



RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY



2023 - 2024

Annual Financial Report

Cover: The Brandt Behavioral Health Treatment Center and Residence, located on the campus of Rutgers–New Brunswick, provides residences and clinical treatment for New Jersey's youth. It is New Jersey's first youth mental health facility backed by a university or college.

Photo: Nick Romanenko, Rutgers University photographer

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Members of the Rutgers Community,

Executive Vice President and Chief Financial Officer J. Michael Gower and his team in University Finance and Administration (UFA) have my thanks for their hard work and care in producing Rutgers University's Annual Financial Report for the fiscal year 2024.

This document presents an accounting of investments in the priorities we continue to pursue as a public research university committed to academic access and excellence, building community, and service to the common good. Rutgers' assets have been expended to support innovation, advance student and faculty success, and both maintain and improve the daily operations of the university.

Examples include the Roadmaps for Excellence initiative, in which all four chancellors have launched transformative projects in areas such as data science, medical informatics, artificial intelligence, and prevention science; the third year of our Rutgers Scarlet Service initiative, which has placed hundreds of undergraduate students in summer internships with direct-service government entities and nonprofit agencies; and progress on capital projects across our locations.

There is tremendous optimism about Rutgers' future. Our first-year class is the largest in our history, and one of our most diverse, with one-quarter hailing from another state or another country. Last fall, Rutgers–Newark rose to #39 and Rutgers–Camden moved up to #46 among all public national

universities in the country in the U.S. News & World Report rankings, while Rutgers–New Brunswick held strong at #15. We enjoyed another record-breaking year for Rutgers research, generating nearly \$970 million in research grants and sponsored programs in fiscal year 2024 and more than 4,500 awards across a wide range of projects.

We reached and surpassed a \$250 million fundraising goal because of a surge in new givers: more than 7,500 of our 34,000 donors in fiscal year 2024 were first-time donors. And we made significant progress in our multi-year approach to reducing our structural deficit.

As I approach the end of my presidency in June 2025, I am deeply grateful for the work of UFA and our teams across Rutgers who have done so much to address our fiscal challenges while enabling the university to carry out its noble mission and make the remarkable progress I've described above. In the coming years, I know we will continue to count on our students, faculty, staff, alumni, governing boards, families, donors, and friends to ensure that Rutgers keeps moving forward with excellence

Sincerely,

Jonathan Holloway
President and University Professor

From the **EVP-CFO**



J. Michael Gower

Executive Vice President-Chief Financial Officer
University Treasurer

I am pleased to share with you a copy of the fiscal year 2024 certified Annual Financial Report for Rutgers, The State University of New Jersey.

The enclosed financial statements and Management's Discussion and Analysis provide details on the university's use of resources during fiscal year 2024. Some highlights from this report follow.

Financial Results

In Fiscal Year 2024, the university's net position increased \$217.9 million and total operating revenue increased by \$106.6 million over prior year. These increases were largely driven by auxiliary, grant and contract, health service contract, and other revenues, such as royalties and licensing technology fees, offset by a decrease of 14.1% in net patient service revenues. Operating expenses increased by \$248.0 million.

While the university experienced a small decrease in net non-operating revenues of 3.1% in fiscal year 2023 (primarily due to a decrease in COVID Relief Funds and other postemployment benefits), this year, net non-operating revenues are \$248.1 million or 19.6% higher, due to an increase in fair value of the Long-Term Investment Pool, student aid, annual State appropriations, and the imputed value of state-supported fringe benefits; these increases were offset by a decrease in other postemployment benefits. Other sources of income for the university include tuition and auxiliary revenue. In fiscal year 2024, tuition and fees, net of

scholarship allowances, was \$27.4 million. Auxiliary revenues also increased due to changes in housing and dining rates and in television media rights revenues from the Big 10 Conference. Annual appropriations from the State, a vital source of the university funding that includes operating aid and fringe benefits paid on behalf of Rutgers by the State, totaled \$1,110.1 million, an increase of \$83.6 million, or 8.1% from fiscal year 2023.

Despite an overall increase in net position, the university experienced a reduction of the unrestricted net assets of \$104.9 million, prior to accounting for an adjustment for retirement benefits defined in Government Accounting Standard Board Statement No. 68, *Accounting and Reporting for Pensions* (GASB 68). This reduction reflects the structural deficit the University faces after the end of COVID Relief Funds, as well as a softening of enrollment-related revenue and increased costs in all categories.

Capital Spending

Capital assets additions totaled \$361.3 million in fiscal year 2024, compared to \$211.0 million in fiscal year 2023. Various projects are in design or under construction across the university's campuses, including new construction, renovations, and facility improvements.

Among these projects is the recently completed Brandt Behavioral Health Treatment Center and Residence, featured on the cover of this report, and the on-going development of a One Stop Student Services Center (One Stop) for Rutgers University–Newark, the Cooper Street Gateway at Rutgers–Camden, improvements to the Medical Science Building for Rutgers Health, and several building and system and safety improvements across campuses. Finally, in New Brunswick, construction of the New Jersey Health + Life Science Exchange (HELIX) project is underway, with the support of federal American

Rescue Plan Act funds from the State of New Jersey. HELIX is a public-private development that will eventually be home to Rutgers Robert Wood Johnson Medical School and to university space for translational research.

Looking Ahead

As noted in the fiscal year 2023 report, the university is navigating a very challenging structural position in a landscape that also requires responsiveness to broad economic and industry pressures, including inflation, cost of benefit programs, and pressures related to the workforce and enrollment. The university closed the year with a deficit in operations and anticipates an operating deficit of \$81 million for fiscal year 2025. Among the efforts underway to address these matters is a significant initiative in financial sustainability.

A signature milestone in our financial sustainability project occurred in July 2024 when the Board of Governors approved a Financial Strategy policy (40.1.4), which establishes that the university will operate in a financially sustainable and responsible manner, ensuring the efficient use of resources and securing the institution's long-term financial viability. This policy incorporates key indicators to help 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.

The Management's Discussion and Analysis and financial statements in this report provide additional details on the use of resources during fiscal year 2024.

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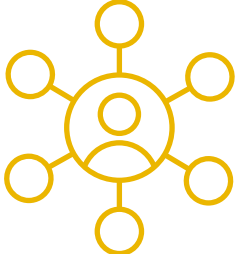
Student Representative

Rutgers, By The Numbers



\$969.5 million
in grant & awards
bestowed


One of America's *most diverse* universities



69,000+ students
10,000+ faculty
17,450+ staff
600,000+ alumni



300+
Rutgers research centers
& institutes




2.3 million
annual patients



2,400+
Rutgers Health
professionals

America's **8th oldest university** is home to...



29 schools and colleges
150+ undergrad programs
400+ graduate programs
69,000+ students
693,400+ degrees conferred



Students from
50 states
120 nations

Rutgers–**New Brunswick**
#15

Rutgers–**Newark**
#39

Rutgers–**Camden**
#46

Top Public Schools (U.S. News & World Report, 2024)

Major Facilities Projects

In 2023, Rutgers completed the Bruce and Phyllis Nicholas School of Engineering Student Projects Studio Teaching/Research, a new single-story, 5,000-square-foot building on the campus of Rutgers University-New Brunswick. This innovation space and home to student engineering organizations associated with specialized competitive opportunities is the first net-zero building at Rutgers, meaning the total amount of energy used annually by the building is equal to the amount of renewable energy created on the site. The facility offers opportunities for industry-student collaboration on real-world technological challenges and creates an environment that fosters teamwork, originality, problem solving, and management skills.

In July 2024, the university held a ribbon-cutting ceremony for the Brandt Behavioral Health Treatment Center and Retreat, New Jersey's first youth mental health facility backed by a university or college.

Other projects in design or under construction include:

- **The HELIX project**
- **The One Stop Student Services Center (One Stop) at Rutgers University–Newark**
- **Earth and Planetary Science Lab Renovations**
- **Medical Science Building Services Renovations**
- **Building site improvements and various fire safety upgrades across campuses**

More information on these projects can be found in this report.



December 19, 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, 2024. 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 4000
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:

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Rutgers, The State University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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, governors and trustees, Rutgers by the numbers, major facilities projects, 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
December 19, 2024

Management's Discussion and Analysis (unaudited)

June 30, 2024

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, The State University (the University or Rutgers) at June 30, 2024 and 2023, and its changes in financial position for the fiscal years then ended, with fiscal year 2022 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 2024, 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 67,000 students enrolled. These schools are located at Rutgers University–New Brunswick, Rutgers University–Newark, and Rutgers University–Camden. Rutgers Health (RH), formerly Rutgers Biomedical and Health Sciences, is a division within Rutgers, where biomedical education, research, and healthcare come together across the New Brunswick and Newark campuses. 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.

On July 7, 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. SAMCO commenced operations in fiscal year 2024 and is a blended component unit of the University, however due to immaterial activity any additional disclosures have been omitted.

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, as a component unit of the State, is included as a discretely presented entity in the State of New Jersey Annual Comprehensive Financial Report.

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 (the Foundation), a component unit, are presented discretely. The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University.

Financial Highlights

The University's financial condition at June 30, 2024, improved with an increase in net position of \$217.9 million. Total operating revenues increased by \$106.6 million, or 3.2%, with increases of 7.8% in other operating revenues, 6.8% in auxiliary revenue, 5.8% in grant and contract revenues, 5.8% in health service contract revenues, and 2.6% in net tuition and fees offset by a decrease of 14.1% in net patient service revenues. Operating expenses increased by \$248.0 million, or 5.4%, while net non-operating revenues increased by \$248.1 million, or 19.6%, primarily due to an increase in fair value of investments of \$156.5 million, annual appropriations and fringe benefits of \$83.6 million, student aid of \$46.8 million, offset by a decrease in other postemployment benefits of \$30.8 million.

Tuition revenue is a significant source of funding for the University. Tuition and fee rates increased on average 6.0%, however the enrollment declined from 67,620 students in fiscal year 2023 to 67,202 students in fiscal year 2024. Tuition and fees, net of scholarship allowances, increased by \$27.4 million, or 2.6% in fiscal year 2024.

Auxiliary revenues increased \$20.3 million as a result of increases in housing and dining rates of 5% and 7%, respectively, along with an increase in revenues from the Big Ten Conference distributions from enhanced television media rights revenues.

Annual appropriations from the State represent a vital part of the University's funding. In fiscal year 2024, State appropriations, including operating aid and fringe benefits paid on behalf of Rutgers by the State, totaled \$1,110.1 million, an increase of \$83.6 million, or 8.1% from fiscal year 2023. This was due to the receipt of additional appropriations. State appropriations, including other postemployment benefits paid by the State, and federal appropriations, contributions, endowment and investment income, governmental student aid, and COVID relief

funds are shown as non-operating revenue. Other revenues increased \$50.3 million in fiscal year 2024, and consist of grants, gifts, and state appropriations received and expensed by the University for capital projects, as well as additions to permanent endowments.

Net increase/(decrease) in fair value of investments represents 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 \$215.3 million in net increases in fair value of investments in fiscal year 2024.

In July 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 bond proceeds were loaned by the Authority to NJ Innovation Associates Urban Renewal LLC (NJIA), whose sole and managing member is the New Brunswick Development Corporation (DEVCO), to finance the New Jersey Health + Life Science Exchange (HELIX) project, a public-private development consisting of three buildings in downtown New Brunswick. The HELIX project is being undertaken and constructed by NJIA on behalf of the University. The University will guarantee the loan repayment of NJIA through a master lease agreement. In fiscal year 2023, the University received a \$260.0 million federal capital grant towards the construction of the HELIX project and recognized \$23.6 million as capital grants and gifts revenue. In fiscal year 2024, the University recognized capital grants and gifts revenue of \$49.0 million and a capital contribution expense of \$22.9 million.

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 in 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, 2024, 2023 and 2022 is as follows (in thousands):

Condensed Statements of Net Position

June 30, 2024, 2023 and 2022

(dollars in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current assets	\$ 1,097,593	\$ 1,506,040	\$ 1,343,083
Noncurrent assets:			
Capital assets, net	4,009,493	3,930,717	3,989,222
Other noncurrent assets	<u>3,095,325</u>	<u>2,359,874</u>	<u>2,260,986</u>
Total Assets	8,202,411	7,796,631	7,593,291
Deferred Outflows of Resources	<u>283,218</u>	<u>319,993</u>	<u>309,602</u>
Total Assets and Deferred Outflows of Resources	<u>8,485,629</u>	<u>8,116,624</u>	<u>7,902,893</u>
Liabilities:			
Current liabilities	1,163,818	1,180,817	879,290
Noncurrent liabilities	<u>3,955,295</u>	<u>3,829,407</u>	<u>3,813,893</u>
Total Liabilities	5,119,113	5,010,224	4,693,183
Deferred Inflows of Resources	<u>452,433</u>	<u>410,246</u>	<u>574,380</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,571,546</u>	<u>5,420,470</u>	<u>5,267,563</u>
Net Position:			
Net investment in capital assets	1,804,152	1,734,606	1,712,133
Restricted - nonexpendable	1,053,941	941,498	904,434
Restricted - expendable	753,898	699,037	699,646
Unrestricted	<u>(697,908)</u>	<u>(678,987)</u>	<u>(680,883)</u>
Total Net Position	<u>\$ 2,914,083</u>	<u>\$ 2,696,154</u>	<u>\$ 2,635,330</u>

For MD&A purposes, the tables below show the impact of GASB 68 to the Statements of Net Position as of June 30, 2024, 2023 and 2022.

Condensed Statement of Net Position

June 30, 2024

(dollars in thousands)

	<u>As Reported</u>	<u>GASB 68 Adjustment</u>	<u>Before GASB 68 Adjustment</u>
Assets:			
Current assets	\$ 1,097,593	\$ -	\$ 1,097,593
Noncurrent assets:			
Capital assets, net	4,009,493	-	4,009,493
Other noncurrent assets	<u>3,095,325</u>	<u>-</u>	<u>3,095,325</u>
Total Assets	<u>8,202,411</u>	<u>-</u>	<u>8,202,411</u>
Deferred Outflows of Resources	<u>283,218</u>	<u>(209,979)</u>	<u>73,239</u>
Liabilities:			
Current liabilities	1,163,818	-	1,163,818
Noncurrent liabilities	<u>3,955,295</u>	<u>(1,491,630)</u>	<u>2,463,665</u>
Total Liabilities	<u>5,119,113</u>	<u>(1,491,630)</u>	<u>3,627,483</u>
Deferred Inflows of Resources	<u>452,433</u>	<u>(208,456)</u>	<u>243,977</u>
Net Position:			
Net investment in capital assets	1,804,152	-	1,804,152
Restricted – nonexpendable	1,053,941	-	1,053,941
Restricted – expendable	753,898	-	753,898
Unrestricted	<u>(697,908)</u>	<u>1,490,107</u>	<u>792,199</u>
Total Net Position	<u>\$ 2,914,083</u>	<u>\$ 1,490,107</u>	<u>\$ 4,404,190</u>

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

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

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

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

Current Assets and Current Liabilities

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories, and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year, cash and cash equivalents and investments that are restricted by donors or external parties as to their use, and capital assets. Receivables deemed to be collectible in more than a year are also included as noncurrent. Current assets decreased by \$408.4 million from fiscal year 2023 to fiscal year 2024. This is primarily due to a decrease in cash and cash equivalents of \$371.1 million and a decrease in accounts receivable of \$24.2 million. The cash and cash equivalents decrease resulted from the transfer of capital grant funds received in advance for the HELIX, Cooper Street Gateway in Camden, and Life Sciences Center 2 in Newark projects of \$300.0 million to be held with the trustee and an increase in operating expenses. The decrease in accounts receivable is primarily related to decreases in health service contract receivables of \$59.9 million offset by increases in government grants and other sponsored program receivables of \$34.1 million and in student accounts receivable of \$12.3 million. Governmental and sponsored programs increased due to increased activity in sponsored programs, and the increase in student accounts receivable resulted from slower payments due to a prior year's temporary suspension in past due notices and holds on student records. Current assets increased by \$146.5 million from fiscal year 2022 to fiscal year 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 following table summarizes the University's changes in Cash and Cash Equivalents and Investments as of June 30, 2024, 2023 and 2022 (dollars in thousands):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents			
Current			
Cash and Cash Equivalents	\$ 170,553	\$ 541,651	\$ 428,165
Noncurrent			
Cash and Cash Equivalents - Restricted	<u>573,592</u>	<u>48,659</u>	<u>42,756</u>
Total Cash and Cash Equivalents	<u>744,145</u>	<u>590,310</u>	<u>470,921</u>
Investments			
Current			
Short-Term Investments	7,647	18,578	19,695
Noncurrent			
Long-Term Investments	777,762	700,315	654,038
Long-Term Investments - Restricted	<u>1,461,402</u>	<u>1,310,085</u>	<u>1,277,795</u>
Total Investments	<u>2,246,811</u>	<u>2,028,978</u>	<u>1,951,528</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 2,990,956</u>	<u>\$ 2,619,288</u>	<u>\$ 2,422,449</u>

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 due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Current liabilities decreased \$17.0 million from \$1,180.8 million in fiscal year 2023 to \$1,163.8 million in fiscal year 2024. The decrease is primarily attributable to a decrease in accounts payable and accrued expenses of \$53.9 million, a decrease in unearned revenue of \$15.3 million offset by an increase in commercial paper of \$48.9 million. Accounts payable and accrued expenses decreased as a result of a decrease in salary and benefit accruals related to union agreements and the unearned revenue decrease resulted from a decrease in unearned revenue related to sponsored programs. Current liabilities increased \$301.5 million from \$879.3 million in fiscal year 2022 to \$1,180.8 million in fiscal year 2023. The increase is primarily attributable to capital grant funds received in advance for the HELIX project. Accounts payable and accrued expenses increased due to 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 0.9 times in fiscal year 2024, 1.3 times in fiscal year 2023, and 1.6 times in fiscal year 2022. While a current ratio below 1.0 could suggest increased liquidity risk, the University remains committed to managing cash flows carefully, monitoring receivables and payables, and optimizing operational efficiencies. The University has ongoing access to credit and other financing options available to meet upcoming liabilities and continue normal operations. The University's current assets also cover approximately four months of its total operating expenses, excluding depreciation in fiscal years 2024, and three months of its total operating expenses, excluding depreciation in fiscal years 2023 and 2022.

Deferred Outflows of Resources

Deferred outflows of resources are the consumption of net position that is applicable to a future reporting period. In fiscal year 2024, deferred outflows of resources decreased by \$36.8 million, primarily due to GASB 68-related decreases in pension liability and a decrease in loss on refunding.

In fiscal year 2023, deferred outflows of resources increased by \$10.4 million, primarily due to the 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.

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 from 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 12.3%, 6.9%, and (9.7%) in fiscal years 2024, 2023, and 2022, respectively. The average annual return over the 5-year period ended June 30, 2024, 2023, and 2022 was 8.1%, 6.6%, and 7.1%, 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 \$70.4 million in fiscal 2024, \$65.8 million in fiscal 2023, and \$57.6 million in fiscal 2022.

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 \$112.4 million to \$1,053.9 million for fiscal 2024 and increased \$37.1 million to \$941.5 million for fiscal 2023. Term endowments are funds received from donors that function as endowments until a specified event occurs. The University's term endowments increased \$2.9 million to \$64.4 million for fiscal 2024 and increased \$0.3 million to \$61.5 million for fiscal 2023. Quasi endowments primarily consist of unrestricted funds designated by the University for long-term investment purposes and therefore, act as endowments. The University's restricted and unrestricted quasi endowments increased \$74.0 million to \$941.8 million for fiscal 2024 and increased \$52.3 million to \$867.8 million for fiscal 2023.

From a net position perspective, earnings from the endowment, while expendable, are primarily restricted in use by the donors. It is important to note that of the University's endowment funds, only \$582.0 million, or 28.2%, can be classified as unrestricted net position in 2024, \$532.2 million, or 28.4% in 2023 and \$483.3 million, or 27.1% in 2022. From the 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 eight years, many projects are underway 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.

In addition to the Building Our Future Bond Act, the State authorized NJEFA to issue bonds for the Higher Education Equipment Leasing Fund program under the Higher Education Equipment Leasing Fund Act (ELF). This act authorizes NJEFA to issue bonds to finance the purchase of any property consisting of, or relating to, scientific, engineering, technical, computer, communications, and instructional equipment for lease to public and private institutions of higher education in the State. The University has been awarded \$34.6 million from this bond issue for the purchase of this type of equipment. The University recognized revenue of \$21.7 million in 2024.

Capital asset additions totaled \$361.3 million in fiscal year 2024, compared to \$211.0 million in fiscal year 2023. 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 Equipment Leasing Funds, bond proceeds, and gifts designated for capital purposes.

As of June 30, 2024, 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 574,000-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 (Robert Wood Johnson Medical School (RWJMS) and the Chancellor's Suite), and floor 12 (Vivarium). Floors 9 to 11 will house the New Jersey Innovation Hub and Core Partner spaces. Project completion is at 22%, and the anticipated completion date is spring 2026.
- The One Stop Student 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 supporting 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 31%. The anticipated completion date is summer 2025.
- The Earth and Planetary Science Lab Renovations consists of a 3,000-square-foot dedicated space for a state-of-the-art research laboratory located in the Wright Rieman building on Busch campus. The proposed renovations will provide dedicated space for research conducted by the students, professors and scientists from the Department of Earth and Planetary Sciences (EPS). EPS is a new environmentally controlled lab funded by the National Science Foundation. The labs include Carius Tube Lab, Spike Lab, Trace Metals Lab, Mass Spectrometer Instrument Lab, and Support Spaces. This project is in the design stage.
- The Brandt Behavioral Health Treatment Center and Residence project will comprise 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 84% complete.
- The Fire Safety Improvements project will include assessment, prioritization, design (where required), and renovations to buildings and select systems improvements as needed to upgrade existing systems, provide new infrastructure, and abate conditions highlighted by code-mandated fire safety inspections. Work will concentrate on areas identified as priorities by University Facilities, University Emergency Services, and the New Jersey Division of Fire Safety. The project's primary benefit is the enhancement of fire safety in buildings – protection of life and property. Fire safety improvements will provide for safe occupancy, reduced risk of claims, and increased compliance with state code. The University's image will benefit from a proactive program that provides for strategic enhancements. Project completion is at 69%.
- 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 critical infrastructure upgrades. These efforts are the first step towards modernizing the building and providing much-needed upgrades to the facility. Phase III, 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 77%. The anticipated completion date is fall 2027.
- 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 the risk of claims, and increase compliance with the state codes and federal law. Project completion is at 18%. The anticipated completion date is fiscal year 2026.

Major projects completed during fiscal year 2023 include:

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

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 must also 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 \$210.0 million, \$238.6 million and \$219.5 million, a net pension liability of \$1,491.6 million, \$1,633.5 million and \$1,552.7 million, and a deferred inflow of resources of \$208.5 million, \$181.2 million and \$338.9 million in 2024, 2023, and 2022, respectively.

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

Net Position

Net Position represents the residual interest in the University's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or declined during the year. Net position consists of four major categories: net investment in capital assets, restricted net position (nonexpendable and expendable), and unrestricted net position. Prior to the pension adjustment required by GASB 68, the University's net position increased by \$131.9 million in fiscal year 2024 (decreased by \$35.1 million in fiscal year 2023 and \$7.7 million in fiscal year 2022).

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. Net investment in capital assets increased by \$69.5 million in fiscal year 2024 (increased by \$22.5 million in fiscal year 2023 and decreased by \$107.0 million in fiscal year 2022).

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 restricted net position includes the permanent endowments mentioned previously under the Endowment and Other Investments section. The nonexpendable restricted net position increased \$112.4 million in fiscal year 2024 (increased \$37.1 million in fiscal year 2023 and decreased \$73.5 million in fiscal year 2022) as a result of increases in fair value of investments. The increase of \$37.1 million in fiscal year 2023 was also due to increases in fair value of investments.

Expendable restricted net position is available for expenditure by the University, but must be spent for purposes specified by external donors. This category includes contributions received from donors, unspent income from endowed funds and funds restricted for capital projects. The expendable restricted net position increased \$54.9 million in fiscal year 2024 (decreased \$0.6 million in fiscal year 2023 and increased \$4.5 million in fiscal year 2022) as a result of a capital appropriation from the State of New Jersey and increases in the fair value on restricted principal quasi endowments. The decrease of \$0.6 million in fiscal year 2023 was due to decreases 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, unrestricted net assets decreased \$104.9 million in fiscal year 2024 (decreased \$94.0 million in fiscal year 2023 and increased \$168.3 million in fiscal year 2022). Subsequent to the GASB 68 adjustment, unrestricted net assets decreased \$18.9 million in fiscal year 2024 (increased \$1.9 million in fiscal year 2023 and \$290.3 million in fiscal year 2022).

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, 2024, 2023 and 2022 is as follows (dollars in thousands).

**Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2024, 2023 and 2022
(dollars in thousands)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	\$ 1,074,589	\$ 1,047,194	\$ 1,077,165
Grants and contracts	830,770	784,980	707,202
Auxiliary enterprises (net of scholarship allowances)	316,446	296,162	263,899
Net patient service revenues	249,296	290,251	236,263
Health service contract revenues	831,689	786,004	773,958
Other operating revenues	<u>116,829</u>	<u>108,389</u>	<u>119,427</u>
Total operating revenues	3,419,619	3,312,980	3,177,914
Operating expenses	<u>4,834,903</u>	<u>4,586,942</u>	<u>4,417,424</u>
Operating loss	<u>(1,415,284)</u>	<u>(1,273,962)</u>	<u>(1,239,510)</u>
Non-operating revenues/(expenses):			
State appropriations (including fringe benefits paid directly by the state)	1,110,131	1,026,580	946,216
OPEB (Received from)/Paid by the State	(114,527)	(83,716)	41,757
Contributions	59,037	53,824	48,289
Endowment and investment income	60,229	43,356	33,324
Net increase/(decrease) in fair value of investments	215,294	58,820	(131,758)
Increase in fair value of swaps	5,310	8,064	24,918
Governmental student aid	258,036	211,285	219,576
COVID Relief Funds	1,389	11,107	199,918
Interest on capital asset related debt	(105,901)	(90,882)	(96,357)
Net other non-operating revenues	<u>23,304</u>	<u>25,771</u>	<u>18,124</u>
Net non-operating revenues	1,512,302	1,264,209	1,304,007
Income/(Loss) before other revenues	97,018	(9,753)	64,497
Other revenues	<u>120,911</u>	<u>70,577</u>	<u>49,826</u>
Increase in net position	217,929	60,824	114,323
Net position at beginning of year	<u>2,696,154</u>	<u>2,635,330</u>	<u>2,521,007</u>
Net position at end of year	<u>\$ 2,914,083</u>	<u>\$ 2,696,154</u>	<u>\$ 2,635,330</u>

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, 2024, 2023 and 2022.

**Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024
(dollars in thousands)**

	As Reported	GASB 68 & 75 Adjustments	Before GASB 68 & 75 Adjustments
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	\$ 1,074,589	\$ -	\$ 1,074,589
Grants and contracts	830,770	-	830,770
Auxiliary enterprises (net of scholarship allowances)	316,446	-	316,446
Net patient service revenues	249,296	-	249,296
Health service contract revenues	831,689	-	831,689
Other operating revenues	116,829	-	116,829
Total operating revenues	<u>3,419,619</u>	<u>-</u>	<u>3,419,619</u>
Operating expenses:			
Salaries and Wages	2,578,651	-	2,578,651
Fringe Benefits	932,409	85,984	1,018,393
OPEB Benefit	(114,527)	114,527	-
Supplies and Services	1,053,796	-	1,053,796
Grant Aid to Students	139,958	-	139,958
Depreciation	244,616	-	244,616
Total operating expenses	<u>4,834,903</u>	<u>200,511</u>	<u>5,035,414</u>
Operating loss	<u>(1,415,284)</u>	<u>(200,511)</u>	<u>(1,615,795)</u>
Non-operating revenues (expenses):			
State appropriations (including fringe benefits paid directly by the state)	1,110,131	-	1,110,131
OPEB Received from the State	(114,527)	114,527	-
Contributions	59,037	-	59,037
Endowment and investment income	60,229	-	60,229
Net increase in fair value of investments	215,294	-	215,294
Increase in fair value of swaps	5,310	-	5,310
Governmental student aid	258,036	-	258,036
COVID Relief Funds	1,389	-	1,389
Interest on capital asset related debt	(105,901)	-	(105,901)
Net other non-operating revenues	23,304	-	23,304
Net non-operating revenues	<u>1,512,302</u>	<u>114,527</u>	<u>1,626,829</u>
Income before other revenues	97,018	(85,984)	11,034
Other revenues	120,911	-	120,911
Increase in net position	<u>217,929</u>	<u>(85,984)</u>	<u>131,945</u>
Net position at beginning of year	<u>2,696,154</u>	<u>1,576,091</u>	<u>4,272,245</u>
Net position at end of year	<u>\$ 2,914,083</u>	<u>\$ 1,490,107</u>	<u>\$ 4,404,190</u>

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	<u>3,312,980</u>	-	<u>3,312,980</u>
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	<u>4,586,942</u>	<u>179,658</u>	<u>4,766,600</u>
Operating loss	<u>(1,273,962)</u>	<u>(179,658)</u>	<u>(1,453,620)</u>
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 decrease 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	<u>1,264,209</u>	<u>83,716</u>	<u>1,347,925</u>
(Loss) before other revenues	(9,753)	(95,942)	(105,695)
Other revenues	70,577	-	70,577
Increase/(Decrease) in net position	<u>60,824</u>	<u>(95,942)</u>	<u>(35,118)</u>
Net position at beginning of year	<u>2,635,330</u>	<u>1,672,033</u>	<u>4,307,363</u>
Net position at end of year	<u>\$ 2,696,154</u>	<u>\$ 1,576,091</u>	<u>\$ 4,272,245</u>

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	<u>3,177,914</u>	-	<u>3,177,914</u>
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	<u>4,417,424</u>	<u>80,238</u>	<u>4,497,662</u>
Operating loss	<u>(1,239,510)</u>	<u>(80,238)</u>	<u>(1,319,748)</u>
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	<u>1,304,007</u>	<u>(41,757)</u>	<u>1,262,250</u>
Income/(Loss) before other revenues	64,497	(121,995)	(57,498)
Other revenues	49,826	-	49,826
Increase/(Decrease) in net position	<u>114,323</u>	<u>(121,995)</u>	<u>(7,672)</u>
Net position at beginning of year	<u>2,521,007</u>	<u>1,794,028</u>	<u>4,315,035</u>
Net position at end of year	<u>\$ 2,635,330</u>	<u>\$ 1,672,033</u>	<u>\$ 4,307,363</u>

Operating revenues represent 67.7%, 69.7%, and 68.0% of total revenues in fiscal years 2024, 2023 and 2022, 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 \$373.4 million of a total \$513.4 million of student aid directly to student accounts. The remaining \$140.0 million was paid to students and is reflected as grant aid to student expense. Scholarship allowances allocated to tuition and fees amounted to \$319.8 million. Another \$53.6 million was allocated to residence fees, which are included in auxiliary enterprises. Tuition and fees, net of scholarship allowances increased \$27.4 million in fiscal year 2024. The increase resulted primarily from an average increase in tuition rates of 6%. The increase in rates was offset by a decrease in enrollment of approximately 400 for the 2023-2024 academic year. Tuition and fees, net of scholarship allowances, decreased \$30.0 million in fiscal year 2023. The change 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.

Grants and Contracts include 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 2024 and 2023, total grant and contract revenue was \$830.8 million and \$785.0 million, respectively, an increase of \$45.8 million, or 5.8%. The increase is a result of new contracts and fellowship programs at RH totaling \$35.1 million and at the New Brunswick campus totaling \$9.0 million. 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 at RH and at the New Brunswick campus of \$53.0 million and \$20.3 million, respectively, resulting from new contracts and newly hired research faculty.

Auxiliary Enterprises include revenues from the University's athletics department, housing, dining facilities, and other student-related services, as well as other business-type activities such as the bookstore and the golf course that support the University's primary missions of education, research, and public service. Auxiliary gross revenues were \$370.1 million and \$343.6 million in fiscal years 2024 and 2023, respectively, less scholarship allowances of \$53.7 million and \$47.4 million in fiscal years 2024 and 2023, respectively. Auxiliary net revenues increased in fiscal year 2024 by \$20.3 million or 6.8%. The most significant increase occurred in Athletics due to a rise in annual media rights payouts from the Big Ten Conference and increases in ticket fees. Auxiliary net revenues increased in fiscal year 2023 by \$32.3 million or 12.2%. The most significant 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 fiscal year 2023 due to the continued physical return of students to on-campus activities after COVID-19 restrictions were reduced.

Net Patient Service Revenues include revenues related to patient care services, which are generated within Rutgers Health behavioral healthcare, faculty practice operations, community healthcare centers and cancer center, under contractual arrangements with governmental payers and private insurers. In fiscal year 2024, net patient service revenue was \$249.3 million compared to \$290.3 million for fiscal year 2023, a decrease of \$41.0 million, or 14.1%. The decrease occurred primarily at RWJMS totaling \$39.2 million, as a result of the transfer of several units within RWJMS from clinical services to the hospital-based service units of RWJBH. 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 an increase in charges and patient service mix.

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 2024, health service contract revenue was \$831.7 million, which included affiliate and other contract revenues of \$694.4 million and housestaff revenues of \$137.3 million, representing an overall increase of \$45.7 million, or 5.8% over related revenues for fiscal year 2023. Housestaff revenues increased primarily at NJMS and RWJMS due to higher reimbursement as a result of an increase in salaries and benefits. Affiliate and contract revenues increased by \$39.2 million, primarily at RWJMS, NJMS, UBHC and the Chancellor's unit due to higher IPA reimbursement as a result of an increase in salaries and clinical expenses, partially offset by a decrease at University Correctional Health Care (UCHC) due to discontinuation of daily COVID testing in state prisons, which was conducted in partnership with the New Jersey Department of Corrections. 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 year 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 UCHC.

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 \$546.2 million, \$515.1 million, and \$481.6 million in fiscal years 2024, 2023, and 2022, respectively. The operating increases of \$31.1 million in fiscal year 2024 and \$33.5 million in fiscal year 2023 were mainly attributable to increases in outcome-based funding and increases in fringe benefit support on sponsored programs provided by the State. Fringe benefits paid on behalf of Rutgers by the State totaled \$563.9 million, \$511.5 million, and \$464.6 million in fiscal years 2024, 2023, and 2022, respectively. The fringe benefit increases of \$52.6 in fiscal year 2024 and \$46.9 million in 2023 are attributable to increased health and pension costs covered.

Governmental Student Aid is also a significant component of non-operating revenues. The University's students benefit from various federal and State programs, such as Pell Grants, Tuition Aid Grants (TAG), and Educational Opportunity Fund (EOF) grants. The University received \$258.0 million in fiscal year 2024 from federal and State programs, a 22.1% increase from \$211.3 million received in fiscal year 2023. The increase is mainly due to the addition of \$33.6 million of Garden State Guarantee grants from the State of New Jersey in fiscal year 2024, and more student workers and recipients with an increased average award amount. In fiscal year 2023, the University showed a 3.2% decrease from \$99.5 million received in fiscal year 2022.

Contributions include gifts received by the University through Foundation fundraising activities. The University received a total of \$59.0 million in contributions in fiscal year 2024 compared with \$53.8 million in fiscal year 2023. The increase of \$5.2 million is mainly the result of an increase in gifts received for the Eagleton Institute of Politics and RWJMS. In fiscal year 2023, the University showed a \$5.5 million increase from fiscal year 2022, mainly the result of an increase in gifts received for scholarships and institutes.

COVID Relief Funds include HEERF I, II, and III, and GEERF 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 no HEERF revenue in fiscal year 2024 and \$9.8 million in fiscal year 2023. 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 \$1.4 million in GEERF revenue in fiscal year 2024 and \$1.2 million in fiscal year 2023.

Other Revenues consist of grants, gifts, and state appropriations received and expensed by the University for capital projects, as well as additions to permanent endowments. The University recognized a total of \$84.8 million in fiscal year 2024 for capital grants and gifts revenue compared with \$39.5 million in fiscal year 2023. The University recognized \$49.0 million in federal capital grants revenue related to the HELIX project offset by \$22.9 million of capital contribution expenses for HELIX. In addition, the University recognized \$21.7 million in revenue for ELF grants provided by the State. In fiscal year 2024, the University received \$25.0 million in state capital appropriations for the New Brunswick campus. The University received \$34.0 million in fiscal year 2024 and \$31.1 million in fiscal year 2023 in additions to permanent endowments 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 expenditures of the University in fiscal year 2024 are salaries and wages and fringe benefits accounting for 72.6% of total operating expenses with GASB 68 and 75 adjustments (70.4% in fiscal year 2023 and 66.8% in fiscal year 2022) and 71.4% without the GASB 68 and 75 adjustments in fiscal year 2024 (69.7% in fiscal year 2023 and 68.3% in fiscal year 2022). Negotiated and other staff salary and wage increases averaged 4.1% in fiscal year 2024 (6.2% in fiscal year 2023 and 3.2% in fiscal year 2022). Fringe benefit expenses increased \$121.7 million or 15.0% over fiscal year 2023 with GASB 68 and 75 adjustments and \$111.7 or 12.3% without the GASB 68 and 75 adjustments. Fringe benefit expenses increased \$135.8 million or 16.7% over fiscal year 2022 with GASB 68 and 75 adjustments and \$109.7 million or 13.8% without the GASB 68 and 75 adjustments. Fringe benefit expenses have continued to increase year over year due to the increased costs of pension and health benefits. Pension expense for the GASB 68 adjustment was (\$86.0) million in fiscal year 2024 compared to (\$95.9) million in fiscal year 2023 and (\$122.0) million in fiscal year 2022. OPEB (benefit)/expense for the GASB 75 adjustment was (\$114.5) million in fiscal year 2024, (\$83.7) million in fiscal year 2023 and \$41.8 million in fiscal year 2022. The decreases of \$30.8 million in fiscal year 2024 and \$125.5 million in fiscal year 2023 are 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

In June 2024, the University's Board of Governors (the Board) adopted a Financial Strategy outlined in University Policy 40.1.4. This strategy aimed to guide the University toward financial sustainability after experiencing structural deficits due to COVID-19.

To implement this Financial Strategy, it is crucial to prioritize investments in the academic enterprise, maintain physical and technological assets, and build financial reserves. Achieving financial sustainability requires commitment to critical initiatives, such as fostering innovation, developing new programs, increasing operational efficiency and effectiveness, and addressing deferred maintenance.

The academic enterprise is currently facing significant financial pressures. The University encounters several challenges, including hiring and retaining faculty and staff, providing salary support, managing the costs of fringe benefit programs mandated by the State, implementing academic capital plans, developing research infrastructure, and meeting the rising demand for student financial aid. The University needs to focus on its traditional enrollment while exploring opportunities for growth in specialized areas. While increasing student enrollment may affect all departments, this impact will not be uniform. Additionally, heightened financial aid requirements will continue to strain University resources.

The existing cost structures such as high fringe benefit rates, increased salaries, more extraordinary non-discretionary expenses, and aging capital infrastructure complicate the University's ability to keep pace with its research initiatives. To maintain its status as a leading research institution, the University must expand its portfolio of grants and awards, provide adequate support for postdoctoral scholars and graduate students, and strategically recruit new faculty members.

Moreover, the University must promote the development of new academic programs while revitalizing or discontinuing existing programs that do not align with its mission and goals. It is essential to balance pursuing the common good and investing in the most promising growth areas.

Investing in facilities, infrastructure, and technology begins with ensuring that the annual operating expenditure for servicing and maintaining these assets is sufficient to minimize damage and performance deterioration. Furthermore, any maintenance backlog must be addressed promptly. Unfortunately, Rutgers' expenditure levels for operating and maintaining its facilities and infrastructure have consistently fallen below target, leading to a growing deferred maintenance issue. This deterioration poses a significant risk for Rutgers, as annual spending remains below normative targets and those of peer institutions.

Information technology also faces a gap between spending and actual needs. As reliance on technology increases, investing in network infrastructure, storage, computing, cybersecurity, and operational support is vital while balancing innovation with mission support.

The University increased its reserves during the COVID-19 pandemic thanks to favorable investments and governmental support. However, achieving long-term financial sustainability will require several years of drawing from these reserves. Restoring them is crucial for maintaining program continuity during future crises and will also influence evaluations by external rating agencies.

To achieve financial sustainability, University leaders must collaborate to adopt a cohesive strategic approach to increasing net revenue. This strategy will include leveraging existing revenue sources—such as tuition, fees, auxiliary services, and philanthropy—while exploring new revenue streams and optimizing expenses. Progress will be measured using specific financial metrics and targets outlined in the Financial Strategy.

The University is developing an implementation plan that outlines critical initiatives and specifies objectives, timelines, and responsibilities. To fully realize its potential as a leading public university, the University needs a coordinated approach among the four Chancellor-led units to address the increasing financial pressures.

The implementation plan focuses on five essential themes vital for financial sustainability:

- Program and service margins
- Revenue growth and diversification
- Cost efficiency and optimization
- Operational excellence
- Balance sheet optimization

The University continues to engage stakeholders in discussions about these critical drivers. Notably, it has identified a strong connection between "Cost Efficiency/Optimization" and "Operational Excellence," and it will prioritize projects that balance both aspects.

Performance against targets will be reported regularly to the Board through the Committee on Finance and Facilities. The budget and forecasts will evaluate projected performance, while annual reports will compare actual results. Given the external factors that may impact the University’s plans, target adjustments may be necessary. However, the University wants to reassure its stakeholders that it has a robust approach to managing these changes. Leaders can handle minor changes, but the Board will review significant changes in scope to ensure alignment. This approach guarantees the security of the University’s plans and maintains stakeholder confidence.

Significant progress has been made since the Financial Strategy was approved. Transitioning the Financial Sustainability Project into the implementation phase is crucial for ensuring the University’s long-term viability and resilience while aligning its efforts with the framework established by the Financial Strategy.

The University relies on steady and continued support from the State for fringe benefit relief for approximately 11,600 full-time equivalent (FTE) faculty and staff each year. Beginning in fiscal year 2022, the State began providing cash support as relief for fringe benefit expenses on federal sponsored programs. The state-paid fringe costs associated with the FTE salaries have increased 26.1% from fiscal year 2020 through fiscal year 2024 and 10.2% in fiscal year 2024 alone, as seen in the table below. The difference between the state-paid fringe revenues and fringe benefit expenses (net of the GASB 68 pension expense adjustment) represents fringe costs on sponsored programs and costs in excess of the FTE coverage by the State. The State provided \$48.7 million in additional cash support for sponsored programs in fiscal year 2024, and \$51.1 million is expected in fiscal year 2025. This additional support has benefited the research core mission of the University.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Fringe Benefits Paid by the State	\$ 563,928	\$ 511,504	\$ 464,625	\$ 431,008	\$ 447,272
Fringe Benefit Expense (net of GASB 68)	<u>(1,018,393)</u>	<u>(906,682)</u>	<u>(796,945)</u>	<u>(716,826)</u>	<u>(719,448)</u>
Net Cost	<u>\$ (454,465)</u>	<u>\$ (395,178)</u>	<u>\$ (332,320)</u>	<u>\$ (285,818)</u>	<u>\$ (272,176)</u>

In September 2024, Rutgers University President Jonathan S. Holloway announced to the Board that he would be stepping down at the end of the 2024-2025 fiscal year. The University is beginning a national search for a new President. The University’s financial sustainability will be one of several priorities, along with advancing Rutgers’ commitment to academic research, civic engagement, and its mission to enhance social mobility through increased access to higher education. Additionally, the incoming President will assess efforts to define the optimal structure of academic units, engage alumni, and keep pace with faculty recruitment in critical disciplines.

STATEMENTS OF NET POSITION

As of June 30, 2024 and 2023

(dollars in thousands)

	Component Unit			
	Rutgers, The State University		Rutgers University Foundation	
	2024	2023	2024	2023
ASSETS:				
Current Assets				
Cash and Cash Equivalents	\$ 170,553	\$ 541,651	\$ 1,579	\$ 3,412
Cash and Cash Equivalents - Restricted	-	-	14,550	11,172
Short-Term Investments	7,647	18,578	4	57
Short-Term Investments - Restricted	-	-	7,625	19,257
Accounts Receivable, net	900,825	924,980	11,703	9,657
Contributions Receivable, net	-	-	27,516	60,623
Inventories	8,446	7,720	-	-
Prepaid Expenses and Other Assets	10,122	13,111	671	787
Total Current Assets	<u>1,097,593</u>	<u>1,506,040</u>	<u>63,648</u>	<u>104,965</u>
Noncurrent Assets				
Cash and Cash Equivalents - Restricted	573,592	48,659	-	-
Long-Term Investments	777,762	700,315	-	2,298
Long-Term Investments - Restricted	1,461,402	1,310,085	4,588	4,308
Accounts Receivable, net	262,489	277,208	-	-
Contributions Receivable, net	-	-	33,117	33,869
Cash Surrender Value of Whole Life Insurance Policies	-	-	445	428
Capital Assets, net	4,009,493	3,930,717	256	658
Other Assets	20,080	23,607	-	-
Total Noncurrent Assets	<u>7,104,818</u>	<u>6,290,591</u>	<u>38,406</u>	<u>41,561</u>
TOTAL ASSETS	<u>8,202,411</u>	<u>7,796,631</u>	<u>102,054</u>	<u>146,526</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Loss on Refunding	73,239	81,412	-	-
Pension Related	209,979	238,581	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>283,218</u>	<u>319,993</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>8,485,629</u>	<u>8,116,624</u>	<u>102,054</u>	<u>146,526</u>

(continued)

STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023
(dollars in thousands)

	Component Unit			
	Rutgers, The State University		Rutgers University Foundation	
	2024	2023	2024	2023
LIABILITIES:				
Current Liabilities				
Accounts Payable and Accrued Expenses	480,926	534,860	13,054	10,744
Unearned Revenue	470,369	485,629	-	2,030
Payroll Withholdings	13,298	14,025	-	-
Other Payables	1,444	1,266	-	-
Beneficial Interest Payable	-	-	848	813
Commercial Paper	87,611	38,673	-	-
Long-Term Lease and Subscription Liabilities - Current Portion	39,019	38,753	131	362
Long-Term Liabilities - Current Portion	71,151	67,611	-	-
Total Current Liabilities	<u>1,163,818</u>	<u>1,180,817</u>	<u>14,033</u>	<u>13,949</u>
Noncurrent Liabilities				
Other Noncurrent Liabilities	25,066	28,873	1,312	1,297
Unearned Revenue	28,328	26,839	-	-
Derivative Instruments	-	3,363	-	-
Beneficial Interest Payable	-	-	6,216	6,134
Net Pension Liability	1,491,630	1,633,519	-	-
Long-Term Lease and Subscription Liabilities - Noncurrent Portion	144,215	133,424	122	182
Long-Term Liabilities - Noncurrent Portion	2,266,056	2,003,389	-	-
Total Noncurrent Liabilities	<u>3,955,295</u>	<u>3,829,407</u>	<u>7,650</u>	<u>7,613</u>
TOTAL LIABILITIES	<u>5,119,113</u>	<u>5,010,224</u>	<u>21,683</u>	<u>21,562</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension Related	208,456	181,153	-	-
Lessor Real Estate	243,977	229,093	-	-
Irrevocable Split Interest Agreements	-	-	3,962	2,973
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>452,433</u>	<u>410,246</u>	<u>3,962</u>	<u>2,973</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>5,571,546</u>	<u>5,420,470</u>	<u>25,645</u>	<u>24,535</u>
NET POSITION (DEFICIT):				
Net Investment in Capital Assets	1,804,152	1,734,606	4	108
Restricted for				
Nonexpendable				
Academic/Departmental Uses	571,747	477,788	236	409
Scholarships and Fellowships	482,194	463,710	720	2,544
Expendable				
Academic/Departmental Uses	503,780	477,875	44,819	39,700
Scholarships and Fellowships	145,479	132,359	8,218	10,537
Loans	46,440	53,675	-	-
Sponsored Programs	-	-	13,342	59,100
Capital Projects	49,795	26,374	9,293	7,400
Other	8,404	8,754	1	6
Unrestricted	(697,908)	(678,987)	(224)	2,187
TOTAL NET POSITION	<u>\$ 2,914,083</u>	<u>\$ 2,696,154</u>	<u>\$ 76,409</u>	<u>\$ 121,991</u>

See accompanying notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2024 and 2023
(dollars in thousands)

	Component Unit			
	Rutgers, The State University		Rutgers University Foundation	
	2024	2023	2024	2023
OPERATING REVENUES:				
Student Tuition and Fees (net of scholarship allowances of \$319,789 in 2024 and \$295,348 in 2023)	\$ 1,074,589	\$ 1,047,194	\$ -	\$ -
Federal Grants and Contracts	537,137	525,131	-	-
State and Municipal Grants and Contracts	139,716	134,535	-	-
Nongovernmental Grants and Contracts	153,917	125,314	10,221	70,355
Auxiliary Enterprises (net of scholarship allowances of \$53,611 in 2024 and \$47,424 in 2023)	316,446	296,162	-	-
Net Patient Service Revenues	249,296	290,251	-	-
Health Service Contract Revenues	831,689	786,004	-	-
Other Operating Revenues	116,829	108,389	260	409
Total Operating Revenues	<u>3,419,619</u>	<u>3,312,980</u>	<u>10,481</u>	<u>70,764</u>
OPERATING EXPENSES:				
Salaries and Wages	2,578,651	2,416,827	22,107	21,150
Fringe Benefits	932,409	810,740	9,622	8,641
OPEB Benefit	(114,527)	(83,716)	-	-
Supplies and Services	1,053,796	1,061,751	11,723	10,368
Grant Aid to Students	139,958	140,687	-	-
Depreciation/Amortization	244,616	240,653	-	-
Distributions to Rutgers, The State University	-	-	105,345	162,413
Distributions to Others	-	-	23	7
Total Operating Expenses	<u>4,834,903</u>	<u>4,586,942</u>	<u>148,820</u>	<u>202,579</u>
Operating Loss	<u>(1,415,284)</u>	<u>(1,273,962)</u>	<u>(138,339)</u>	<u>(131,815)</u>

(continued)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2024 and 2023
(dollars in thousands)

	Component Unit			
	Rutgers, The State University		Rutgers University Foundation	
	2024	2023	2024	2023
NON-OPERATING REVENUES (EXPENSES):				
State Appropriations	546,203	515,076	-	-
State Paid Fringe Benefits	563,928	511,504	-	-
OPEB Received from the State	(114,527)	(83,716)	-	-
Administrative Fees and Support from Rutgers, The State University	-	-	32,843	29,882
Noncash Support from Rutgers, The State University	-	-	4,157	4,345
Federal Appropriations	6,997	7,074	-	-
COVID Relief Funds	1,389	11,107	-	-
Federal Student Aid	105,072	96,273	-	-
State Student Aid	152,964	115,012	-	-
Contributions	59,037	53,824	66,806	67,319
Endowment and Investment Income (net of investment management fees of \$3,260 in 2024 and \$3,947 in 2023)	60,229	43,356	884	462
Net Increase/(Decrease) in Fair Value of Investments	215,294	58,820	203	(161)
Increase in Fair Value of Swaps	5,310	8,064	-	-
Interest on Capital Asset Related Debt	(105,901)	(90,882)	(3)	(17)
Loss on Disposal of Capital Assets	(1,049)	(6,139)	-	-
Other Non-operating Revenues	17,356	24,836	3	5
Total Net Non-operating Revenues	<u>1,512,302</u>	<u>1,264,209</u>	<u>104,893</u>	<u>101,835</u>
Income/(Loss) before Other Revenues/(Expenses)	97,018	(9,753)	(33,446)	(29,980)
Capital Grants and Gifts	84,759	39,477	12,263	7,541
Capital Contributions	(22,896)	-	-	-
Capital State Appropriations	25,000	-	-	-
Additions to Permanent Endowments	34,048	31,100	27,418	32,983
Transfer of Non-exchange Charitable Grants to Rutgers, the State University	-	-	(51,817)	-
Increase/(Decrease) in Net Position	<u>217,929</u>	<u>60,824</u>	<u>(45,582)</u>	<u>10,544</u>
Net Position - Beginning of the Year	<u>2,696,154</u>	<u>2,635,330</u>	<u>121,991</u>	<u>111,447</u>
Net Position - End of the Year	<u>\$ 2,914,083</u>	<u>\$ 2,696,154</u>	<u>\$ 76,409</u>	<u>\$ 121,991</u>

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023
(dollars in thousands)

	Rutgers, The State University	
	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Student Tuition and Fees	\$ 1,064,747	\$ 994,496
Research Grants and Contracts	831,998	729,489
Services to Patients	245,045	270,359
Health Service Contract Receipts	891,597	884,280
Payments to Employees and for Benefits	(3,050,317)	(2,784,884)
Payments to Suppliers	(1,052,100)	(1,059,552)
Payments for Grant Aid to Students	(139,958)	(140,687)
Collection of Loans to Students and Employees	17,949	7,680
Loans to Students and Employees	(8,261)	(1,253)
Auxiliary Enterprises Receipts	309,409	290,803
Other Receipts	120,788	84,736
Net Cash Used by Operating Activities	<u>(769,103)</u>	<u>(724,533)</u>
Cash Flows from Noncapital Financing Activities:		
State Appropriations	538,304	501,399
Federal Appropriations	6,997	7,074
COVID Relief Funds	10	9,901
Proceeds from Operating Debt	150,000	-
Principal Paid on Operating Debt	(150,000)	-
Contributions for other than Capital Purposes	59,037	53,824
Federal and State Student Aid	258,996	209,835
Contributions for Endowment Purposes	34,048	31,100
Net Cash Provided by Noncapital Financing Activities	<u>897,392</u>	<u>813,133</u>
Cash Flows from Financing Activities:		
Proceeds from Capital Debt and Leases	379,171	52,327
Capital Grants and Gifts Received	40,498	329,840
Capital State Appropriations	25,000	-
Purchases of Capital Assets and Construction in Progress	(259,619)	(143,818)
(Decrease)/Increase in Accrued Capital Assets	(10,869)	9,433
Principal Paid on Capital Debt and Leases	(118,359)	(163,169)
Interest Paid on Capital Debt and Leases	(95,033)	(85,761)
Interest Income on Leases	7,067	7,210
Net Cash (Used)/Provided by Financing Activities	<u>(32,144)</u>	<u>6,062</u>
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	1,065,239	780,520
Investment Income	60,229	43,356
Purchase of Investments	(1,067,778)	(799,149)
Net Cash Provided by Investing Activities	<u>57,690</u>	<u>24,727</u>
Net Increase in Cash and Cash Equivalents	153,835	119,389
Cash and Cash Equivalents - Beginning of the year	<u>590,310</u>	<u>470,921</u>
Cash and Cash Equivalents - End of the year	<u><u>744,145</u></u>	<u><u>590,310</u></u>

(continued)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023
(dollars in thousands)

Reconciliation of Operating Loss to	<u>2024</u>	<u>2023</u>
Net Cash Used by Operating Activities:		
Operating Loss	(1,415,284)	(1,273,962)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	563,928	511,504
OPEB Received from the State	(114,527)	(83,716)
Depreciation/Amortization	244,616	240,653
Provision for Bad Debts	33,481	22,734
Changes in Assets and Liabilities:		
Receivables	39,293	(39,095)
Inventories	(726)	304
Prepaid Expenses and Other Assets	2,989	(6,125)
Accounts Payable and Accrued Expenses	(65,674)	60,070
Unearned Revenue	29,333	(21,970)
Payroll Withholdings	(727)	(38,788)
Other Payables	179	(200)
Net Pension Liability	(85,984)	(95,942)
Net Cash Used by Operating Activities	<u>\$ (769,103)</u>	<u>\$ (724,533)</u>
Non-Cash Investing and Financing Activities	<u>2024</u>	<u>2023</u>
Change in Fair Value of Derivatives	\$ 5,291	\$ 8,603
Net Increase in Fair Value of Investments	215,294	58,820
Capital Assets Acquired through Capital Leases	<u>34,540</u>	<u>15,199</u>

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

Rutgers, The State University (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 the Rutgers University Foundation (the Foundation) and Scarlet Assets Management Company, LLC (SAMCO).

The Foundation is a legally separate, not-for-profit organization that exists solely for the benefit of the University and was formed to aid the University in obtaining 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 it exists for the direct benefit of the University, its students, and its 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 fiscal years 2024 and 2023, this entity had no financial activity. 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.

On July 7, 2022, the University established a new limited liability company, SAMCO, which commenced operations in fiscal year 2024. The organization was created to assist the University in generating revenue derived from licensing the University's multimedia rights and other assets, as well as to serve as a platform for other revenue-generating initiatives and ventures. SAMCO is considered a blended component unit per GASB 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* (GASB 80). Although SAMCO is a legally separate entity, the University is its sole member, has various operational powers, and appoints most of the Board members. In fiscal year 2024, SAMCO generated a net loss of \$2.1 million, resulting from its first year of operations as a start-up. Based on the immateriality of SAMCO's financial activity, the University has omitted any additional disclosures.

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 Annual Comprehensive 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 noncurrent restricted cash. The University reclassifies net overdrafts from Cash and Cash Equivalents to Accounts Payable and Accrued Liabilities. This amount totaled \$31.5 million in 2024 (\$27.7 million in 2023). 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 a net increase or decrease in the 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 \$77.3 million at June 30, 2024 (\$71.3 million at June 30, 2023). Income derived from such irrevocable trust funds held by others, aggregating approximately \$3.4 million in fiscal year 2024 (\$3.0 million in fiscal year 2023), 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*.

Before 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 University Hospital in Newark and School of Osteopathic Medicine in Stratford, into the University, the Foundation assumed the fundraising function for the resulting Rutgers Health division (RH) on July 1, 2013. NJHF is not considered a component unit within the University. However, NJHF holds permanently restricted net assets for RH 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 RH 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, 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 at fair market value on the date of gift if donated. They 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 7.6 million volumes in 2024 (7.5 million volumes in 2023) 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. They are amortized on a straight-line basis over the shorter of the lease term or the underlying asset's 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 systematically and rationally 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 based on the most popular lease periods for the University. The yield curve is updated quarterly 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 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:

The University is a lessee for various noncancellable real estate and equipment leases 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. 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 only included in the valuations if 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 has no 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 based on the most popular lease periods for the University. For

SBITAs, discount rates that correspond to the SBITA term were used. The yield curve is updated quarterly 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 the option to terminate are excluded from the lease or SBITA term.
- The University evaluates lease and SBITA payments to be made 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 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 have yet to be earned under the terms of the agreement. This includes \$225.1 million in fiscal year 2024 (\$276.4 million in fiscal year 2023) from the federal American Rescue Plan Act authorizing the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) provided by the State for the New Jersey Health + Life Science Exchange (HELIX), Cooper Street Gateway in Camden, and Life Sciences Center 2 in Newark projects. 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

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 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, the State 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, 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. Other revenues include grants, gifts and state appropriations for capital projects, as well as additions to permanent endowments.

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 \$94.6 million in fiscal year 2024 (\$86.6 million in fiscal year 2023) from the Federal Pell Grant program. From the State of New Jersey, the University received \$106.8 million in fiscal year 2024 (\$102.6 million in fiscal year 2023) from Tuition Aid Grants and \$33.6 million in fiscal year 2024 (\$31.9 million in fiscal year 2023 via state appropriations) from Garden State Guarantee Grants.

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. The University disbursed \$390.0 million in fiscal year 2024 (\$373.0 million in fiscal year 2023) 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.

The University is a related party with the State, as the University receives funding through annual appropriations (including fringe benefits paid directly by the State). In addition, the State administers certain programs such as grant aid to students. The State provides retirement plans which University employees are participants and OPEB (see Note 15).

The University and the Foundation are related parties as the Foundation acts as the primary fundraising entity for the benefit of the University (see Note 20).

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

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

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.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). This statement addresses disclosing information regarding certain concentrations or constraints and related events that may have a substantial impact. GASB 102 is effective for fiscal years beginning after June 15, 2024, which is fiscal year 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). This statement aims to improve key components of the financial reporting model by introducing new requirements and modifications to enhance transparency, comparability, and overall quality of financial reports. GASB 103 is effective for fiscal years beginning after June 15, 2025, which is fiscal year 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and additional disclosures for capital assets held for sale. GASB 104 is effective for fiscal years beginning after June 15, 2025, which is fiscal year 2026.

NOTE 2 – ADOPTION OF ACCOUNTING PRONOUNCEMENTS

The University adopted GASB 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 adoption of this standard did not have a significant impact on the University's financial statements.

The University also adopted GASB 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. The adoption of this standard did not have a significant 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, 2024 and 2023 (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Money Market Funds	\$ 193,879	\$ 578,053
Cash and Deposits	<u>550,266</u>	<u>12,257</u>
Total Cash and Cash Equivalents	<u>\$ 744,145</u>	<u>\$ 590,310</u>

The University's total cash and cash equivalents balance of \$744.1 at June 30, 2024 includes a cash and deposits book balance of \$550.3 million (\$12.3 million in 2023). The actual amount of cash and deposits in the University's bank accounts at June 30, 2024 was \$547.5 million (\$11.5 million in 2023). Of this amount, \$1.3 million was insured by the Federal Deposit Insurance Corporation at June 30, 2024 (\$1.0 million in 2023). At June 30, 2024, \$46.1 million was collateralized (\$30.0 million in 2023), 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 fiscal years 2024 and 2023, 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, 2024 and 2023 (dollars in thousands):

	2024	2023
Common Stock	\$ 704,549	\$ 341,002
U.S. Government Agencies	54,056	36,950
U.S. Government Bonds	71,059	75,869
Corporate Bonds	142,031	155,477
Mutual Funds - Common Stock	5,995	85,996
Mutual Funds - Fixed Income	9,659	9,022
Fixed Income Funds	134,770	124,626
Hedge Funds	327,959	508,223
Private Equity	436,638	392,619
Venture Capital	158,393	105,236
Real Estate	91,655	87,003
Real Assets	105,224	103,203
Other	4,823	3,752
Total	<u>\$ 2,246,811</u>	<u>\$ 2,028,978</u>

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 or published 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 or published 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, 2024 and 2023 (dollars in thousands):

Investment Type	2024			
	Fair Value	Investments Measured at Fair Value		
		Level 1	Level 2	Level 3
Common Stock	\$ 704,549	\$ 704,549	\$ -	\$ -
U.S. Government Agencies	54,056	-	54,056	-
U.S. Government Bonds	71,059	-	71,059	-
Corporate Bonds	142,031	-	142,031	-
Mutual Funds - Common Stock	5,995	5,995	-	-
Mutual Funds - Fixed Income	9,659	9,659	-	-
Real Assets	25,037	-	-	25,037
Other	4,823	-	-	4,823
Subtotal	\$ 1,017,209	\$ 720,203	\$ 267,146	\$ 29,860

Investment Type	Net Asset Value
Private Equity	\$ 436,638
Real Estate	91,655
Real Assets	80,187
Venture Capital	158,393
Fixed Income Funds	134,770
Credit Hedge Funds	72,724
Long/Short Hedge Funds	132,849
Global Macro Hedge Funds	51,126
Multi-Strategy Hedge Funds	71,161
Other Hedge Funds	99
Subtotal	\$ 1,229,602
Total	\$ 2,246,811

2023

Investment Type	Fair Value	Investments Measured at Fair Value		
		Level 1	Level 2	Level 3
Common Stock	\$ 341,002	\$ 341,002	\$ -	\$ -
U.S. Government Agencies	36,950	-	36,950	-
U.S. 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

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 tables represent the fair value, unfunded commitments, redemption frequency and redemption notice period for investments measured at NAV as of June 30, 2024 and 2023 (dollars in thousands):

2024				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	\$ 436,638	\$ 153,722	Illiquid	N/A
Real Estate	91,655	119,394	Illiquid	N/A
Real Assets	80,187	45,109	Illiquid	N/A
Venture Capital	158,393	148,211	Illiquid	N/A
Fixed Income Fund	134,770	64,175	Illiquid	N/A
Credit Hedge Funds	72,724	N/A	Quarterly, Annually	45 - 90 days
Long/Short Hedge Funds	132,849	N/A	Quarterly, Annually	45 - 60 days
Global Macro Hedge Funds	51,126	N/A	Quarterly	90 days
Multi-Strategy Hedge Funds	71,161	N/A	Quarterly	90 days
Other Hedge Funds	99	N/A	Illiquid	N/A
Total	<u>\$ 1,229,602</u>	<u>\$ 530,611</u>		

2023				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	\$ 392,619	\$ 179,330	Illiquid	N/A
Real Estate	87,003	91,383	Illiquid	N/A
Real Assets	65,749	28,877	Illiquid	N/A
Venture Capital	105,236	144,038	Illiquid	N/A
Fixed Income Fund	124,626	33,287	Illiquid	N/A
Credit Hedge Funds	86,474	N/A	Quarterly, Annually	45 - 90 days
Long/Short Hedge Funds	312,556	N/A	Monthly, Quarterly, Annually	6 - 60 days
Global Macro Hedge Funds	37,868	N/A	Quarterly	90 days
Multi-Strategy Hedge Funds	71,205	5,344	Quarterly	90 days
Other Hedge Funds	120	N/A	Illiquid	N/A
Total	<u>\$ 1,283,456</u>	<u>\$ 482,259</u>		

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, 2024 and 2023 (dollars in thousands):

2024					
Investment Type	Market Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Bonds	\$ 71,059	\$ 3,655	\$ 60,869	\$ 6,381	\$ 154
U.S. Government Agencies	54,056	-	3,346	2,805	47,905
Corporate Bonds	142,031	347	122,325	14,213	5,146
Mutual Funds - Fixed Income	9,659	9,659	-	-	-
Total	\$ 276,805	\$ 13,661	\$ 186,540	\$ 23,399	\$ 53,205

2023					
Investment Type	Market Value	Investment Maturities (in years)			
		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

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, 2024 and 2023, 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	2024	2023
U.S. Government Agencies and Bonds	AAA	\$ -	\$ 717
U.S. Government Agencies and Bonds	AA+	125,115	105,993
U.S. Government Agencies and Bonds	AA-	-	2,192
U.S. Government Agencies and Bonds	AA	-	1,448
U.S. Government Agencies and Bonds	A	-	2,469
Corporate Bonds	AAA	20,220	59,041
Corporate Bonds	AA+	-	1,604
Corporate Bonds	AA-	6,750	10,284
Corporate Bonds	A+	6,509	11,467
Corporate Bonds	A	1,555	10,284
Corporate Bonds	A-	94,458	39,206
Corporate Bonds	BBB+	10,896	18,173
Corporate Bonds	BBB	1,299	3,921
Corporate Bonds	BBB-	344	1,497
Mutual Funds - Fixed Income	Not Rated	9,659	9,022
Money Market Funds	AAA	193,879	578,053
Total		<u>\$ 470,684</u>	<u>\$ 855,371</u>

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, 2024 and 2023, 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, 2024, the fair value of the Long-Term Investment Pool was \$2,051.4 million (\$1,861.4 million at June 30, 2023). In addition, the aggregate endowment market value of funds separately invested was \$11.2 million at June 30, 2024 (\$10.5 million at June 30, 2023). The investment appreciation was \$211.1 million at June 30, 2024 (\$63.9 million at June 30, 2023). 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, 2024 and 2023 (dollars in thousands):

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2024</u>
Government Grants and			
Other Sponsored Programs Receivable	\$ 269,034	\$ 3,726	\$ 265,308
Construction Related Receivable	17,094	-	17,094
Student Notes Receivable	42,099	7,413	34,686
Patient Accounts Receivable	86,920	28,584	58,336
Federal and State Governments Receivable	98,651	-	98,651
Student Accounts Receivable	144,676	35,793	108,883
Health Service Contract Receivable	279,864	3,386	276,478
Lessor Rent Receivable	258,647	-	258,647
Other Receivable	59,270	14,039	45,231
Total	<u>\$ 1,256,255</u>	<u>\$ 92,941</u>	<u>\$ 1,163,314</u>

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2023</u>
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	126,187	-	126,187
Student Accounts Receivable	117,937	20,870	97,067
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	<u>\$ 1,293,863</u>	<u>\$ 91,675</u>	<u>\$ 1,202,188</u>

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2024 and 2023, 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 RH 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, 2024 and 2023 (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Gross Charges	\$ 1,272,834	\$ 1,343,352
Deductions from Gross Charges		
Contractual and Other Allowances	(1,010,773)	(1,031,238)
Provision for Bad Debts	<u>(12,765)</u>	<u>(21,863)</u>
Net Patient Service Revenues	<u>\$ 249,296</u>	<u>\$ 290,251</u>

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, 2024, health service contract revenues totaled \$831.7 million (\$786.0 million in 2023), which included reimbursement for housestaff salaries, fringe benefits and insurance of \$137.3 million (\$130.8 million in 2023), and billings under other contractual arrangements of \$694.4 million (\$655.2 million in 2023).

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, 2024 and 2023, respectively.

The detail of right-to-use lease and SBITA assets activity for the year ended June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Right-To-Use Lease Assets:				
Real Estate	\$ 134,701	\$ 22,663	\$ 901	\$ 156,463
Equipment	44,341	11,877	14,498	41,720
Total Right-To-Use Lease Assets	<u>179,042</u>	<u>34,540</u>	<u>15,399</u>	<u>198,183</u>
Less Accumulated Amortization:				
Real Estate	34,461	12,699	900	46,260
Equipment	17,718	6,894	8,541	16,071
Total Accumulated Amortization	<u>52,179</u>	<u>19,593</u>	<u>9,441</u>	<u>62,331</u>
Total Right-To-Use Lease Assets, net	<u>126,863</u>	<u>14,947</u>	<u>5,958</u>	<u>135,852</u>
SBITA Assets:				
SBITA Assets	91,463	36,299	20,288	107,474
Less Accumulated Amortization	34,629	28,940	15,297	48,272
Total SBITA Assets, net	<u>56,834</u>	<u>7,359</u>	<u>4,991</u>	<u>59,202</u>
Total Right-To-Use Lease and SBITA Assets, net	<u>\$ 183,697</u>	<u>\$ 22,306</u>	<u>\$ 10,949</u>	<u>\$ 195,054</u>
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
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	<u>166,033</u>	<u>15,199</u>	<u>2,190</u>	<u>179,042</u>
Less Accumulated Amortization:				
Real Estate	23,844	11,691	1,074	34,461
Equipment	11,188	7,425	895	17,718
Total Accumulated Amortization	<u>35,032</u>	<u>19,116</u>	<u>1,969</u>	<u>52,179</u>
Total Right-To-Use Lease Assets, net	<u>131,001</u>	<u>(3,917)</u>	<u>221</u>	<u>126,863</u>
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	<u>52,717</u>	<u>4,117</u>	<u>-</u>	<u>56,834</u>
Total Right-To-Use Lease and SBITA Assets, net	<u>\$ 183,718</u>	<u>\$ 200</u>	<u>\$ 221</u>	<u>\$ 183,697</u>

The detail of lease and SBITA liabilities activity for the year ended June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
Real Estate Lease Liabilities	\$ 100,394	\$ 22,512	\$ 12,602	\$ 110,304	\$ 10,871
Equipment Lease Liabilities	20,919	11,506	9,605	22,820	6,895
SBITA Liabilities	50,864	33,521	34,275	50,110	21,253
Total	<u>\$ 172,177</u>	<u>\$ 67,539</u>	<u>\$ 56,482</u>	<u>\$ 183,234</u>	<u>\$ 39,019</u>

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
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	<u>\$ 172,146</u>	<u>\$ 44,500</u>	<u>\$ 44,469</u>	<u>\$ 172,177</u>	<u>\$ 38,753</u>

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

<u>Year</u>	<u>Lease Payments</u>			<u>SBITA Payments</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,766	\$ 4,336	\$ 22,102	\$ 21,253	\$ 1,719	\$ 22,972
2026	13,902	3,826	17,728	11,686	943	12,629
2027	11,458	3,393	14,851	8,687	483	9,170
2028	8,881	3,018	11,899	4,187	206	4,393
2029	5,635	2,761	8,396	2,921	112	3,033
2030-2034	16,644	11,299	27,943	1,376	162	1,538
2035-2039	2,994	9,619	12,613	-	-	-
2040-2044	3,814	9,024	12,838	-	-	-
2045-2049	4,154	8,351	12,505	-	-	-
2050-2054	4,690	7,611	12,301	-	-	-
2055-2059	5,386	6,779	12,165	-	-	-
2060-2064	4,420	5,931	10,351	-	-	-
2065-2069	5,014	5,136	10,150	-	-	-
2070-2074	5,747	4,197	9,944	-	-	-
2075-2079	6,350	3,210	9,560	-	-	-
Thereafter	16,269	2,901	19,170	-	-	-
Total	<u>\$ 133,124</u>	<u>\$ 91,392</u>	<u>\$ 224,516</u>	<u>\$ 50,110</u>	<u>\$ 3,625</u>	<u>\$ 53,735</u>

As of June 30, 2024, the University was contractually obligated to make lease and SBITA payments totaling \$12.2 million that is expected to commence in fiscal year 2025. 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, 2024.

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 5.58%.

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, 2024 and 2023, respectively. Lease income from noncancellable long-term fixed payment leases totaled \$12.8 million and \$13.6 million for the years ended June 30, 2024 and 2023, respectively. Interest income from noncancellable long-term leases totaled \$7.3 million for the years ended June 30, 2024 and 2023, 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 the 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, 2024 and 2023, respectively.

The detail of lessor activity for the year ended June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Lessor Accounts Receivable	\$ 240,247	\$ 27,941	\$ 9,541	\$ 258,647
Deferred Inflows of Resources - Lessor Real Estate	229,093	27,941	13,057	243,977

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
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

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
2025	\$ 9,022	\$ 7,591	\$ 16,613
2026	9,283	7,327	16,610
2027	9,041	7,080	16,121
2028	7,925	6,849	14,774
2029	7,888	6,632	14,520
2030-2034	44,128	29,569	73,697
2035-2039	40,965	23,037	64,002
2040-2044	7,899	19,787	27,686
2045-2049	9,129	18,478	27,607
2050-2054	10,871	16,965	27,836
2055-2059	13,318	15,120	28,438
2060-2064	12,346	13,110	25,456
2065-2069	14,527	11,097	25,624
2070-2074	16,825	8,672	25,497
2075-2079	12,871	6,379	19,250
2080-2084	15,134	4,115	19,249
2085-2089	17,475	1,454	18,929
Total	\$ 258,647	\$ 203,262	\$ 461,909

NOTE 7 – CAPITAL ASSETS

The detail of capital assets activity for the year ended June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>June 30, 2024</u>
Capital Assets Not Being Depreciated:				
Land	\$ 84,789	\$ -	\$ -	\$ 84,789
Capitalized Art Collections	95,133	1,859	-	96,992
Construction in Progress	<u>231,313</u>	<u>236,129</u>	<u>96,761</u>	<u>370,681</u>
Total	<u>411,235</u>	<u>237,988</u>	<u>96,761</u>	<u>552,462</u>
Capital Assets Being Depreciated:				
Land Improvements	411,518	16,065	-	427,583
Buildings	5,698,843	63,117	3,134	5,758,826
Equipment	<u>679,277</u>	<u>44,088</u>	<u>42,742</u>	<u>680,623</u>
Total	<u>6,789,638</u>	<u>123,270</u>	<u>45,876</u>	<u>6,867,032</u>
Less Accumulated Depreciation:				
Land Improvements	356,027	10,650	-	366,677
Buildings	2,625,687	137,642	3,028	2,760,301
Equipment	<u>472,139</u>	<u>48,038</u>	<u>42,100</u>	<u>478,077</u>
Total	<u>3,453,853</u>	<u>196,330</u>	<u>45,128</u>	<u>3,605,055</u>
Net Capital Assets Being Depreciated	<u>3,335,785</u>	<u>(73,060)</u>	<u>748</u>	<u>3,261,977</u>
Net Right-To-Use Lease Assets (see Note 6)	126,863	14,947	5,958	135,852
Net SBITA Assets (see Note 6)	<u>56,834</u>	<u>7,359</u>	<u>4,991</u>	<u>59,202</u>
Total Capital Assets, net	<u>\$ 3,930,717</u>	<u>\$ 187,234</u>	<u>\$ 108,458</u>	<u>\$ 4,009,493</u>

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

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2024 and 2023 (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Vendors	\$ 159,832	\$ 167,994
Accrued Salaries and Benefits	121,098	173,058
Compensated Absences	65,614	65,614
Workers Compensation	19,801	19,801
Interest Payable	19,844	14,167
Other Accrued Expenses	94,737	94,226
Total Accounts Payable and Accrued Expenses	<u>\$ 480,926</u>	<u>\$ 534,860</u>

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
Other Noncurrent Liabilities	\$ 28,873	\$ –	\$ 3,807	\$ 25,066	\$ –
Net Pension Liabilities	1,633,519	–	141,889	1,491,630	–
Unearned Revenue	512,468	479,682	493,453	498,697	470,369
Derivative Instruments	3,363	–	3,363	–	–
Long-Term Lease and Subscription Liabilities	172,177	67,539	56,482	183,234	39,019
Long-Term Liabilities	<u>2,071,000</u>	<u>334,258</u>	<u>68,051</u>	<u>2,337,207</u>	<u>71,151</u>
Total	<u>\$ 4,421,400</u>	<u>\$ 881,479</u>	<u>\$ 767,045</u>	<u>\$ 4,535,834</u>	<u>\$ 580,539</u>

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
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	<u>2,161,047</u>	<u>30,287</u>	<u>120,334</u>	<u>2,071,000</u>	<u>67,611</u>
Total	<u>\$ 4,193,193</u>	<u>\$ 643,141</u>	<u>\$ 414,934</u>	<u>\$ 4,421,400</u>	<u>\$ 591,993</u>

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. and with PNC Bank, N.A. for up to \$100 million each to further support its general revenue pledge. These lines of credit expire on April 22, 2027 and April 17, 2027, respectively.

Commercial paper activity as of June 30, 2024 and 2023, is as follows (dollars in thousands):

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Taxable	\$ –	\$ 200,000	\$ 150,000	\$ 50,000
Tax-exempt	<u>38,673</u>	<u>–</u>	<u>1,062</u>	<u>37,611</u>
Total Commercial Paper	<u>\$ 38,673</u>	<u>\$ 200,000</u>	<u>\$ 151,062</u>	<u>\$ 87,611</u>

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

NOTE 11 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024, is as follows (dollars in thousands):

	Maturity Date	Interest Rates	July 1, 2023	Additions	Retirements and Payments	June 30, 2024	Current Portion
Bonds Payable:							
General Obligation Bonds:							
2009 Series G	2039	Variable Rate	\$ 53,865	-	2,465	\$ 51,400	\$ 2,560
2010 Series H	2040	3.776% - 5.665%	363,300	-	7,065	356,235	9,175
2013 Series J	2036	1.00% - 5.00%	18,200	-	18,020	180	180
2013 Series K	2033	0.40% - 4.712%	73,640	-	6,475	67,165	5,985
2013 Series L	2043	1.00% - 5.00%	3,400	-	3,400	-	-
2016 Series M	2039	3.00% - 5.00%	135,945	-	5,840	130,105	6,130
2018 Series N	2028	4.00% - 5.00%	22,455	-	-	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%	603,295	-	7,140	596,155	30,066
2020 Series Q	2029	5.00%	13,095	-	3,610	9,485	1,860
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 2014 A	2033	3.50% - 5.00%	20,666	-	1,468	19,198	1,543
Series 2016 B	2036	4.73%	3,914	-	201	3,713	211
Series 2023 A	2047	4.625% - 5.00%	-	961	-	961	21
Higher Education Equipment Leasing Fund:							
Series 2023 A	2033	5.00%	-	8,168	-	8,168	858
New Jersey Infrastructure Bank, Series 2022A-2 (I-Bank)	2047	5.00%	13,550	-	-	13,550	305
New Jersey Infrastructure Bank, Series 2022A-2 (Fund)	2047	0.00%	14,900	-	604	14,296	604
Finance Purchase Obligations:							
New Jersey Economic Development Authority:							
College Avenue Redevelopment Project	2026	4.00% - 5.00%	15,810	-	5,010	10,800	5,280
15 Washington Street Housing Project	2031	3.10%	37,315	-	3,105	34,210	3,215
New Jersey Health + Life Science Exchange - H-1 Project:							
Middlesex County Improvement Authority:							
General Obligation Lease Revenue Bonds:							
Series 2023 A	2053	5.00%	-	190,765	-	190,765	-
Series 2023 B	2036	4.77% - 5.171%	-	113,760	-	113,760	-
NJ Innovation Associates Urban Renewal LLC	2053	0.00%	-	5,087	-	5,087	-
Loan Payable:							
New Brunswick Development Corporation:							
15 Washington Street Housing Project	2025	12.00%	2,200	-	-	2,200	-
			2,047,105	318,741	64,403	2,301,443	67,993
Unamortized Bond Discounts			(755)	-	(45)	(710)	(45)
Unamortized Bond Premiums			24,650	15,517	3,693	36,474	3,203
Total Long-Term Liabilities			<u>\$2,071,000</u>	<u>\$334,258</u>	<u>\$ 68,051</u>	<u>\$ 2,337,207</u>	<u>\$ 71,151</u>

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
Finance Purchase 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			<u>\$2,161,047</u>	<u>\$ 30,287</u>	<u>\$ 120,334</u>	<u>\$ 2,071,000</u>	<u>\$ 67,611</u>

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, 2024, no funds have been drawn against this agreement.

Debt service to maturity for all General Obligation Bonds, using variable rates as of June 30, 2024, and using the net interest rate swap payments as of June 30, 2024 (see Note 12 for additional information about derivatives), are as follows (dollars in thousands):

Year	Fixed Rate Bonds		Variable Rate Bonds		Interest Rate	Total
	Principal	Interest	Principal	Interest	Swaps, Net	
2025	\$ 53,395	\$ 70,392	\$ 2,560	\$ 2,477	\$ (713)	\$ 128,111
2026	58,495	68,536	2,660	2,354	(698)	131,347
2027	68,900	66,396	2,765	2,226	(682)	139,605
2028	93,310	64,025	2,875	2,093	(667)	161,636
2029	73,010	60,422	2,995	1,954	(623)	137,758
2030-2034	382,595	258,425	16,905	7,484	(2,385)	663,024
2035-2039	317,990	188,062	20,640	3,064	(976)	528,780
2040-2044	339,150	117,481	-	-	-	456,631
2045-2049	116,490	76,385	-	-	-	192,875
2050-2054	-	64,597	-	-	-	64,597
2055-2059	-	64,597	-	-	-	64,597
2060-2064	-	64,597	-	-	-	64,597
2065-2069	-	64,597	-	-	-	64,597
2070-2074	-	64,597	-	-	-	64,597
2075-2079	-	64,597	-	-	-	64,597
2080-2084	-	64,597	-	-	-	64,597
2085-2089	-	64,598	-	-	-	64,598
2090-2094	-	64,598	-	-	-	64,598
2095-2099	-	64,598	-	-	-	64,598
2100-2104	-	64,598	-	-	-	64,598
2105-2109	-	64,598	-	-	-	64,598
2110-2114	-	64,598	-	-	-	64,598
2115-2119	330,000	64,598	-	-	-	394,598
Total	<u>\$ 1,833,335</u>	<u>\$ 1,874,489</u>	<u>\$ 51,400</u>	<u>\$ 21,652</u>	<u>\$ (6,744)</u>	<u>\$ 3,774,132</u>

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. 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
2025	\$ 3,542	\$ 2,101	\$ 5,643
2026	3,690	1,952	5,642
2027	3,843	1,797	5,640
2028	3,991	1,647	5,638
2029	4,144	1,496	5,640
2030-2034	20,916	5,136	26,052
2035-2039	7,047	2,330	9,377
2040-2044	6,770	1,414	8,184
2045-2049	5,943	382	6,325
Total	\$ 59,886	\$ 18,255	\$ 78,141

Finance Purchase 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 Rutgers University General Obligation Lease Revenue Bonds, Series 2013. The Authority loaned the proceeds of the bonds 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 multi-story 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 multi-story 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 Authority issued \$58.3 million of its Revenue Notes, Series 2014. The Authority loaned the proceeds of the note 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.

New Jersey Health + Life Science Exchange (HELIX) – H-1 Project

- **Middlesex County Improvement Authority (MCIA)**

On July 19, 2023, the MCIA issued \$190.8 million and \$113.8 million of Rutgers University General Obligation Lease Revenue Bonds, 2023 Series A and 2023 Series B, respectively. MCIA loaned the proceeds of the bonds to NJ Innovation Associates Urban Renewal LLC (NJIA), whose sole and managing member is DEVCO, pursuant to a loan agreement dated July 1, 2023, to finance the construction of the H-1 building, together with available moneys (i) the Rutgers Translational Research Facility, (ii) the Rutgers Robert Wood Johnson Medical School Facility, and (iii) certain building common areas, support spaces and foundational elements (collectively the Rutgers Premises) constructed by NJIA on behalf of the University. NJIA is leasing the Rutgers Premises to the University pursuant to the Master Lease Agreement dated May 22, 2023. The University will guarantee the loan repayments of NJIA through the agreement. At the end of term, the Rutgers Premises will be transferred to the University (see Note 18 for more detail on this project).

- **NJ Innovation Associates Urban Renewal LLC (NJIA)**

On July 19, 2023, NJIA entered into a Master Lease Agreement with Helix NB LLC (the Landlord and Lessee), whose sole and managing member is DEVCO. Under this agreement, NJIA leased the office space in the H-1 building to the Lessee. Subsequently, on the same date, the University entered into a sublease agreement with the Landlord commencing on September 1, 2026 to lease the Rutgers Office Estate. Upon the expiration of the lease term, title of the Rutgers Office Estate will transfer to the University. As of June 30, 2024, the University recorded \$5.1 million for the construction of the Rutgers Office Estate incurred by NJIA on behalf of the University as a capital asset and related long-term liability in the Statements of Net Position. The sublease expiration date is August 30, 2053 and the base rent is \$0.2 million per year (see Note 18 for more detail on this project).

Principal and interest payments applicable to the finance purchase obligations (excluding NJIA) are as follows (dollars in thousands):

Year	Principal	Interest	Total
2025	\$ 8,495	\$ 16,724	\$ 25,219
2026	6,760	16,358	23,118
2027	1,280	16,043	17,323
2028	10,375	15,789	26,164
2029	10,870	15,299	26,169
2030-2034	62,505	68,306	130,811
2035-2039	48,850	53,094	101,944
2040-2044	9,635	48,468	58,103
2045-2049	-	47,691	47,691
2050-2054	190,765	42,922	233,687
Total	<u>\$ 349,535</u>	<u>\$ 340,694</u>	<u>\$ 690,229</u>

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, 2024 and 2023, 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, 2024 and 2023, no funds have been drawn against this agreement.

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. Beginning in fiscal year 2024, 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, 2024, the increase in fair value for Swap #1 is \$5.3 million (\$8.1 million in 2023).

For the years ended June 30, 2024 and 2023, the University had two derivative instruments outstanding (dollars in thousands):

Swap #	Type	Objective	Notional Amount		Effective Date	Termination Date	Terms	Counterparty Credit Rating (Moody's/S&P)	Fair Value		Change in Fair Value from 2023
			2024	2023					2024	2023	
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 SOFR	Aa1/A+	\$1,925	(\$3,385)	\$5,310
2	Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Obligation Bond	4,035	5,245	5/1/2007	5/1/2027	Pay fixed 3.824%, receive SIFMA swap index	Aa2/AA-	3	22	(19)
			<u>\$104,035</u>	<u>\$105,245</u>					<u>\$1,928</u>	<u>(\$3,363)</u>	<u>\$5,291</u>

Due to favorable interest rates in fiscal year 2024, Swap #1 is reported as a noncurrent other asset in the Statements of Net Position.

Risk

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

Credit Risk:

As of June 30, 2024, the University was exposed to credit risk for Swap #1 and Swap #2 because the swaps had a positive fair value. As of June 30, 2023, the University was exposed to credit risk for Swap #2 because the swap had a positive fair value.

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

Ratings by Moody's and S&P	2024		2023	
	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, 2024 and 2023, the University's credit ratings by Moody's and S&P was Aa3 and A+, respectively. As of June 30, 2024 and 2023, 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 SOFR 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, 2024, the estimated cost of capital projects under construction and/or in the design stage with approved sources of funding, aggregated approximately \$1,300.0 million (\$1,172.9 million in 2023). The additional funding required at June 30, 2024 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):

	<u>Total Project Funding</u>		<u>Estimated Total Cost</u>
	<u>Received at June 30, 2024</u>	<u>Additional Funding Required at June 30, 2024</u>	
Borrowing	\$ 194,642	\$ 416,803	\$ 611,445
Federal	300,000	-	300,000
State	37,847	15,645	53,492
Gifts and Other Sources	290,414	44,245	334,659
Total	<u>\$ 822,903</u>	<u>\$ 476,693</u>	<u>\$ 1,299,596</u>

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, 2024 and 2023, are as follows (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Instruction	\$ 1,139,125	\$ 1,043,232
Research	708,291	663,179
Extension and Public Service	286,886	253,372
Academic Support	501,824	492,535
Student Services	173,831	155,888
Operations and Maintenance of Plant	274,655	258,887
General Administration and Institutional	311,509	297,702
Scholarships and Fellowships	114,948	120,942
Depreciation/Amortization	244,616	240,653
Patient Care Services	833,423	822,838
Auxiliary Enterprises	360,322	321,430
OPEB Benefit	(114,527)	(83,716)
Total Operating Expenses	<u>\$ 4,834,903</u>	<u>\$ 4,586,942</u>

NOTE 15 - EMPLOYEE BENEFITS

Retirement Plans

The University primarily has three retirement plans available to its employees, the State of New Jersey Public Employees' Retirement System, the 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 with 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 <https://www.nj.gov/treasury/pensions/gasb-notices.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:

<u>Tier</u>	<u>Definition</u>
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, 2024, and 2023 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 <https://www.nj.gov/treasury/pensions/gasb-notices.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 2024 and 2023.

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, 2024, the University reported a liability of \$1,407.9 million and \$83.7 million for PERS and PFRS, respectively (\$1,548.8 million and \$84.8 million for PERS and PFRS, respectively, in 2023), 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, 2024, was determined by an actuarial valuation as of July 1, 2022, and rolled forward to the measurement date of June 30, 2023, for both PERS and PFRS. 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 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 2023, which was 6.3% and 1.9% for PERS and PFRS, respectively (6.9% and 2.0%, respectively, in 2022). The University’s proportionate share of the respective net pension liabilities for the plan was 3.8% and 0.5% for PERS and PFRS, respectively (4.1% and 0.5%, respectively in 2022).

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, 2023 and 2022 measurement of the net pension liability for PERS and PFRS used the following actuarial assumptions:

	2023	
	PERS	PFRS
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75 - 6.55%	-
Through	based on years of service	All future years 3.25 - 16.25%
Thereafter	-	based on years of service Not Applicable
Investment rate of return	7.00%	7.00%
	2022	
	PERS	PFRS
Inflation Rate		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75 - 6.55%	-
Through	based on years of service	All future years 3.25 - 16.25%
Thereafter	-	based on years of service Not Applicable
Investment rate of return	7.00%	7.00%

In 2023 and 2022, 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.

In 2023 and 2022, 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, 2022, and 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.

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments (7.00% at June 30, 2023 and 2022) 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, 2023 and June 30, 2022 are summarized in the following tables:

2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	6.21%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Real Assets	3.00%	8.40%
Real Estate	8.00%	8.58%
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%

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%

Discount Rate – The discount rate used to measure the total pension liability for PERS and PFRS was 7.00% as of June 30, 2023 and 2022. 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, 2023 and 2022, 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, 2023 and 2022, 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):

	<u>2023</u>		
	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PERS (6.00%, 7.00%, 8.00%, respectively)	\$1,609,862	\$1,407,893	\$1,236,432
PFRS (6.00%, 7.00%, 8.00%, respectively)	97,730	83,737	72,081
Total	<u>\$1,707,592</u>	<u>\$1,491,630</u>	<u>\$1,308,513</u>
	<u>2022</u>		
	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
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	<u>\$1,865,891</u>	<u>\$1,633,519</u>	<u>\$1,436,503</u>

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, 2024 and 2023 (dollars in thousands):

2024	PERS	PFRS	Total
Deferred Outflows of Resources			
Changes of Assumptions	\$1,427	\$63	\$1,490
Changes in Proportionate Share	22,848	3,277	26,125
Difference Between Expected and Actual Experience	31,216	2,338	33,554
Difference Between Projected and Actual Earnings on Pension Plan Investments	21,534	2,040	23,574
Contributions Subsequent to Measurement Date	113,207	12,029	125,236
Total	\$190,232	\$19,747	\$209,979
Deferred Inflows of Resources			
Changes of Assumptions	\$40,411	\$2,012	\$42,423
Changes in Proportionate Share	153,665	6,810	160,475
Difference Between Expected and Actual Experience	4,190	1,368	5,558
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Total	\$198,266	\$10,190	\$208,456
2023			
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

Included in deferred outflows of resources related to pensions is \$125.2 million and \$118.7 million on June 30, 2024 and 2023 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, 2025 and 2024, 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):

<u>Years Ending June 30</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2025	(\$49,294)	(\$261)	(\$49,555)
2026	(36,107)	(394)	(36,501)
2027	(7,716)	(455)	(8,171)
2028	(26,107)	(1,046)	(27,153)
2029	(2,017)	(297)	(2,314)
Thereafter	-	(19)	(19)
Total	<u>(\$121,241)</u>	<u>(\$2,472)</u>	<u>(\$123,713)</u>

Annual Pension Expense – The University’s annual pension expense for PERS and PFRS for the year ended June 30, 2024, was approximately \$36.8 million and \$8.0 million, respectively (\$22.8 million and \$6.5 million, respectively, in 2023).

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, 2024 and 2023 was \$1,493.9 million and \$1,380.0 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 2024. 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, 2024 and 2023 were \$120.4 million and \$110.3 million, respectively. Employee contributions for the years ended June 30, 2024 and 2023 were \$81.7 million and \$73.8 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 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 \$345,000 for calendar year 2024 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 with 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

As of June 30, 2024, the State recorded a liability of \$2,862.3 million (\$2,888.2 million in 2023), 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, 2024, the University’s share was 51.7% (51.9% in 2023), and 13.6% (13.8% in 2023) of the special funding situation of the Plan, respectively.

For the years ended June 30, 2024 and 2023, the University recognized an OPEB benefit of \$114.5 million and \$83.7 million, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized related revenue as OPEB received from the State of \$114.5 million in 2024 and \$83.7 million in 2023.

Actuarial assumptions and other inputs – The State’s liability associated with the University at June 30, 2024 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to the measurement date of June 30, 2023. 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 valuation used the following assumptions:

	2023	2022
Inflation Rate	Not applicable	Not applicable
Discount Rate	3.65%	3.54%
Salary Increases:		
All future years	2.75 – 16.25%	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, 2023, and June 30, 2022, 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, 2022 and 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.

Health Care Trend Assumptions – For the June 30, 2023 pre-Medicare medical benefits, the trend is initially 6.5%, decreasing to a 4.5% long-term trend rate after nine years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2024 through 2025 are reflected. For PPO the trend is initially 7.5% in fiscal year 2025, increasing to 15.9% in fiscal year 2026 and decreasing to 4.5% in fiscal year 2033. For HMO the trend is initially 7.9% in fiscal year 2025, increasing to 17.8% in fiscal year 2026 and decreasing to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% decreasing to a 4.5% long-term trend rate after seven years.

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.

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 of \$65.6 million at June 30, 2024 and 2023. The liability is calculated based on employees’ accrued vacation time as of the Statements of Net Position date. It 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 of \$18.4 million at June 30, 2024 and 2023, 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 of \$2.1 million at June 30, 2024 and 2023, 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, trustees and officers' liability, cyber liability and all risk property insurance. The total projected liability at June 30, 2024 for these items is \$40.6 million (\$33.2 million in 2023). The reserve balance recorded at June 30, 2024 is \$70.0 million (\$63.2 million in 2023). This includes \$36.2 million of invested reserves at June 30, 2024 (\$32.6 million in 2023). The University also maintains an uninvested balance of \$33.8 million at June 30, 2024 (\$30.6 million in 2023).

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 the remaining claims.

Payment of claims from the Fund totaled \$35.7 million in 2024 (\$18.0 million in 2023). Contributions to the Fund from the State totaled \$24.9 million in 2024 (\$7.2 million in 2023), while contributions from Rutgers Health affiliates, DOC, and faculty practice plans totaled \$10.8 million in 2024 (\$10.8 million in 2023).

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 - NEW JERSEY HEALTH + LIFE SCIENCE EXCHANGE - H-1 PROJECT

The New Jersey Health + Life Science Exchange Project (the HELIX Project) is a redevelopment project in the City of New Brunswick, which includes the construction of a 574,000-square-foot building (H-1) consisting of a Translational Research Facility, Medical School, Innovation HUB, and supporting spaces. The HELIX Project is being developed by NJ Innovation Associates Urban Renewal LLC (NJIA), whose sole member is the New Brunswick Development Corporation (DEVCO), using (a) funds from the University, including grant funds where the University is the recipient, (b) bond funds loaned to NJIA by the Middlesex County Improvement Authority (MCIA), and (c) funding from other tenants (Core Partners). The University will guarantee the loan repayment of NJIA related to the bond funds through a master lease agreement. The HELIX Project will ultimately include the creation of 13 legally distinct estates, one of which is the Rutgers Premises as defined below.

The Rutgers Premises consist of five estates: 1) basement, 2) translation research facility, 3) upper translational research facility, 4) medical school, and 5) penthouse. The other estates include distinct Office Estates, including a Rutgers Office Estate, an Innovation HUB estate, and a Managed Premises Estate. After completion, certain of the estates will be retained by NJIA and not leased, certain of the estates will be leased to the University by NJIA, and certain of the estates will be leased to DEVCO's subsidiary, Helix NB LLC. Helix NB LLC will sublease some of the estates to Core Partners, including the University and other entities. The University and Core Partners will provide ongoing support to Helix NB LLC and will share in revenues generated by Helix NB LLC in addition to their rights and obligations under their leases. At the end of the leases, ownership of the Rutgers Premises and Rutgers Office Estate will transfer to the University, and the University has the right to

purchase certain additional estates after the Core Partner declines their purchase option on their respective estate. The University entered into a Project Support & Guaranty Agreement that covers ongoing support, including debt service payments and operating expenses if gross revenues from the Innovation HUB are insufficient to cover these costs.

In May 2023, the University received \$260.0 million from the State of New Jersey through the federal CSLFRF program. In fiscal year 2024, the University recognized \$49.0 million as capital grant and gift revenue representing expenditures incurred for project costs on the Rutgers Premises, Rutgers Office Estate, Translational Research Facility and Innovation HUB in fiscal year 2024. The costs for Rutgers Premises, Rutgers Office Estate and Translational Research Facility are included within construction-in-progress at June 30, 2024. The University also recognized capital contribution expense of \$22.9 million representing CSLFRF paid to NJIA for construction costs associated with other estates. In fiscal year 2023, the University recognized \$23.6 million as capital grant and gift revenue. As of June 30, 2024 and 2023, \$187.4 million and \$236.4 million, respectively, remained unspent and were included in unearned revenues in the Statements of Net Position.

In July 2023, MCIA 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 (see Note 11).

The construction-in-progress costs related to the Rutgers Premises and the Rutgers Office Estate incurred by NJIA on behalf of the University have been recognized in capital assets. In fiscal year 2024, the University recognized a total of \$110.4 million in capital assets related to the HELIX Project. The total amount recognized in construction-in-progress includes \$31.6 million of expenditures funded by the CSLFRF program, \$73.7 million of expenditures funded with bonds and \$5.1 million of construction-in-progress costs incurred by NJIA. There were no amounts recognized as capital assets in fiscal year 2023. The University recognized costs of \$5.1 million for the construction of the Rutgers Office Estate incurred by NJIA on behalf of the University as a finance purchase obligation within long-term liabilities (see Note 11). The H-1 building is expected to be completed in fiscal year 2026.

NOTE 19 - CONTINGENCIES

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

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

NOTE 20 - COMPONENT UNIT - RUTGERS UNIVERSITY FOUNDATION

Effective July 1, 2023, the Foundation and the University amended its Memorandum of Understanding (MOU) to revise the depository responsibilities and requirements for nongovernmental grants, in which as of the effective date, the University will now solely assume the depository responsibilities and requirements for nongovernmental grants in which the University only is named as a counterparty to the respective grant agreements. Therefore, the Foundation recorded a transfer of \$51.8 million for the balance of such non-exchange charitable grants receivable to the University.

Cash, Cash Equivalents, and Investments

The Foundation's cash and cash equivalents consist of the following as of June 30, 2024 and 2023 (dollars in thousands):

	2024	2023
Money Market Account	\$ 139	\$ 385
Cash and Deposits	15,990	14,199
	<u>\$ 16,129</u>	<u>\$ 14,584</u>

The Board of Directors, through its Finance 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 Finance Committee.

Fair Value Measurement

The Foundation's investments at June 30, 2024 and 2023 are summarized in the following table by their fair value hierarchy (dollars in thousands):

Investment Type	2024			
	Investments by Fair Value Level			
	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 221	\$ 221	\$ –	\$ –
Corporate Bonds	1	1	–	–
Fixed Income Mutual Funds	3,055	3,055	–	–
Equity Securities	5,798	5,798	–	–
International Equity Securities	1,730	1,730	–	–
Money Market Mutual Funds	95	95	–	–
Real Estate	1,179	–	1,179	–
Alternative Investments	138	138	–	–
	<u>\$ 12,217</u>	<u>\$ 11,038</u>	<u>\$ 1,179</u>	<u>\$ –</u>

Investment Type	2023			
	Investments by Fair Value Level			
	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	–	–
	<u>\$ 25,920</u>	<u>\$ 24,740</u>	<u>\$ 1,179</u>	<u>\$ 1</u>

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, 2024 and 2023, the amount on deposit with the banks was \$15.9 million and \$14.1 million, respectively. As of June 30, 2024 and 2023, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling \$0.3 million. Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2024 and 2023, 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, 2024 and 2023, the Foundation’s investment quality ratings as rated by Standard & Poor’s were as follows (dollars in thousands):

Investment Type	Quality Rating	2024 Amount	2023 Amount
U.S. Treasury Securities	AA+	\$ 221	\$ 231
Corporate Bonds	A-	1	7
Preferred Stock	A	–	1
Money Market Mutual Funds	AAA	95	10,457
Fixed Income Mutual Funds	Not Rated	3,055	4,973
Total		\$ 3,372	\$ 15,669

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, 2024 and 2023 (dollars in thousands):

Investment Type	Fair Value	2024 Investment Maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Treasury Securities	\$ 221	\$ 40	\$ 181	\$ –	\$ –
Corporate Bonds	1	–	1	–	–
Money Market Mutual Funds	95	95	–	–	–
Fixed Income Mutual Funds	3,055	–	467	2,472	116
Total	\$ 3,372	\$ 135	\$ 649	\$ 2,472	\$ 116

Investment Type	Fair Value	2023			
		Investment Maturities (in years)			
		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

Administrative Fees and Support from Rutgers, The State University

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, 2024 and 2023 were as follows (dollars in thousands):

	2024	2023
Administrative Fees and Support:		
Endowment Administrative Fee	\$ 14,433	\$ 13,700
University Support	18,410	16,182
	<u>\$ 32,843</u>	<u>\$ 29,882</u>
Noncash Support:		
Fair Rental Value of Space Occupied	\$ 2,152	\$ 2,062
University-Paid Payroll Taxes and Benefits	2,005	2,283
	<u>4,157</u>	<u>4,345</u>
Total	<u>\$ 37,000</u>	<u>\$ 34,227</u>

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 3.2% to 4.9% in the present value calculation of the SBITA assets and liability.

A summary of SBITA asset activity during the years ended June 30, 2024 and 2023 is as follows:

	June 30, 2023	Additions	Reductions	June 30, 2024
SBITA Assets	\$ 1,189	\$ 282	\$ (1,019)	\$ 452
Less Accumulated Amortization	(531)	(128)	463	(196)
Total	<u>\$ 658</u>	<u>\$ 154</u>	<u>\$ (556)</u>	<u>\$ 256</u>
	June 30, 2022	Additions	Reductions	June 30, 2023
SBITA Assets	\$ 1,189	\$ –	\$ –	\$ 1,189
Less Accumulated Amortization	(245)	(286)	–	(531)
Total	<u>\$ 944</u>	<u>\$ (286)</u>	<u>\$ –</u>	<u>\$ 658</u>

Future annual SBITA payments are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2025	\$ 131	\$ 10
2026	<u>122</u>	<u>4</u>
	<u>\$ 253</u>	<u>\$ 14</u>

Restricted Contributions Receivable

The anticipated receipt of contributions receivable as of June 30, 2024 and 2023 is as follows (dollars in thousands):

	<u>2024</u>	<u>2023</u>
Year Ending June 30:		
Within One Year	\$ 43,715	\$ 81,067
Two to Five Years	<u>37,218</u>	<u>37,318</u>
	80,933	118,385
Less Allowance for Uncollectible Contributions Receivable	<u>(20,300)</u>	<u>(23,893)</u>
	<u>\$ 60,633</u>	<u>\$ 94,492</u>

Contributions receivable related to permanent endowments and term endowments do not meet the eligibility requirements for recognition of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* until received. This contribution receivable, which totaled \$190.8 million as of June 30, 2024 (\$162.3 million in 2023) has not been included in the accompanying financial statements.

University Receipts on Foundation Pledges

Prior to the amendment to the MOU between the Foundation and the University effective July 1, 2023 (as stated above), the Foundation recorded pledges receivable, and the associated gift income, for nonendowment related gifts and private grants based upon written commitments from the Foundation and the University. 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 was \$62.7 million.

NOTE 21 – SUBSEQUENT EVENTS

In November 2024, the University issued \$150.0 million in General Obligation Commercial Paper, Series E (Federally Taxable) Notes to manage its short-term liquidity needs. Subsequently, the University redeemed \$25.0 million, leaving an outstanding balance of \$125.0 million due to mature in January 2025. Additionally, the bank line of credit, as disclosed in Note 11, was renewed and its expiration extended from November 10, 2024 to November 3, 2027.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedules of Employer Contributions
 For the Ten Years Ended June 30, 2024
 (dollars in thousands)

<u>Public Employees' Retirement System (PERS)</u>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$113,207	\$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	\$113,207	\$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)	\$310,282	\$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	36.49%	37.41%	40.30%	27.81%	21.03%	18.72%	14.85%	9.85%	8.72%	5.05%
<u>Police and Firemen's Retirement System (PFRS)</u>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$12,030	\$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	\$12,030	\$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)	\$11,086	\$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	108.52%	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 Ten Years Ended June 30, 2024
(dollars in thousands)

<u>Public Employees' Retirement System (PERS)</u>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	6.27%	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	3.80%	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	\$1,407,893	\$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)	\$285,556	\$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	493.04%	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	48.45%	46.41%	51.52%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%
<u>Police and Firemen's Retirement System (PFRS)</u>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University Proportionate Share of the Net Pension Liability – State Group	1.89%	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%	0.48%	0.62%	0.47%	0.44%	0.41%	0.32%	0.33%	0.36%	0.36%
University Proportionate Share of the Net Pension Liability	\$83,737	\$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)	\$10,151	\$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	824.91%	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	65.04%	63.29%	71.41%	58.78%	60.20%	57.91%	54.52%	48.55%	52.84%	58.86%

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 2023, 2022, 2021 and 2020 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. For 2019 the discount rate changed to 6.28%, the long-term rate remained at 7.00%, and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2018, the discount rate changed to 5.66% and the long-term expected rate of return remained at 7.00%. For 2017, the discount rate changed to 5.00% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98% and the long-term expected rate of return changed to 7.65% from 7.90%. For 2015, the discount rate changed to 4.90% from 5.39%.

PFRS

For 2023, 2022, 2021 and 2020 the discount rate used to measure the total pension liability was 7.00% and the long-term rate remained at 7.00%. For 2019 the discount rate changed to 6.85%, the long-term rate remained at 7.00%, and the mortality tables changed from the RP-2000 tables to the Pub-2010 tables. For 2018, the discount rate changed to 6.51% and the long-term expected rate of return remained at 7.00%. For 2017, the discount rate changed to 6.14% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55% and the long-term expected rate of return changed to 7.65% from 7.90%. For 2015, the discount rate changed to 5.79% from 6.32%.

Schedules of Proportionate Share of the Total OPEB Liability*

For the seven Years Ended June 30, 2024

(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018
University's proportion of the total OPEB liability	0%	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	\$2,862,262	\$2,888,219	\$3,637,366	\$4,375,261	\$3,145,049	\$4,053,949	\$4,702,301
Total OPEB liability	\$2,862,262	\$2,888,219	\$3,637,366	\$4,375,261	\$3,145,049	\$4,053,949	\$4,702,301
University's covered-employee payroll	\$1,485,727	\$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%	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 2024, the discount rate changed to 3.65% from 3.54%. 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%.

**University
Administrative
Officers**

Jonathan Holloway, *President*

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

Jeffrey Robinson, *Interim Chancellor, Rutgers University–Newark*

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 and Chief of Staff*

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

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

John J. Farmer, Jr., *Interim Senior Vice President and General Counsel*

Vivian Fernández, *Senior Vice President, Human Resources*

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

Kimberly Hopely, *Executive Vice President for Development and Alumni Engagement and President of the Rutgers University Foundation*

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

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

Francine Pfeiffer, *Senior Vice President, Government Relations*

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