by the Company on behalf of the University. The University will guarantee the loan repayments of the Company through a master lease agreement. In July 2023, the University provided $236.4 million to the Company from the $300 million federal capital grant received in fiscal year 2023 as an equity contribution towards the construction of the HELIX project.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedules of Employer Contributions*
For the Nine Years Ended June 30, 2023
(dollars in thousands)

Public Employees' Retirement System (PERS)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$106,838	$116,998	$80,047	$64,214	$55,817	$44,280	$28,964	$25,859	$14,888
Contributions in relation to the Contractually Required Contribution	$106,838	$116,998	$80,047	$64,214	$55,817	$44,280	$28,964	$25,859	$14,888
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
University Employee Covered Payroll (as of Fiscal Year End)	$285,556	$290,311	$287,794	$305,393	$298,101	$298,169	$294,177	$296,594	$294,526
Contributions as a percentage of Employee Covered Payroll	37.41%	40.30%	27.81%	21.03%	18.72%	14.85%	9.85%	8.72%	5.05%

Police and Firemen's Retirement System (PFRS)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$11,813	$12,567	$9,176	$8,007	$6,220	$4,810	$3,069	$1,512	$1,298
Contributions in relation to the Contractually Required Contribution	$11,813	$12,567	$9,176	$8,007	$6,220	$4,810	$3,069	$1,512	$1,298
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
University Employee Covered Payroll (as of Fiscal Year End)	$10,151	$9,375	$9,414	$9,942	$9,716	$9,418	$8,932	$8,091	$8,466
Contributions as a percentage of Employee Covered Payroll	116.37%	134.04%	97.47%	80.54%	64.02%	51.07%	34.36%	18.69%	15.33%

Schedules of Proportionate Share of the Net Pension Liability*
For the Nine Years Ended June 30, **2023**
(dollars in thousands)

Public Employees' Retirement System (PERS)	2023	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	6.92%	6.79%	7.09%	7.04%	6.96%	6.64%	6.72%	6.60%	6.42%
University Proportionate Share of the Net Pension Liability – Total Plan	4.12%	4.37%	4.08%	3.94%	3.80%	3.48%	3.35%	3.39%	3.33%
University Proportionate Share of the Net Pension Liability	$1,548,764	$1,468,833	$1,576,069	$1,620,535	$1,650,950	$1,703,499	$1,973,868	$1,566,143	$1,292,223
University Employee Covered-Payroll (for year ended as of measurement date)	$290,311	$287,794	$305,393	$298,101	$298,169	$294,177	$296,594	$294,526	$299,132
University Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered-Payroll	533.48%	510.38%	516.08%	543.62%	553.70%	579.07%	665.51%	531.75%	431.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.41%	51.52%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%

Police and Firemen's Retirement System (PFRS)	2023	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	1.96%	2.06%	2.11%	1.93%	1.85%	1.57%	1.79%	1.76%	1.76%
University Proportionate Share of the Net Pension Liability – Total Plan	0.48%	0.62%	0.47%	0.44%	0.41%	0.32%	0.33%	0.36%	0.36%
University Proportionate Share of the Net Pension Liability	$84,755	$83,848	$90,569	$81,105	$80,230	$69,035	$84,109	$78,598	$62,433
University Employee Covered-Payroll (for year ended as of measurement date)	$9,375	$9,414	$9,942	$9,716	$9,418	$8,932	$8,091	$8,466	$9,043
University Proportionate Share of the Net Pension Liability as a Percentage of the Employee Covered-Payroll	904.05%	890.67%	910.97%	834.76%	851.88%	772.89%	1039.55%	928.40%	690.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.29%	71.41%	58.78%	60.20%	57.91%	54.52%	48.55%	52.84%	58.86%

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

Notes to Required Supplementary Information

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

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

PERS

For 2022 and 2021 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. 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 2022 and 2021 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. 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 six Years Ended June 30, 2023
(dollars in thousands)

	2023	2022	2021	2020	2019	2018
University's proportion of the total OPEB liability	0%	0%	0%	0%	0%	0%
University's proportionate share of the total OPEB liability	-	-	-	-	-	-
State of New Jersey's proportionate share of the total OPEB liability associated with the University	$2,888,219	$3,637,366	$4,375,261	$3,145,049	$4,053,949	$4,702,301
Total OPEB liability	$2,888,219	$3,637,366	$4,375,261	$3,145,049	$4,053,949	$4,702,301
University's covered-employee payroll	$1,465,886	$1,501,919	$1,612,447	$1,856,707	$1,777,964	$1,558,444
University's proportionate share of the total OPEB liability as a percentage of the University's covered-employee payroll	0%	0%	0%	0%	0%	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 2023, the discount rate changed to 3.54% from 2.16%. The mortality tables utilized Pub-2010 and Scale MP-2021. For fiscal year 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021. For fiscal year 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020. For fiscal year 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP 2006 in 2018 to Pub-2010 in 2019. For fiscal year 2019, the discount rate changed to 3.87% from 3.58%.

RUTGERS UNIVERSITY

University Administrative Officers

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Nancy Cantor, *Chancellor, Rutgers University–Newark*

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

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

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

Brian C. Ballentine, *Senior Vice President, Strategy*

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

Andrea Conklin Bueschel, *Senior Vice President, Administration; Chief of Staff, Office of the President*

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

Vivian Fernández, *Senior Vice President, Human Resources*

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

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