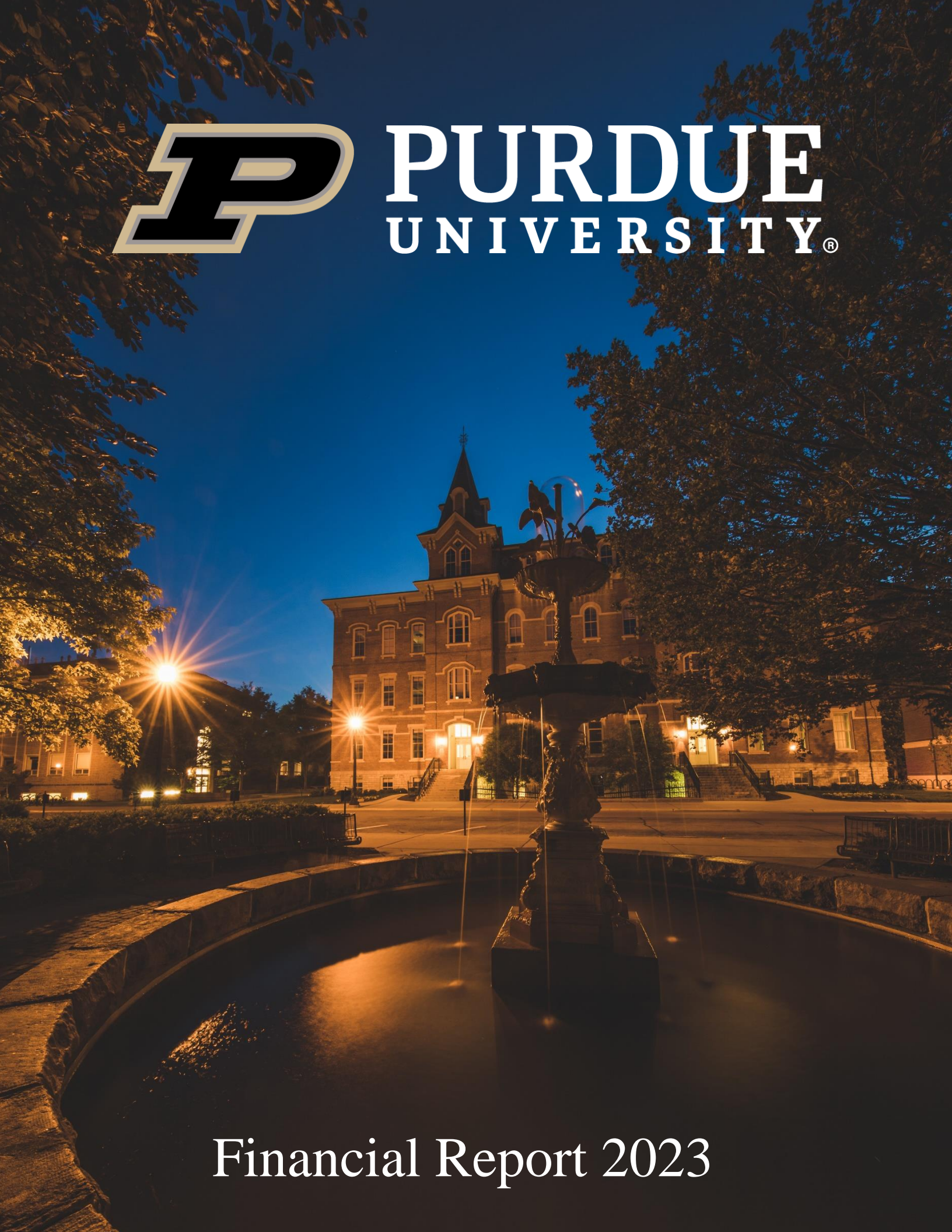




PURDUE
UNIVERSITY®



Financial Report 2023

LETTER OF TRANSMITTAL

October 23, 2023

To the Board of Trustees of Purdue University:

On behalf of the students, faculty, staff, and other leaders of Purdue University, I respectfully submit this, the 101st annual financial report of Purdue University for the fiscal year ended June 30, 2023. This report sets forth the complete and permanent record of the financial status of the University for the year.

Plante Moran, PLLC has audited these financial statements and their report, which is unmodified, follows.

At Purdue our goal continues to be providing “higher education at the highest proven value”. We believe we made significant progress again this year. As this report shows, our university is in very strong financial position — the result of the vigilant stewardship of so many across our campus.

Each year, we try to do a better job than the one before as a mark of respect for our state, the taxpayers, and the families who work so hard to send their children to Purdue. We appreciate the opportunity to share the most recent results.

Respectfully submitted,

MUNG CHIANG
President

Respectfully submitted,

CHRISTOPHER RUHL
Treasurer and Chief Financial Officer

Approved for publication and transmission to the governor of the state.

BOARD OF TRUSTEES

July 1, 2022-June 30, 2023

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees appointed by the governor. The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The remaining seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of Purdue University. All Trustees serve for a period of three years except for the student member, who serves for two years.

Michael Berghoff, *Chairman of the Board*
Indianapolis, Indiana

Gary Lehman, *Vice Chairman of the Board*
Lafayette, Indiana

Lawrence “Sonny” Beck
Atlanta, Indiana

JoAnn Brouillette
Lafayette, Indiana

Theresa Carter
Colorado Springs, Colorado

Vanessa Castagna
Naples, Florida

Malcolm DeKryger
DeMotte, Indiana

Mark Gee
Student Trustee, Johnston, Iowa

Michael Klipsch
Carmel, Indiana

Shawn Taylor
Houston, Texas

OFFICERS OF THE UNIVERSITY

As of June 30, 2023

OFFICERS OF THE BOARD OF TRUSTEES

Michael Berghoff, Chair

Gary Lehman, Vice Chair

Cindy Ream, Secretary

Christopher Ruhl, Treasurer

Eva Nodine, Assistant Secretary and Treasurer

Steven Schultz, General Counsel

Adrian Allen, Deputy General Counsel

ADMINISTRATIVE OFFICERS

Mung Chiang, President

Patrick Wolfe, Provost and Executive Vice President for Academic Affairs & Diversity

Christopher Ruhl, Treasurer and Chief Financial Officer

Eva Nodine, Vice President, Deputy Chief Financial Officer and Assistant Treasurer

Michael Bobinski, Vice President and Director of Intercollegiate Athletics

Ian Hyatt, Chief Information Officer

Michael Cline, Senior Vice President for Administrative Operations

William Bell, Vice President for Human Resources

Alyssa Wilcox, Chief of Staff and Senior Vice President for Partnerships

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Karen Plaut, Executive Vice President for Research

Gary Bertoline, Senior Vice President for Purdue Online and Learning Innovation

Alysa Rollock, Vice President for Ethics and Compliance

David Reingold, Senior Vice President for Policy Planning

Steven Schultz, Senior Vice President and General Counsel

REGIONAL CAMPUS STAFF

Ronald Elsenbaumer, Chancellor, Purdue University Fort Wayne

Thomas Keon, Chancellor, Purdue University Northwest

Stephen Turner, Vice Chancellor for Finance and Administration, Purdue University Northwest

Glen Nakata, Vice Chancellor for Financial and Administrative Affairs, Purdue University Fort Wayne

Independent Auditor's Report

To the Board of Trustees
Purdue University

Report on the Audits of the Financial Statements

Opinions

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

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Purdue University as of June 30, 2023 and 2022 and the changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Purdue Research Foundation, which represents 96 percent, 98 percent, and 97 percent of the assets, net position, and revenue of the discretely presented component units, respectively. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Purdue Research Foundation, is based solely on the report of the other auditors. The financial statements of the discretely presented component units and Purdue International, Inc., a blended component unit, were not audited under *Government Auditing Standards*.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits 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. The financial statements of the discretely presented component units and Purdue International, Inc., a blended component unit, were not audited under *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Purdue University

Auditor's Responsibilities for the Audits 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 auditor's 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 audits conducted in accordance with GAAS and *Government Auditing Standards* 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 audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in Purdue's total OPEB liability and related ratios, schedule of Purdue's share of the net pension liability Indiana Public Employee Retirement Fund, schedule of Purdue's contributions Indiana Public Employee Retirement Fund, schedule of changes in net pension liability Purdue Police and Fire Supplemental Pension Plan, schedule of net pension liability (surplus) Purdue Police and Fire Supplemental Pension Plan, and schedule of contributions Purdue Police and Fire Supplemental Pension Plan 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the accompanying letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county, and acknowledgements, which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. 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.

To the Board of Trustees
Purdue University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of Purdue University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Purdue University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Purdue University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

We are pleased to present this financial discussion and analysis of Purdue University (the University). It is intended to provide an overview of the financial position and activities of the University for the fiscal years ended June 30, 2023 and 2022, along with comparative financial information for the fiscal year ended June 30, 2021. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

Financial Highlights

The University's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The University's financial statements, related footnote disclosures, and discussion and analysis have been prepared by University management in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position is the University's balance sheet. The statement presents the University's financial position by reporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the fiscal year. The statement as a whole provides information about the adequacy of resources to meet current and future operating and capital needs. Net position is the residual of all other elements presented in the Statement of Net Position and is one indicator of the current financial condition of the University.

Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. The statement presents the total revenues earned and expenses incurred by the University during the fiscal year, along with the increase or decrease in net position. This statement depicts the University's revenue streams, along with the categories of expenses supported by that revenue. Changes in net position are an indication of the change in the University's overall financial condition.

Statement of Cash Flows provides additional information about the University's financial results by presenting detailed information about cash activity during the fiscal year. The statement reports the major sources and uses of cash and is useful in the assessment of the University's ability to generate future net cash flows, the ability to meet obligations as they come due, and the need for external financing.

The financial information presented in this report is designed to enable the user to review how the University managed its resources to meet its primary missions of discovery, learning, and engagement. It should be recognized that a presentation of the financial performance of the University is not a full measure of the value of these functions as they were carried out during the fiscal year. This report deals with the costs and sources of revenue used to provide the quality and diversity in higher education that the University believes is necessary to meet its goals and objectives. We suggest that you combine this financial analysis and discussion with relevant non-financial indicators to assess the University's performance. Examples of non-financial data indicators include trend and quality of applicants, freshman class size, student retention,

the condition of facilities, and campus safety metrics. Information about non-financial indicators is not included in this analysis but may be obtained from the University’s Office of Institutional Data Analytics and Assessment online at <https://www.purdue.edu/datadigest/>.

The University restated the 2022 Financial Statements to reflect the implementation of GASB 96 Subscription-based Information Technology Arrangements, and restated balances are presented throughout the MD&A.

Statement of Net Position

A comparison of the University’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2023, 2022, and 2021, is summarized below.

Table 1

Summary Statement of Net Position (Dollars in Thousands)

	2023	2022	2021
	As Restated		
Current Assets	\$ 856,492	\$ 623,517	\$ 860,156
Capital Assets	3,185,312	2,974,077	2,873,341
Other Assets	4,308,768	4,396,427	4,165,067
Total Assets	8,350,572	7,994,021	7,898,564
Deferred Outflows of Resources	65,230	47,451	39,502
Current Liabilities	577,577	554,868	553,852
Noncurrent Liabilities	1,223,619	1,136,360	1,224,211
Total Liabilities	1,801,196	1,691,228	1,778,063
Deferred Inflows of Resources	70,537	98,625	61,737
Net Investment in Capital Assets	2,030,722	1,869,640	1,733,508
Restricted - Nonexpendable	1,021,585	962,179	872,775
Restricted - Expendable	1,426,589	1,377,021	1,468,958
Unrestricted	2,065,173	2,042,779	2,023,025
Total Net Position	\$ 6,544,069	\$ 6,251,619	\$ 6,098,266

Assets

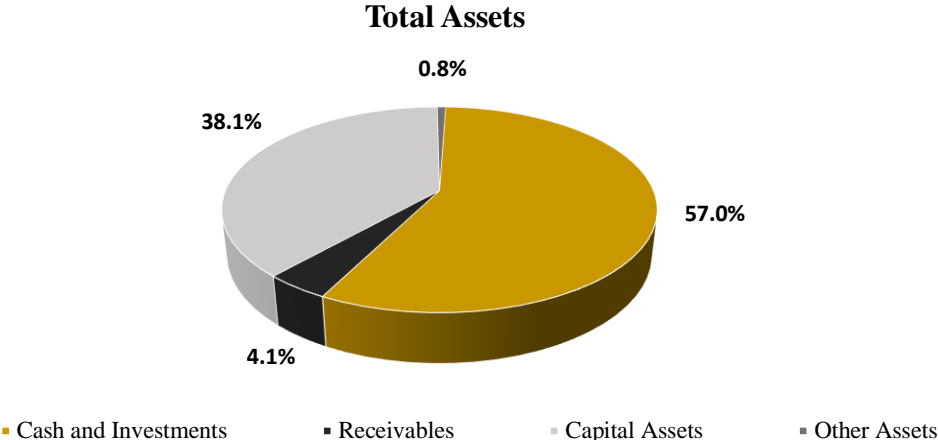
Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include non-depreciable land, as well as buildings and equipment, net of depreciation. Other noncurrent assets include pledges receivable, investments, and Purdue’s interest in charitable remainder trusts.

As of June 30, 2023 and 2022, current assets were approximately \$856.5 and \$623.5 million, respectively, resulting in an increase of \$233.0 million or 37.4% during fiscal year 2023 and a decrease of \$236.6 million or 27.5% during fiscal year 2022. As of June 30, 2023 and 2022, cash and cash equivalents were approximately \$333.6 and \$303.5 million respectively, resulting in an increase of \$30.1 million and a decrease of \$52.9 million, respectively. The changes in current assets and cash and cash equivalents are mostly due to movement of assets between current and noncurrent investments.

As of June 30, 2023 and 2022, noncurrent assets were approximately \$7.5 and \$7.4 billion, respectively, which is an increase of \$123.6 million, or 1.7%, during fiscal year 2023 and an increase of \$332.1 million, or 4.7%, during fiscal year 2022. The increases in fiscal years 2023 and 2022 are primarily due to changes in investment activity, expansion and renovation of campuses, and increased pledges receivable.

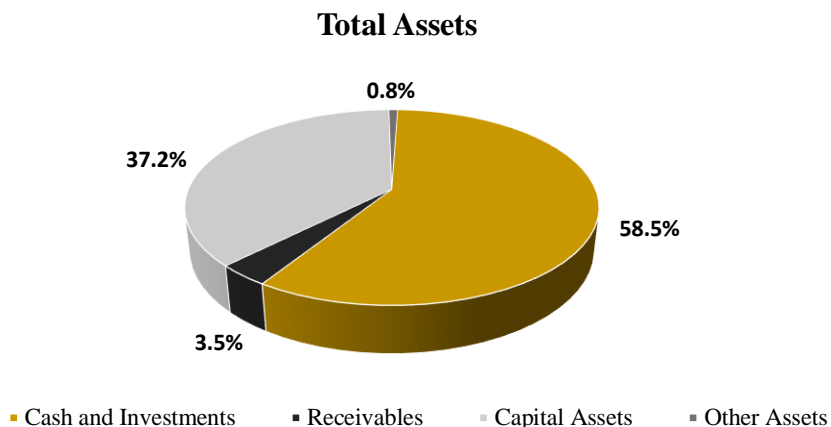
As of June 30, 2023 and 2022, total assets were approximately \$8.4 and \$8.0 billion, an increase of \$356.6 million and \$95.5 million, or 4.5% and 1.2% respectively, over the previous fiscal year. The overall growth in assets is primarily attributed to increases in capital assets.

Figure 1 represents the composition of total assets as of June 30, 2023.



Cash and Investments	\$ 4,757,830	57.0%
Receivables	344,366	4.1%
Capital Assets	3,185,312	38.1%
Other Assets	63,064	0.8%
Total Assets	\$8,350,572	100.0%

Figure 2 represents the composition of total assets as of June 30, 2022.



Total Assets
(in thousands of dollars)

Cash and Investments	\$ 4,672,275	58.5%
Receivables	282,382	3.5%
Capital Assets	2,974,077	37.2%
Other Assets	65,287	0.8%
Total Assets	\$7,994,021	100.0%

Deferred Outflows of Resources

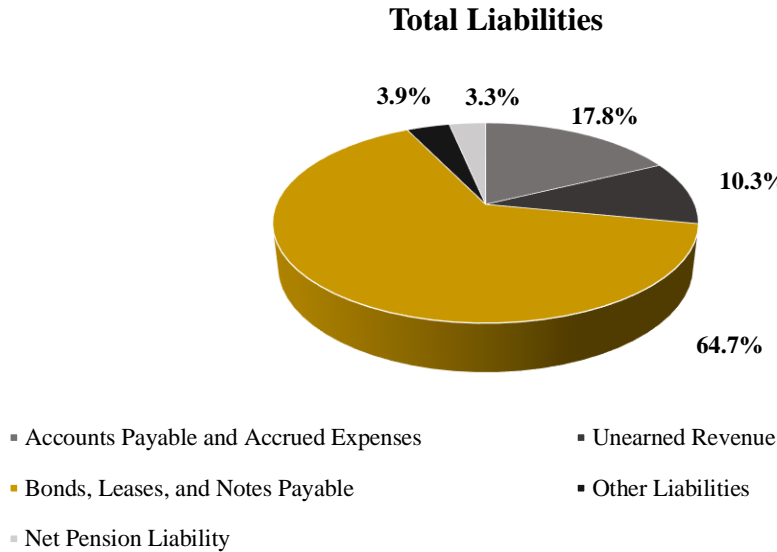
Deferred outflows of resources represent a consumption of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not expense items relating to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Asset section because they are not items the University owns. Instead, they are presented on the Statement of Net Position as deferred outflows to reflect the fact that the recognition of the related expense will happen at a future date. The amounts recorded as deferred outflows for the fiscal years presented result from pension and other post-employment benefits related items, capital debt refunding transactions, and asset retirement obligations.

Liabilities

Current liabilities generally are due and payable over the course of the following fiscal year. These include accounts and other payables, unearned revenues, current portion of long-term debt, and salaries along with related compensation payables. Current liabilities include variable-rate demand bonds, although most of the bonds are expected to be paid in future fiscal years. Noncurrent liabilities are generally expected to be extinguished at some point later than the following fiscal year. These include the noncurrent portion of compensated absences, pension, other post-employment benefits, other liabilities, and bonds, notes, and leases payable. Total liabilities were approximately \$1.8 billion and \$1.7 billion for the years ended June 30, 2023 and 2022, respectively.

Bonds, leases, and notes payable increased by \$48.0 million in fiscal year 2023 primarily due to the issuance of new debt, and decreased \$63.0 million in fiscal year 2022, primarily due to debt payments. A discussion of the University’s capital financing activities appears in the Debt and Financing Activities section below, and in Note 6.

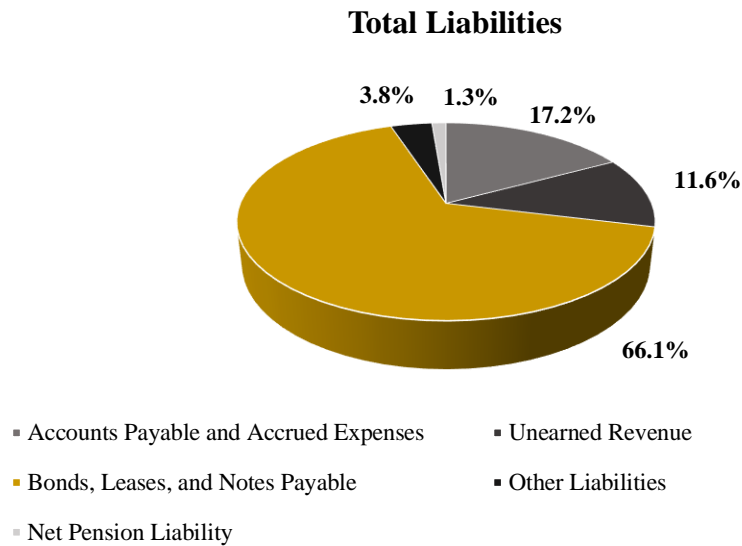
Figure 3 represents the composition of total liabilities as of June 30, 2023.



Total Liabilities
(in thousands of dollars)

Accounts Payable and Accrued Expenses	\$ 320,965	17.8%
Unearned Revenue	186,314	10.3%
Bonds, Leases, and Notes Payable	1,165,514	64.7%
Other Liabilities	69,627	3.9%
Net Pension Liability	58,776	3.3%
Total Liabilities	\$1,801,196	100.0%

Figure 4 represents the composition of total liabilities as of June 30, 2022.



Total Liabilities
(in thousands of dollars)

Accounts Payable and Accrued Expenses	\$ 291,627	17.2%
Unearned Revenue	196,488	11.6%
Bonds, Leases, and Notes Payable	1,117,479	66.1%
Other Liabilities	64,483	3.8%
Net Pension Liability	21,151	1.3%
Total Liabilities	\$1,691,228	100.0%

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not revenue items related to the current fiscal year, but to future periods. They are not shown on the Statement of Net Position in the Liability section because they are not items the University owes. Instead, they are presented on the Statement of Net Position as deferred inflows to reflect the fact that the recognition of the related revenue will happen at a future date. The amounts recorded as deferred inflows for the fiscal years presented result from pension, other post-employment benefits, charitable remainder trusts, capital debt refunding, and leases.

Net Position

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is classified into four categories:

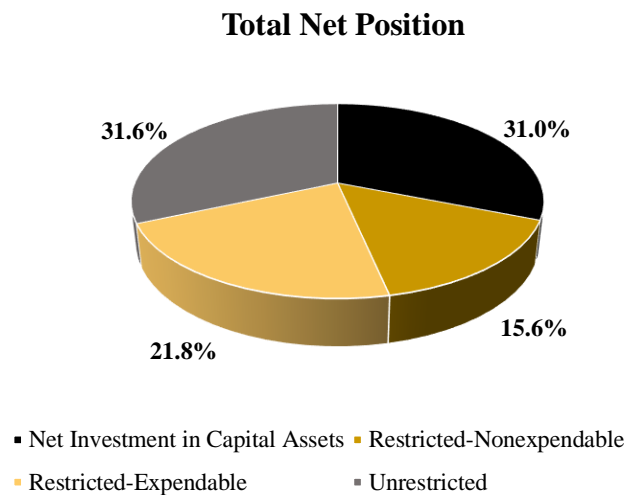
Net Investment in Capital Assets represents the University's investment in right-to-use assets and capital assets such as moveable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation, lease liabilities, subscription-based information technology arrangements liabilities, and related debt.

Restricted–Nonexpendable represents the corpus of the University’s permanent endowments received from donors for the purpose of creating present and future income. The corpus must be held inviolate and in perpetuity.

Restricted–Expendable represents the portion of net position that may be spent, provided certain third-party restrictions are met. Examples include balances from scholarships, grants and contracts, and spendable earnings from endowments.

Unrestricted represents the portion of net position that has no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

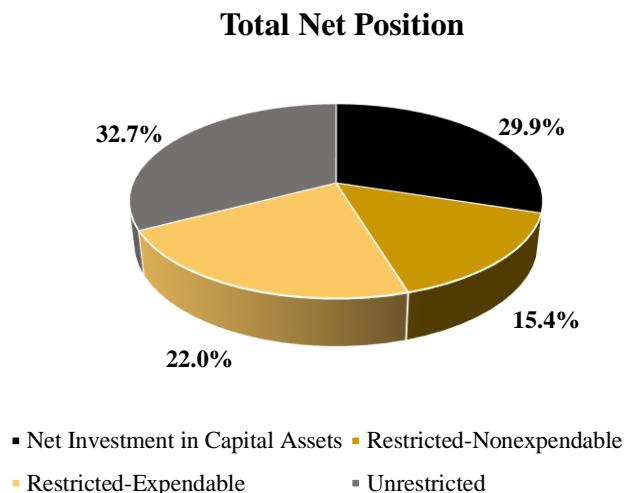
Figure 5 represents the composition of net position as of June 30, 2023.



Total Net Position
(in thousands of dollars)

Net Investment in Capital Assets	\$ 2,030,722	31.0%
Restricted-Nonexpendable	1,021,585	15.6%
Restricted-Expendable	1,426,589	21.8%
Unrestricted	2,065,173	31.6%
Total	\$6,544,069	100.0%

Figure 6 represents the composition of net position as of June 30, 2022.



Total Net Position
(in thousands of dollars)

Net Investment in Capital Assets	\$ 1,869,640	29.9%
Restricted-Nonexpendable	962,179	15.4%
Restricted-Expendable	1,377,021	22.0%
Unrestricted	2,042,779	32.7%
Total	\$6,251,619	100.0%

Net investment in capital assets increased \$161.1 and \$136.1 million in fiscal years 2023 and 2022, respectively. The increases for fiscal years ended June 30, 2023 and 2022 are a result of continued capital investment and changes in the capital debt portfolio. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

The restricted-nonexpendable balance increased \$59.4 and \$89.4 million in fiscal years 2023 and 2022, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances increased by \$49.6 million and decreased by \$91.9 million in fiscal years ended June 30, 2023 and 2022, respectively, driven by the respective changes in market value of investments.

The unrestricted net position had increases of \$22.4 and \$19.8 million for the fiscal years ended June 30, 2023 and 2022, respectively resulting from both operating and nonoperating activities not included in the categories above.

Statement of Revenues, Expenses, and Changes in Net Position

Revenues are classified for financial reporting as either operating or nonoperating. Operating revenues are generated by providing goods and services to our students and other important constituents of the University and include tuition and fees, grants and contracts, and sales and services. Tuition and fees and housing revenue assessed to students are reported gross, with the related scholarship allowance presented separately. Nonoperating revenues are those received by the University without providing a corresponding good or service and include state appropriations, investment income, and private gifts. As Purdue is a public

university, nonoperating revenues are an integral part of the operating budget. Private gifts for capital projects and additions to the University's endowment are also considered nonoperating sources of revenue.

A summarized comparison of the University's revenues, expenses, and changes in net position at June 30, 2023, 2022, and 2021, is presented below.

Table 2

Summary Statement of Revenues, Expenses, and Changes in Net Position (Dollars in Thousands)

	2023	2022	2021
		As Restated	
Operating Revenues			
Tuition and Fees	\$ 1,601,146	\$ 1,548,064	\$ 1,459,857
Less: Scholarship Allowance	(210,619)	(202,420)	(205,657)
Grants and Contracts	573,442	524,269	461,752
Auxiliary Enterprises	287,343	268,657	198,323
Less: Scholarship Allowance	(15,675)	(15,400)	(14,694)
Other Operating Revenues	163,681	153,610	130,382
Total Operating Revenues	2,399,318	2,276,780	2,029,963
Operating Expenses			
Instruction	1,009,702	859,771	811,219
Research	369,097	335,759	291,473
Extension and Public Service	165,302	153,257	135,935
Academic Support	200,484	183,162	163,194
Student Services	176,507	165,458	180,730
General Administration and Institutional Support	454,090	422,368	396,888
Physical Plant Operations and Maintenance	147,546	140,089	128,627
Depreciation	239,215	223,063	212,195
Student Aid	64,789	146,669	98,585
Auxiliaries	230,401	193,188	172,965
Total Operating Expenses	3,057,133	2,822,784	2,591,811
Operating Loss	(657,815)	(546,004)	(561,848)
Nonoperating Revenues	894,217	628,089	1,544,083
Interest Expense	(36,736)	(33,825)	(35,712)
Capital and Endowments	92,784	105,093	66,935
Total Nonoperating Revenues	950,265	699,357	1,575,306
Increase in Net Position	292,450	153,353	1,013,458
Net position, Beginning of Year	6,251,619	6,098,266	5,084,808
Net position, End of Year	\$ 6,544,069	\$ 6,251,619	\$ 6,098,266

Figures 7 and 8 provide information about the University’s sources of revenues for fiscal years 2023 and 2022. The University had an increase in net position of \$292.5 million and \$153.4 million for fiscal years ended June 30, 2023 and 2022, respectively.

Figure 7: University Revenue by Category for FY 2023

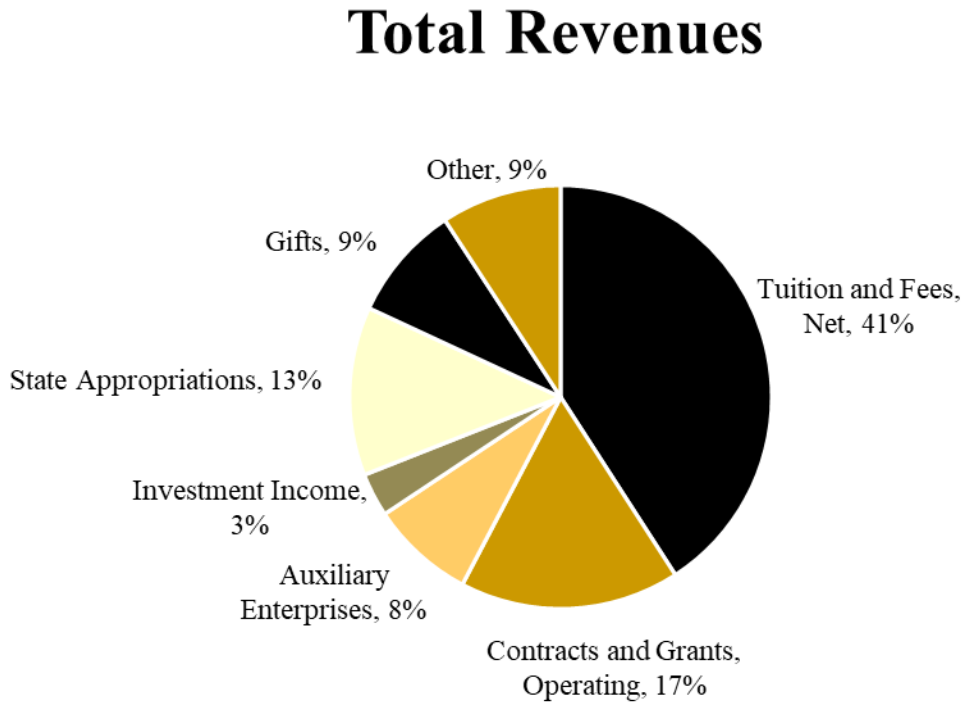
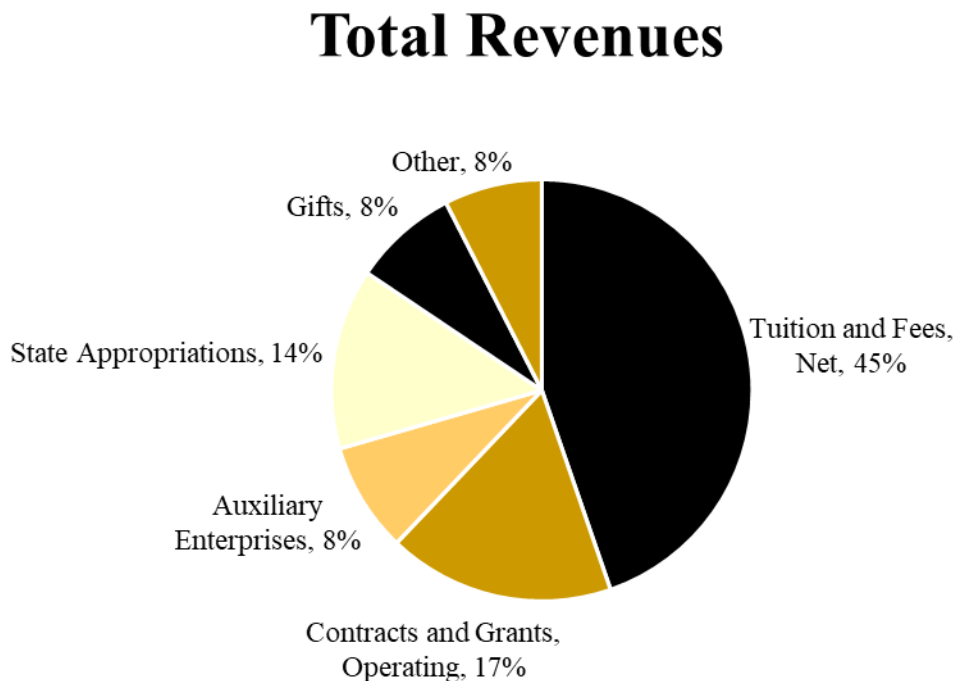
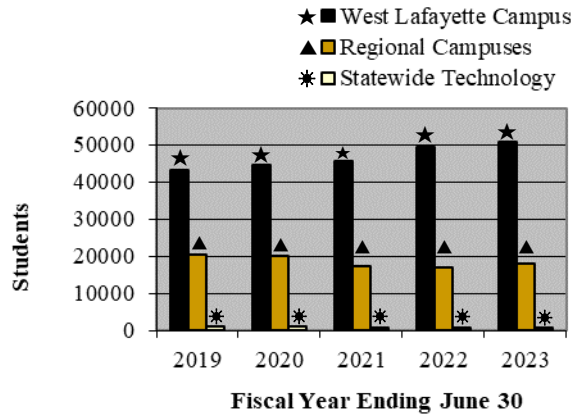


Figure 8: University Revenue by Category for FY 2022



For the fiscal years ended June 30, 2023 and 2022, the total operating revenues increased \$122.5 million, or 5.4% and \$246.8 million, or 12.2%, respectively. Net tuition and fee revenue increased by \$44.9 and \$91.4 million in fiscal years 2023 and 2022, respectively, primarily resulting from increased enrollment at the West Lafayette campus. Enrollment patterns for the past five years are illustrated below.

Five-Year Enrollment Data*
Fall Semester Enrollment



**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus.*

Operating grants and contracts revenue increased \$49.2 million, or 9.4% and \$62.5 million, or 13.5% for the fiscal years ended June 30, 2023 and 2022, respectively, primarily due to fluctuations in grant research. Auxiliary Enterprises revenue increased \$18.7 million, or 7.0% and \$70.3 million, or 35.5% in fiscal years ended June 30, 2023 and 2022, respectively, primarily due to increases in housing and dining revenue.

For fiscal year ended June 30, 2023, nonoperating revenues before capital and endowments, net of expenses, increased by \$263.2 million. The net increase in nonoperating revenue is primarily due to increases in investment income related to fluctuations in the market and decreases in Higher Education Emergency Relief Fund (HEERF) grant revenue for the year ended June 30, 2023. The investment income fluctuations also drove the \$914.1 million decrease in nonoperating revenues before capital and endowments for fiscal year June 30, 2022. The net investment performance of the University’s endowment was 3.8% and 1.1% for the fiscal years 2023 and 2022, respectively, using the most recent data available. The endowment was invested in private investments (36.6%), public equities (50.7%), and fixed income investments (12.7%). The portfolio composition did not materially change from the prior fiscal year.

For the fiscal years ended June 30, 2023 and 2022, capital and endowment gifts decreased by \$12.3 million, or 11.7%, and increased by \$38.2 million, or 57.0%, respectively, primarily due to changes in private gifts for endowments and capital gifts.

Operating expenses were \$3.1 billion and \$2.8 billion for the fiscal years ended June 30, 2023 and 2022, respectively, representing increases of \$234.3 million during 2023 and \$231.0 million during 2022. Compensation and benefits were \$1.8 billion and \$1.7 billion for fiscal years ended June 30, 2023 and 2022, respectively, representing increases of \$158.4 and \$66.0 million respectively. Supplies and services were \$924.0 million and \$782.4 million for the fiscal years ended June 30, 2023 and 2022, representing increases

of \$141.7 and \$106.0 million respectively. These changes are primarily due to the increase in resources required to meet the needs of a growing student population and the expansion of related activities.

For the fiscal years ended June 30, 2023 and 2022, depreciation expense was \$239.2 and \$223.1 million, respectively.

Scholarships, fellowships, and student awards were \$64.8 and \$146.7 million for the fiscal years ended June 30, 2023 and 2022, respectively. The decrease of \$81.9 million and increase of \$48.1 million during 2023 and 2022 were primarily the result of HEERF funds expended for the benefit of students.

In addition to the functional classification of operating expenses, the University also presents expenses by natural classification on the Statement of Revenues, Expenses, and Changes in Net Position. Figures 9 and 10 provide information about the functional classification of the University's expenses for the fiscal years ended June 30, 2023 and 2022.

Figure 9: University Expenses by Function for FY 2023

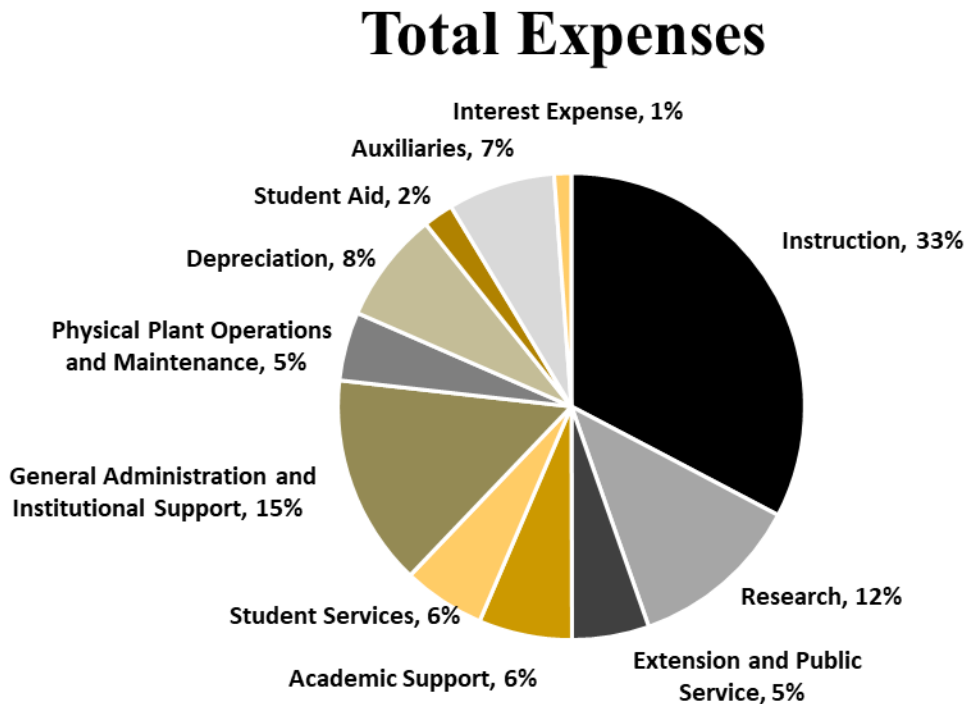
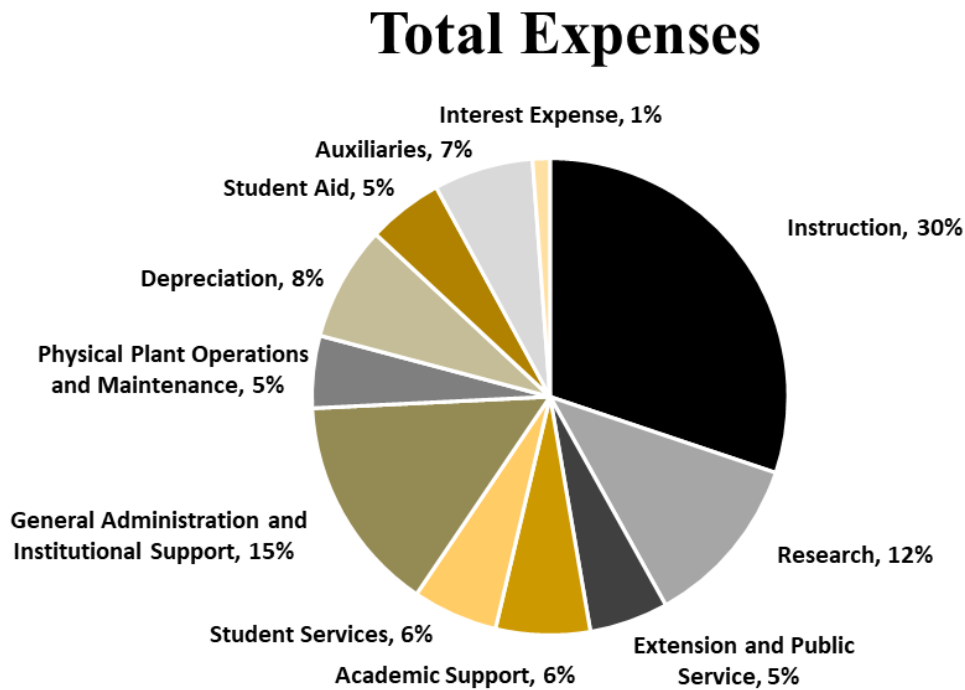


Figure 10: University Expenses by Function for FY 2022



Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the University by presenting relevant information about the cash receipts and cash payments of the University during the fiscal year. It assists in determining the University’s ability to generate future net cash flows to meet its obligations as they become due and to determine the need for external financing. The Statement of Cash Flows presents sources and uses of cash and cash equivalents in four activity-based categories: operating, noncapital financing, investing, and capital and related financing. Table 3 provides a summarized comparison of the University’s sources, uses, and changes in cash and cash equivalents.

Table 3

Summary Statement of Cash Flows (Dollars in Thousands)

	2023	2022	2021
		As Restated	
Cash Used by Operating Activities	\$ (377,211)	\$ (295,144)	\$ (372,312)
Cash Provided by Noncapital Financing Activities	745,390	851,808	785,096
Cash (Used) Provided by Investing Activities	54,513	(232,332)	(173,769)
Cash Used by Capital and Related Financing Activities	(392,590)	(377,158)	(319,879)
Net (Decrease) Increase in Cash and Cash Equivalents	30,102	(52,826)	(80,864)
Cash and Cash Equivalents, Beginning of Year	303,531	356,357	437,221
Cash and Cash Equivalents, End of Year	\$ 333,633	\$ 303,531	\$ 356,357

The cash provided by noncapital financing activities reflect the nonoperating revenue changes described above. The cash provided and used by investing activities represents the changes in investments driven by the University's investment strategy. The fluctuation in cash flows used by capital and related financing activities reflects the financing strategy and timing of the University's capital plan, which is outlined in the Capital Asset and Debt Administration section.

Capital Asset and Debt Administration

Significant Construction Projects

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. Significant construction projects (over \$20 million) completed during fiscal years 2023 and 2022 are presented in Table 4 and significant projects in progress at June 30, 2023 are presented in Table 5.

Table 4

Significant Construction Projects Completed (Dollars in Thousands)

Projects Completed in 2023

Hagle Hall Bands and Orchestra Building	\$ 22,000
Engineering and Polytechnic Gateway	140,000
Total Significant Construction Projects Completed	\$ 162,000

Projects Completed in 2022

Veterinary Hospital Complex	\$ 108,000
Purdue Memorial Union Ground Floor Dining Renovation	35,700
Total Significant Construction Projects Completed	\$ 143,700

Table 5

Significant Construction Projects in Progress (Dollars in Thousands)

	Project Budget
Hypersonics and Applied Research Building	\$ 41,000
Schleman Hall, Stewart Center, and Related Renovation	52,800
Life Science Ranges Phenotyping Greenhouse Building	24,500
Ross-Ade Stadium Renovation	45,400
Zucrow High-Speed Propulsion Lab & High Pressure Air Plant	73,000
Mechanical Engineering Building Renovation	25,000
University Hall and Related Renovations	46,600
Birck Nanotechnology Center Clean Room Modernization & Renovations	49,000
Chilled Water Capacity Enhancement Projects	65,500
Total Significant Construction Projects in Progress	\$ 422,800

Debt and Financing Activities

As of June 30, 2023 and 2022, bonds, leases, and notes payable totaled approximately \$1.2 and \$1.1 billion, respectively, and represented approximately 64.7% and 66.1%, respectively, of the total liabilities of the University. The University's debt portfolio as of June 30, 2023 consisted of \$27.7 million of variable rate instruments (2.4%) and \$1.1 billion in fixed rate obligations (97.6%). As of June 30, 2022, the debt portfolio

consisted of \$28.9 million of variable rate instruments (2.6%) and \$1.1 billion in fixed rate obligations (97.4%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2023 and 2022, the University had a credit rating of Aaa from Moody's Investors Service and AAA from Standard & Poor's. The University was in a limited group of public higher education institutions with such a credit rating – only eight Universities were so rated at those dates by Moody's and only seven by Standard & Poor's. In addition, the University's variable rate debt maintains short-term ratings from Moody's of Aaa/VMIG-1 and by Standard & Poor's of A-1+.

Economic Outlook

For fiscal year 2024, the Indiana General Assembly appropriated \$336.2 million for the West Lafayette campus, \$55.7 million for Purdue Northwest and \$51.7 million for Purdue Fort Wayne. Fiscal year 2024 is the first year of the State of Indiana's biennial budget. Appropriations for fiscal year 2025 will increase by 3%.

Academic year 2023-24 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the eleventh year in a row. The regional campuses had modest tuition increases for undergraduates as follows: Fort Wayne 3.0% and Purdue Northwest 3.0%. In February 2023 the West Lafayette campus announced it will hold tuition flat for a 12th year in fiscal year 2025, continuing its commitment to support student affordability and accessibility.

Enrollment at all Purdue campuses was 70,387* for the fall semester of the 2023-2024 academic year. At the West Lafayette campus, enrollment hit another record high at 52,211 for the fall semester of the 2023-2024 academic year, up 1,327 from the fall semester of the prior academic year. Undergraduate applications for admission increased 7% to 72,800 for Fall 2023, with an undergraduate first-year class of 9,285, slightly above the campus target. Undergraduate applications are up 82% over the last decade.

**Enrollment figures do not include Purdue University students enrolled at the Indiana University-Purdue University Indianapolis campus or Purdue University Global*



Purdue University

Statement of Net Position

As of June 30 (Dollars in Thousands)	Purdue University		Discretely Presented Component Units	
	2023	2022 As Restated	2023	2022
Assets and Deferred Outflows of Resources:				
Current Assets:				
Cash and Cash Equivalents	\$ 333,633	\$ 303,531	\$ 32,825	\$ 39,788
Investments	290,724	103,907	227,306	140,547
Accounts Receivable, Net	136,378	139,110	17,239	10,806
Pledges Receivable, Net	57,767	39,071	124	175
Notes Receivable, Net	7,952	9,837	4,578	4,298
Other Receivables	1,191	1,271	-	-
Other Assets	28,847	26,790	4,205	6
Total Current Assets	856,492	623,517	286,277	195,620
Noncurrent Assets:				
Investments	4,133,473	4,264,837	3,824,753	3,664,640
Pledges Receivable, Net	113,570	62,073	7	-
Notes and Other Receivables, Net	27,508	31,020	202,146	209,546
Charitable Trusts and Contracts	33,902	31,234	18,151	16,781
Capital Assets, Net	3,185,312	2,974,077	276,983	268,559
Other Noncurrent Assets	315	7,263	47,758	18,702
Total Noncurrent Assets	7,494,080	7,370,504	4,369,798	4,178,228
Total Assets	8,350,572	7,994,021	4,656,075	4,373,848
Deferred Outflows of Resources	65,230	47,451	3,217	3,628
Liabilities and Deferred Inflows of Resources:				
Current Liabilities:				
Accounts Payable and Accrued Expenses	239,564	216,127	55,727	37,590
Unearned Revenue	186,314	196,488	2,703	2,858
Accrued Compensated Absences	36,795	33,580	-	-
Other Post Employment Benefits	3,846	3,609	-	-
Bonds, Leases, and Notes Payable	111,058	105,064	47,257	17,909
Total Current Liabilities	577,577	554,868	105,687	58,357
Noncurrent Liabilities:				
Accrued Compensated Absences	44,606	41,920	-	-
Other Post Employment Benefits	24,671	25,309	-	-
Net Pension Liability	58,776	21,151	-	-
Other Noncurrent Liabilities	41,110	35,565	2,836,990	2,669,140
Bonds, Leases, and Notes Payable	1,054,456	1,012,415	392,029	317,695
Total Noncurrent Liabilities	1,223,619	1,136,360	3,229,019	2,986,835
Total Liabilities	1,801,196	1,691,228	3,334,706	3,045,192
Deferred Inflows of Resources	70,537	98,625	705	1,015

Statement of Net Position

As of June 30 (Dollars in Thousands)
(continued from previous page)

	<u>Purdue University</u>		<u>Discretely Presented</u> <u>Component Units</u>	
	<u>2023</u>	<u>2022</u> As Restated	<u>2023</u>	<u>2022</u>
Net Position:				
Net Investment in Capital Assets	\$ 2,030,722	\$ 1,869,640	\$ 100,191	\$ 90,610
Restricted:				
Nonexpendable:				
Instruction and Research	519,249	486,707	74,144	66,230
Student Aid	461,373	435,733	95,279	92,386
Other	40,963	39,739	14,823	14,976
Total Nonexpendable	1,021,585	962,179	184,246	173,592
Expendable:				
Instruction, Research and Public Service	320,694	239,940	282,549	289,597
Student Aid	78,008	92,609	426,781	420,875
Construction	129,002	127,792	-	-
Other, Including Gains on Restricted Endowments	898,885	916,680	124,777	135,798
Total Expendable	1,426,589	1,377,021	834,107	846,270
Unrestricted	2,065,173	2,042,779	205,337	220,797
Total Net Position	\$ 6,544,069	\$ 6,251,619	\$ 1,323,881	\$ 1,331,269

The Accompanying Notes are an Integral Part of these Financial Statements



Purdue University

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

	Purdue University		Discretely Presented Component	
	2023	2022	2023	2022
	As Restated		Units	
Operating Revenues:				
Tuition and Fees	\$ 1,601,146	\$ 1,548,064	\$ -	\$ -
Less: Scholarship Allowance	(210,619)	(202,420)	-	-
Grants and Contracts	573,442	524,269	-	-
Sales and Services	162,160	151,565	44,257	41,921
Auxiliary Enterprises	287,343	268,657	-	-
Less: Scholarship Allowance	(15,675)	(15,400)	-	-
Other Operating Revenues	1,521	2,045	6,896	5,813
Total Operating Revenues	2,399,318	2,276,780	51,153	47,734
Operating Expenses:				
Compensation and Benefits	1,829,084	1,670,683	49,179	43,048
Supplies and Services	924,045	782,369	146,849	104,845
Depreciation Expense	239,215	223,063	7,842	11,301
Scholarships, Fellowships, & Student Awards	64,789	146,669	-	-
Total Operating Expenses	3,057,133	2,822,784	203,870	159,194
Net Operating Loss	(657,815)	(546,004)	(152,717)	(111,460)
Nonoperating Revenues (Expenses):				
State Appropriations	421,574	417,428	-	-
Grants and Contracts	140,234	260,439	-	-
Private Gifts	209,070	137,538	32,486	107,943
Investment Income (Loss)	112,986	(195,435)	71,173	(38,485)
Interest Expense	(36,736)	(33,825)	(13,387)	(11,529)
Other Nonoperating Revenues	10,353	8,119	44,323	27,221
Total Nonoperating Revenues before Capital and Endowments	857,481	594,264	134,595	85,150
Capital and Endowments:				
Capital Gifts	38,867	27,017	-	-
Private Gifts for Permanent Endowments	53,917	78,076	10,734	5,330
Total Capital and Endowments	92,784	105,093	10,734	5,330
Total Nonoperating Revenues	950,265	699,357	145,329	90,480
INCREASE (DECREASE) IN NET POSITION	292,450	153,353	(7,388)	(20,980)
Net Position, Beginning of Year	6,251,619	6,098,266	1,331,269	1,352,249
Net Position, End of Year	\$ 6,544,069	\$ 6,251,619	\$ 1,323,881	\$ 1,331,269

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

	<u>2023</u>	<u>2022</u> As Restated
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	\$ 1,382,913	\$ 1,356,633
Grants and Contracts	576,471	518,808
Sales and Services	161,568	152,429
Auxiliary Enterprises, Net of Scholarship Allowances	272,778	269,966
Other Operating Revenues	5,282	2,212
Compensation and Benefits	(1,858,924)	(1,669,153)
Supplies and Services	(864,444)	(783,267)
Scholarships, Fellowships and Student Awards	(64,494)	(146,675)
Other Operating Expenses	5,052	(2,994)
Direct Loans Issued	(482,155)	(483,807)
Direct Loans Received	482,566	483,607
Student Loans Issued	(1,165)	(1,592)
Student Loans Collected	7,341	8,689
Cash Used by Operating Activities	(377,211)	(295,144)
Cash Flows From Noncapital Financing Activities:		
State Appropriations	421,574	417,428
Grants and Contracts	140,234	260,439
Gifts for Other than Capital Purposes	169,611	183,320
Other Nonoperating Revenues	13,971	(9,379)
Cash Provided by Noncapital Financing Activities	745,390	851,808
Cash Flows From Investing Activities:		
Purchases of Investments	(1,924,671)	(4,343,816)
Proceeds from Sales and Maturities of Investments	1,915,434	4,065,883
Interest and Dividends on Investments, Net	63,750	45,601
Cash (Used) Provided by Investing Activities	54,513	(232,332)
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(209,998)	(115,690)
Capital Debt Proceeds	234,499	30,784
Interest Expense	(45,876)	(43,940)
Capital Gifts Received	38,843	27,555
Construction or Purchase of Capital Assets	(410,058)	(275,867)
Cash Used by Capital and Related Financing Activities	(392,590)	(377,158)
Net Increase (Decrease) in Cash and Cash Equivalents	30,102	(52,826)
Cash and Cash Equivalents, Beginning of Year	303,531	356,357
Cash and Cash Equivalents, End of Year	\$ 333,633	\$ 303,531

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)
(continued from previous page)

Reconciliation of Cash Used for Operating Activities (Indirect Method)	<u>2023</u>	<u>2022</u>
		As Restated
Reconciliation of net operating loss to net cash used by operating activities:		
Operating Loss	\$ (657,815)	\$ (546,004)
Depreciation Expense	239,215	223,063
Noncash investing, capital, and financing activities	22,274	241
Changes in Assets and Liabilities:		
Accounts Receivable	11,733	12,741
Notes Receivable	6,088	7,040
Other Assets	4,081	(12,671)
Accrued Compensated Absences	5,902	1,563
Other Post Employment Benefits and related deferreds	(2,783)	(2,711)
Net Pension liability and related deferreds	(10,822)	(4,399)
Accounts Payable and Accrued Expenses	10,407	12,596
Unearned Revenue	(9,526)	11,393
Other Liabilities	4,035	2,004
Cash Used by Operating Activities	\$ (377,211)	\$ (295,144)
Significant Noncash Transactions		
Right-to-use assets acquired under leases and subscription-based information technology arrangements	\$ 36,891	\$ 18,267

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF FIDUCIARY NET POSITION*Police and Firefighters Supplemental Pension Trust Funds*

For the Years Ended June 30 (Dollars in Thousands)

	<u>2023</u>	<u>2022</u>
ASSETS		
TIAA Traditional	\$ 13,630	\$ 14,589
CREF Stock Account	12,409	14,921
CREF Growth Account	16,017	21,791
TOTAL INVESTMENTS	<u>42,056</u>	<u>51,301</u>
Accrued Income	42	49
TOTAL ASSETS	<u>42,098</u>	<u>51,350</u>
 NET POSITION		
Restricted for:		
Pension benefit payments	42,098	51,350
TOTAL NET POSITION	<u><u>\$ 42,098</u></u>	<u><u>\$ 51,350</u></u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*Police and Firefighters Supplemental Pension Trust Funds*

For the Years Ended June 30 (Dollars in Thousands)

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Members Contributions	\$ 176	\$ 189
Investment Income (Loss)	(7,848)	11,471
TOTAL NET ADDITIONS	<u>(7,672)</u>	<u>11,660</u>
 DEDUCTIONS		
Plan Expenses	20	-
Benefits paid to participants/beneficiaries	1,560	1,470
TOTAL DEDUCTIONS	<u>1,580</u>	<u>1,470</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSTION	(9,252)	10,190
 NET POSITION - BEGINNING	51,350	41,160
NET POSITION - ENDING	<u><u>\$ 42,098</u></u>	<u><u>\$ 51,350</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

For the Fiscal Years Ended June 30, 2023 and 2022

ORGANIZATION:

Established in 1869, Purdue University (the University) is the land-grant University for the state of Indiana. The University is a comprehensive degree-granting research University with 28 schools and colleges on its main campus in West Lafayette and the following regional campuses:

Purdue University Fort Wayne

Purdue University Northwest

In addition to its academic programs offered at the above campuses, the University offers learning and other assistance programs at various other locations and online in the state of Indiana through:

Purdue Polytechnic Institute Statewide

College of Agriculture Purdue Extension

Technical Assistance Program

Purdue University Online

The responsibility for making rules and regulations to govern the University is vested in a 10-member Board of Trustees (the Trustees). The selection of these Trustees is prescribed in Indiana Code IC 21-23-3. Three of the Trustees are selected by the Purdue Alumni Association. The other seven Trustees are selected by the governor. Two of the Trustees must be involved in agricultural pursuits, and one must be a full-time student of the University. All Trustees serve for a period of three years, except for the student member, who serves a single two-year term.

REPORTING ENTITY:

Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity* as amended defines the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units. GASB Statement No. 80 *Blending Requirements for Certain Component Units* amends GASB Statement No. 14 to add an additional blending requirement for those component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member.

There are three blended component units which are legally separate organizations that have a fiscal dependency and financial benefit or burden relationship with the primary government such that exclusion would cause the financial statements to be misleading or incomplete.

Purdue International, Inc. (PII) is a separately incorporated, not-for-profit entity established in 2014 to facilitate the University's international education, research, and exchange activities. In this regard, PII serves as the flagship entity for Purdue's international outreach.

The University is the sole beneficiary of PII and the governing body is substantively the same as the University's governing body. As a result, PII is reported as a blended component unit of the University and consolidated within the University's financial statements. PII is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Purdue University Global, Inc. (Purdue Global) is also a separately incorporated entity formed to further the online education offerings in support of Purdue's land grant mission. The sole corporate member of Purdue Global is Purdue University, and Purdue Global's Board of Trustees is made up primarily of members who are also members of the Board of Trustees of Purdue University. As a result, Purdue Global is reported as a blended component unit of the University and consolidated within the University's financial statements.

Purdue Applied Research Institute, LLC (PARI) was established as an Indiana Single Member LLC, with Purdue being the sole member, in December 2019. PARI's governing body is substantially the same as the University's, and the University is the sole beneficiary of PARI. As a result, PARI is reported as a blended component unit of the University, consolidated within the university's financial statements. PARI's charitable, scientific, and educational purposes include facilitating, supporting, and delivering a large portfolio of applied and translational research programs to advance technology and develop innovative solutions to global problems through collaborations with sponsors and partners, and other outreach programs.

There are three discretely presented component units, which are defined as organizations that raise and hold economic resources for the direct benefit of the University. These units are not consolidated within the University's financial statements, but their summary financial information is presented in Note 10 and in columnar format next to the University's information on the Statement of Net Position and Statement of Revenues, Expenses and Net Position as required by GASB Statement No. 39, as amended by GASB Statement No. 61. Two of the current discretely presented component units report under GASB standards, however, Purdue Research Foundation (PRF) reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117 replaced by ASC 958 *Financial Reporting of Not-for-Profit*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. PRF's FASB audited financial statements were reclassified to GASB presentation for inclusion in the University's financial statements.

Purdue Research Foundation (PRF) was created in 1930 as a separately incorporated, not-for-profit entity. Its primary purpose is to promote the educational purpose of the University; award scholarships, grants, or other financial assistance to students and faculty to aid in scientific investigation, research, or educational studies; seek, acquire, invest, and hold gifts and endowments for the needs of the University; acquire property or facilities for the future use or benefit of the University. The economic resources received or held by PRF are entirely, or almost entirely, for the direct benefit of the University; however, the University does not appoint the voting majority of PRF's Board of Directors. As a result, PRF is reported as a discretely presented component unit. PRF is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. PRF includes several wholly owned subsidiary LLC corporations, all of which support the purposes of PRF and the University. PRF also includes the wholly owned subsidiary McClure Park, LLC, which is a for-profit Indiana corporation that was formed to acquire, construct, lease, operate, convey, and mortgage real estate and personal property of every kind and any interest therein. McClure Park, LLC wholly owns single member limited liability subsidiaries and participates in several limited liability corporations primarily accounted for using the equity method. Complete financial statements for the foundation can be obtained by writing to: Purdue Research Foundation, 1281 Win Henschel Blvd, Suite 2500, West Lafayette, IN 47906.

Ross-Ade Foundation was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. The Ross-Ade

Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. The Ross-Ade Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Hentschel Blvd, West Lafayette, IN 47906.

Purdue Fort Wayne (PFW) Foundation was created in 1958 to promote the educational purposes of Purdue University Fort Wayne. The PFW Foundation accomplishes that purpose by owning and leasing land and buildings, receiving gifts of money or property, and investing, transferring, or leasing personal or real property for educational or charitable purposes. The PFW Foundation provides services entirely to the University or otherwise exclusively benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the PFW Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the PFW Foundation is reported as a discretely presented component unit. The PFW Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: PFW Foundation, 2101 East Coliseum Blvd., KT G06, Fort Wayne, IN 46805-1499.

Indiana University-Purdue University Indianapolis is a campus of Indiana University, and accordingly has not been included in the University's financial statements.

RELATIONSHIP TO THE STATE OF INDIANA:

As one of seven public universities in the state, the University is a discrete component unit of the state of Indiana with its financial results being included in the State's Annual Comprehensive Financial Report. The University receives funding from the state for operations, repair and maintenance, construction, and debt service. A segment of its nonexempt employees participates in the state's public employees' retirement program.

TAX-EXEMPT STATUS:

The income generated by the University, as an instrument of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2023 and 2022.

BASIS OF PRESENTATION:

The financial statements of the University have been prepared in accordance with the principles contained 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 — for Public Colleges and Universities*.

During fiscal year 2023, the University adopted GASB Statement 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement 96 *Subscription-Based Information Technology Arrangements*.

The effect of GASB Statement 94:

GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The University's statements were not impacted by the adoption of this standard.

The effect of GASB Statement 96:

GASB 96 establishes a definition for subscription-based information technology arrangements (SBITAs) and provides guidance for accounting and financial reporting. A SBITA results in a right-to-use subscription asset and a corresponding subscription liability. In implementing this GASB, the University recognized right-to-use assets and related liabilities valued at \$22,133,000 on July 1, 2021 for subscription-based information technology information arrangements. Fiscal year 2022 statements have been restated to reflect the impact of implementing this GASB. The University's business-type activities net position was not impacted by the adoption of this standard.

BASIS OF ACCOUNTING:

The University is considered a special-purpose government engaged only in business-type activities for financial reporting purposes. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. Eliminations have been made to prevent the double counting of internal activities. The University reports fiduciary activities as defined in GASB Statement No. 84, *Fiduciary Activities*, in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position prepared using the economic resources measurement focus and the accrual basis of accounting.

The University applies all applicable GASB pronouncements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents. Cash and cash equivalents include cash, revolving and change funds, cash in transit, credit card deposits in transit, and certain investments with original maturities of three months or less. It is the University's practice to invest operating cash balances in investments of varying maturity dates. Investments, exclusive of endowment funds, that are included in cash equivalents represent short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity date that they present insignificant risk of changes in value due to changes in interest rates.

Investments. Investments, exclusive of institutional physical properties, are generally reported at fair value. Fair value is generally based on quoted market prices as of June 30, except for certain investments, primarily private equity partnerships, hedge funds, and similar alternative investments for which quoted market prices are not available. The estimated fair value of these investments is based on the valuations provided by external investment managers within the past fiscal year through June 30. Because alternative investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market value for such investments existed. Investments, exclusive of bond proceeds and endowment

funds, may be classified current or noncurrent, depending on the individual investment's maturity date at June 30. Bond proceeds restricted for capital projects and endowment funds are included in noncurrent investments. Additional investment details are in Note 2.

Accounts Receivable. Accounts receivable primarily represent grant, contract, and student payments due to the University and are shown net of an allowance for doubtful accounts.

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. An allowance for uncollectible pledges is calculated based on the University's experience.

Notes Receivable. Notes receivable primarily consist of student loans due to the University and are shown net of allowance for doubtful accounts.

Other Assets. Other assets, including other noncurrent assets, include the following types of assets:

Inventories. Inventories principally consist of consumable supplies and items held for resale or recharge within the University, and are valued using a variety of methods, including first in first out (FIFO), weighted average and moving average, depending upon the type of inventory. Agricultural commodities are reported using the consumption method, measured by physical count and are stated at market value.

Prepaid Expenses. Prepaid expenses include amounts paid for services attributable to future fiscal years. These services include insurance, services of consultants, subscriptions, and certain subcontracts.

Net Pension Asset. The University provides a supplemental Retirement Plan for its Police Officers and Firefighters, administered by the Teachers Insurance and Annuity Association (TIAA). The University's net pension asset, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68. Additional information may be found in Note 9 to the financial statements.

Interest in Charitable Trusts and Contracts. The University and PRF act as trustees for certain endowments and trust funds, for which they or others have beneficiary interests. In addition, the University and PRF have beneficiary interests in insurance contracts and gift annuity programs.

Various revocable and irrevocable trusts established for the benefit of the University, PRF, and affiliates exist where PRF acts as trustee, commonly referred to as the PRF Trust Funds. The Internal Revenue Service has determined that the PRF Trust Funds are exempt from federal income tax as defined in Sections 642 and 664 of the Internal Revenue Code.

The University records its interest in PRF Trust Funds' charitable remainder trusts at fair value as deferred inflows of resources. Change in fair value from one fiscal year to the next is reflective of changes in the market value of the underlying investments, new trusts being added, and the maturation and liquidation of existing trusts.

The University receives certain charitable contributions from donors which, in accordance with the donors' wishes, are used for annual premium payments toward insurance contracts for which the University is a beneficiary.

Capital Assets. Capital assets are stated at cost at the date of acquisition or at the acquisition value as of the date of the gift for capital assets donated to the University. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year.

Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project.

Right-to-use assets are capitalized if agreements meet the standards outlined in GASB 87, *Leases* or GASB 96, *Subscription-based information technology arrangements*. The university uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the university generally uses its estimated incremental borrowing rate as the discount rate. The term includes the noncancelable period. The right-to-use assets are amortized using the straight-line method over the shorter of the term of the agreement or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements. The university monitors changes in circumstances that would require a remeasurement and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Right-to-use assets are reported with Capital Assets, and liabilities are reported with Bonds, Leases, and Notes Payable on the Statement of Net Position.

The University does not capitalize works of library collections and art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any means.

Depreciation on capital assets is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

Property Class	Threshold	Useful Life
Land	\$100,000	Not depreciated
Land Improvements	\$100,000	5-25 years
Infrastructure	\$100,000	5-25 years
Buildings and Related Components	\$100,000	10–50 years
Moveable Equipment (including fabricated equipment)	\$5,000	5-10 years
Intangible Assets (software)	\$500,000	7 years

Accounts Payable and Accrued Expenses. Accounts Payable and Accrued Expenses represent vendor and other payables along with accrued bi-weekly salaries due and payable within the current operating cycle.

Unearned Revenue. Unearned revenue consists of amounts received in advance of an event, such as student tuition, amounts received from grant sponsors not yet earned, and advance ticket sales related to future fiscal years.

Accrued Compensated Absences. Liabilities for compensated absences are recorded for vacation leave based on actual amounts earned as of the end of the fiscal year. Purdue exempt employees may accrue vacation benefits up to a maximum of 44 days and clerical and service staff may accrue vacation up to 320

hours. For all classes of Purdue employees, accrued vacation is payable upon termination. Upon meeting the definition of an official Purdue University retiree, benefits-eligible clerical and service staff receive cash payments for a portion of their accrued sick leave. An estimate of sick leave liability is recorded for the clerical and service staff based on historical payouts. The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

Other Post Employment Benefits (OPEB). The Purdue Pre-65 Retiree Health Plan is used to provide postemployment benefits other than pensions for official Purdue retirees, and the liability for future benefit obligations, along with associated deferred outflows and inflows of resources and OPEB expense, as actuarially calculated are presented in conformance with GASB 75 on the financial statements.

Bonds, Leases, and Notes Payable. The University has issued various types of debt, with maturity dates both current and non-current. Additional discussion around the University's debt may be found in Note 6 to the financial statements.

Net Pension Liability and Related Items. The University participates in the Public Employees' Retirement Fund (PERF) Hybrid Plan, an employer cost sharing plan managed by the Indiana Public Retirement System (INPRS). The University's net pension liability, associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, using the information reported by INPRS related to our allocated share of these items.

Other Noncurrent Liabilities. Other Noncurrent Liabilities relate to endowments held for one of the University's component units, advances from federal government related to federal loan programs, and asset retirement obligations resulting from implementation of GASB 83.

Net Position. University resources are classified for accounting and financial reporting purposes into four net position categories:

Net Invested in Capital Assets. Represents resources resulting from acquisition and construction of capital assets, right-to-use assets, net of accumulated depreciation, and net of related lease and subscription-based information technology arrangements liabilities and debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted–Nonexpendable. This is the portion of net position subject to externally imposed stipulations that the funds be maintained inviolate and in perpetuity. Such assets include the corpus of the University's permanent and term endowments and are categorized as instruction and research, student aid, and other.

Restricted–Expendable. Represents net position that may be spent provided certain third-party restrictions are met. The following categories of restricted–expendable net position are presented: instruction, research, and public service; student aid; construction; and other. A significant portion of the "Other" category is related to undistributed gains of donor-restricted balances on endowments or quasi-endowments.

Unrestricted. Unrestricted net position is the balance not subject to externally imposed stipulations pertaining to their use. Management may designate that these funds will be spent for certain projects or programs or to fulfill certain long-term goals. Management has designated substantially all unrestricted net position for academic and capital purposes.

Deferred Outflows and Inflows of Resources. In addition to Assets, Liabilities, and Net Position, shown in a separate section of the Statement of Net Position are Deferred Outflows and Inflows of Resources, which represent a consumption or an acquisition of resources not requiring any further exchange of goods and services, but which are applicable to future periods. Expense or Revenue related to these deferred items will be appropriately recognized in future reporting periods.

Intra and Inter University Transactions. Intra and Inter University transactions are eliminated from the financial statements to avoid double counting of certain activities. Examples of eliminated Intra University transactions include sales and services between departments, and Inter University transactions include leases between blended component units.

Classification of Revenues and Expenses. The University has classified revenues and expenses as operating or non-operating based upon the following criteria:

Operating Revenues. Revenues derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that result from exchange transactions. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. Examples include student tuition and fees, grants and contracts, auxiliary operations (such as intercollegiate athletics and housing and food services), and sales and service operations.

Operating Expenses. Expenses paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Examples include compensation and benefits, travel, and supplies. Graduate, staff, staff dependent, and staff spouse fee remissions are included with compensation and benefits. Expenses are reported using natural classifications in the Statement of Revenues, Expenses, and Changes in Net Position. Functional classification reporting appears in Note 8. Indirect expenses, such as depreciation, are not allocated across functional categories.

Nonoperating Revenues and Expenses. Revenues and related expenses that do not meet the definition of operating revenues. These revenues and expenses are primarily derived from activities that are classified as non-exchange transactions, and from activities defined as such by the GASB cash flow standards. Examples include state appropriations, private gifts, investment income, and certain federal financial aid. Non-operating expenses primarily include interest on short-term and long-term borrowing.

Application of Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for a particular expenditure, University departments may select the most appropriate source based on individual facts and circumstances. The University, as a matter of policy, does not require monies to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the source selected. Restricted monies are categorized as restricted until the external stipulations have been satisfied.

Tuition and Fees. Tuition and fees assessed to students are reported gross with the related scholarship discount and allowance presented below in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances represent the value of scholarships, grants, and various other types of aid provided by the University. Student loans are not included in this calculation. Student aid applied to housing is shown as an allowance, presented below auxiliary revenues. Aid paid directly to students is shown as

scholarships, fellowships, and student awards expenses. Graduate and other employment-related remissions are included with compensation and benefits expenses.

Grants and Contracts. The University routinely engages in agreements to perform grant and contract work for both governmental and non-governmental entities. In addition to the revenues and expenses reflected on the financial statements, the University has also been awarded grants and contracts for which the monies have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors — both government and other — to provide funds for specific research and training projects.

The University makes commitments to share in the cost of various sponsored projects. Monies to satisfy these commitments are designated when grants and contracts are awarded. As sponsor dollars are spent, the University matches according to the terms of the agreement.

Gifts. The University receives pledges of financial support from many different sources. Gift income is recognized when received or pledged. In-kind gifts of tangible or intangible property are recognized at acquisition value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. Revenue from gifts-in-kind of approximately \$22,174,000 and \$966,000 was recognized during the years ending June 30, 2023 and 2022, respectively.

Fiduciary Activity. The University records amounts held in a fiduciary capacity for others. These amounts are not used to operate the University's programs. A single-employer defined benefit plan pension program for police officers and firefighters is reported as a fiduciary activity of the University.

Reclassifications. Certain reclassifications have been made to prior year statements and certain notes for comparative purposes and do not constitute a restatement of prior periods.

Use of Estimates. Management uses estimates and assumptions in the preparation of the financial statements in conformity with generally accepted accounting principles. These estimates and assumptions may affect the reported amounts of assets and liabilities, the 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.

Higher Education Emergency Relief Fund. The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27th 2020. This bill allocated approximately \$14 billion to the Higher Education Emergency Relief Fund, or HEERF I. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law with additional funds being allocated to universities and colleges under the Higher Education Emergency Relief Fund II (HEERF II). Then, on March 11, 2021, The Higher Education Emergency Relief Fund III (HEERF III), authorized by the American Rescue Plan, Public Law 117-2, was signed into law. Details of the HEERF grants follow.

Details over life of HEERF grants through June 30, 2023:

	HEERF I	HEERF II	HEERF III	Total
Grants Awarded				
Student	\$ 17,002,000	\$ 31,050,000	\$ 73,592,000	\$ 121,644,000
Institutional	17,001,000	38,970,000	50,225,000	106,196,000
Total	\$ 34,003,000	\$ 70,020,000	\$ 123,817,000	\$ 227,840,000
Grants Received and Expended	\$ 34,003,000	\$ 70,020,000	\$ 123,817,000	\$ 227,840,000

HEERF grant revenues recognized are reported as nonoperating revenue, and HEERF grant related expenses are reported as operating expenses.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences* which:

- Unifies the recognition and measurement of accrued compensated absences, resulting in a liability that more appropriately reflects when a government incurs an obligation.
- Results in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

The University is in the process of reviewing the impact of this GASB to the financial statements, and at this time the impact to the University’s financial statements is undetermined. The provisions of this statement related to financial reporting are effective for the University’s financial statements for the year ending June 30, 2025.



Note 2 – Cash and Cash Equivalents and Investments

Purdue University Cash and Cash Equivalents and Investments. Authorization for investment activity is stated in Indiana Code IC 21-29-2-1. Additionally, the Bylaws of the Trustees, revised and amended on August 3, 2018, authorize the Treasurer of the Trustees of Purdue University to implement investment activity. Except for some investments that are separately held in accordance with donor restrictions or bond covenants, the University investments are managed under guidance from two separate policies, the Purdue Investment Pool – Cash (PIPC) policy, and the Purdue Endowment Investment Policy (PIP), both of which are endorsed by the Trustees.

At June 30, the University had the following deposits and investments (dollars in thousands):

<u>Investment Type</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
SEPARATELY HELD INVESTMENTS:		
Land Grant Cash Held by State Treasurer \$	340 \$	340
US Equity	81,084	76,480
Public Real Estate	1,896	1,854
US Agencies	482	484
Asset-Backed Securities	3,534	3,662
Corporate Bonds	8,209	7,429
Mortgage-Backed Securities	383	428
US Treasuries and Securities	10,235	8,636
Venture Capital/Private Equity	4,321	132
Short Term Investments	70,982	50,130
BOND PROCEEDS INVESTED:		
Short Term Investments	174	613
PIPC:		
Short Term Investments	267,624	256,132
Fixed Income:		
Asset-Backed Securities	153,566	158,284
Corporate Bonds	563,230	602,120
Mortgage-Backed Securities	263,434	323,368
US Agencies	19,107	32,286
US Treasuries and Securities	585,250	521,436
PIP:		
Short Term Investments	78,003	71,544
US Equity	648,064	597,310
International Equity	418,807	309,443
Fixed Income	132,032	137,303
Emerging Markets	130,411	101,832
Marketable Alternatives	256,270	223,416
Public Real Estate	153,899	161,344
Private Real Estate	94,634	79,576
Public Natural Resources	82,732	104,996
Private Natural Resources	78,652	77,955
Venture Capital/Private Equity	650,475	763,742
Total	\$ 4,757,830	\$ 4,672,275

At June 30, the fiduciary activities had the following investments (dollars in thousands):

Investment Type	June 30, 2023		June 30, 2022	
FIDUCIARY INVESTMENTS:				
TIAA Traditional	\$	13,630	\$	14,589
CREF Stock Account		12,409		14,921
CREF Growth Account		16,017		21,791
Total	\$	42,056	\$	51,301

The University's investment values included cumulative life to date unrealized gains of approximately \$326,736,000 and \$339,307,000 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, the annual investment income included unrealized losses of approximately \$12,571,000 and \$357,319,000, respectively.

As of June 30, 2023 and 2022, the University had approximately \$657,122,000 and \$639,791,000 of PIPC assets invested in, and shown as part of the PIP investment. In addition, the bank balance of the University's deposits (demand deposit accounts) as of June 30, 2023 and 2022, was approximately \$103,888,000 and \$87,338,000, respectively. Federal depository insurance covered \$250,000 of demand deposits and the remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Cash and Cash Equivalents at Purdue Global consist of funds held in checking, savings, and money market accounts. Balances, excluding money market funds, at June 30, 2023 and 2022 were approximately \$2,600,000 and \$300,000, respectively. Federal depository insurance covered \$500,000 and any remaining balance is uninsured and uncollateralized. Purdue Global evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable estimated risk levels are used as depositories.

Cash and Cash Equivalents available at Purdue Applied Research Institute as of June 30, 2023 and 2022 in the amounts of \$5,835,000 and \$3,420,000, respectively, were covered up to federally insured limits and any remaining balance is uninsured and uncollateralized.

Purdue University Investment Policies.

Invested bond proceeds follow investment practices in compliance with arbitrage regulations and generally have maturities of three years or less. These investments are readily available to match expected construction expenditures.

The Purdue Board of Trustees adopted the Purdue Investment Pool – Cash (PIPC) investment policy on May 15, 2015. The primary investment objectives of PIPC are 1) the preservation of capital, 2) the maximization of returns within acceptable levels of risk, and 3) management of liquidity requirements. Authorized investments include obligations of the United States (US) government, its agencies, and its instrumentalities; asset-backed and mortgage-backed securities (rated at least AAA or equivalent); corporate notes, corporate bonds, 144A bonds and Yankee bonds (rated investment grade) with demonstrated liquidity and marketability; pooled funds including mutual funds and common trust funds; high-yield bonds, include corporate bonds and bank loans (minimum credit quality of Ba3/BB-); investments managed under the University's endowment investment policy and the PIPC Loan Program

supporting projects that are consistent with the mission to support the University and result in a public or charitable benefit or use for the University or its students.

Investments in PIPC shall be diversified, resulting in a portfolio weighted average duration of between two and five years, with an overall credit rating of “AA” as rated by a nationally recognized rating agency such as Moody’s or Standard and Poor’s, assuming the credit worthiness of the United States of America is AAA. If the United States of America is downgraded the portfolio’s overall credit rating may fall in tandem and still be considered in compliance with this policy. Bonds rated BBB or lower will not exceed 20% of the portfolio. Funds not required to meet cash needs will be invested over a longer-term horizon.

The Purdue Endowment Investment Policy (PIP) outlining the parameters for endowment investments was updated on November 17, 2021. Authorized investments include equity, fixed income and alternative investments, including commingled investments. The overall policy objective is to generate real returns greater than its spending rate over the long term. The policy sets forth a diversified approach by and within the asset classes with the balanced goal of maximizing return and preserving purchasing power. Moreover, a single active manager or affiliated groups of active managers will not represent more than 10% of the total endowment's market value. A single passive manager or affiliated groups of passive managers will not represent more than 25% of the total endowment’s market value. As a partial hedge against prolonged economic contraction, the University has adopted a target allocation of 7.5% for fixed income.

Portfolios will be invested in securities that result in a weighted average credit quality rating of at least AA or better with no single fixed income manager having more than 10% of its portfolio in obligations rated less than BBB or its equivalent by Moody's or Standard & Poor's. Any commercial paper in the portfolio must be rated A-1/P-1 by each rating service rating said credit. Any Bankers acceptances and certificates of deposits in the portfolio must be issued by banks having a Keefe, Bruyette & Woods rating of A, A/B, or B.



Interest Rate and Credit Rate Risks.

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment.

In accordance with the PIPC, the University manages its exposure to changes in fair values by limiting the weighted average maturity of its investment portfolio to between 2 and 5 years.

The PIP, as a long-term pool of capital, has a fixed income policy target of 7.5% but does not limit the maturity of the individual holdings as a means to manage interest rate risk.

The University had the following fixed-income investments and maturities (dollars in thousands):

June 30, 2023		Maturity				
Investment Type	0–1 year	1–5 years	6–10 years	>10 years	Totals	
Separately Held:						
US Agencies	\$ 294	\$ 188	\$ -	\$ -		482
Asset-Backed Securities	381	2,002	813	338		3,534
Corporate Bonds	717	2,316	2,748	2,428		8,209
Mortgage-Backed Securities	-	-	-	383		383
US Treasuries and Securities	3,546	4,532	1,310	847		10,235
PIPC:						
Asset-Backed Securities	-	110,620	3,801	39,145		153,566
Corporate Bonds	58,924	364,940	64,874	74,492		563,230
Mortgage-Backed Securities	6,846	12,659	5,331	238,598		263,434
US Agencies	44	1,844	7,967	9,252		19,107
US Treasuries and Securities	220,874	246,115	93,552	24,709		585,250
PIP:						
Fixed Income	9,584	62,196	27,496	32,756		132,032
Total	\$ 301,210	\$ 807,412	\$ 207,892	\$ 422,948		\$ 1,739,462

June 30, 2022		Maturity				
Investment Type	0–1 year	1–5 years	6–10 years	>10 years	Totals	
Separately Held:						
US Agencies	\$ -	\$ 484	\$ -	\$ -		484
Asset-Backed Securities	50	2,134	1,311	167		3,662
Corporate Bonds	360	2,644	2,797	1,628		7,429
Mortgage-Backed Securities	-	-	-	428		428
US Treasuries and Securities	827	6,862	501	446		8,636
PIPC:						
Asset-Backed Securities	16,358	100,962	3,879	37,085		158,284
Corporate Bonds	70,101	357,789	112,001	62,229		602,120
Mortgage-Backed Securities	17,674	20,577	6,566	278,551		323,368
US Agencies	2,778	7,472	11,642	10,394		32,286
US Treasuries and Securities	19,454	401,677	89,592	10,713		521,436
PIP:						
Fixed Income	4,971	82,300	15,287	34,745		137,303
Total	\$ 132,573	\$ 982,901	\$ 243,576	\$ 436,386		\$ 1,795,436

The distribution of investments by credit ratings is summarized below (dollars in thousands):

	June 30, 2023		June 30, 2022	
	\$	% of Total	\$	% of Total
Separately Held:				
A	2,888	12.64%	2,807	13.60%
AA	1,892	8.28%	1,924	9.32%
AAA	11,878	52.00%	9,271	44.92%
BA	795	3.48%	836	4.05%
BAA	3,213	14.07%	2,858	13.85%
Unrated ¹	2,177	9.53%	2,943	14.26%
Total Separately Held	22,843	100.00%	20,639	100.00%
PIPC:				
A	256,739	16.20%	267,591	16.34%
AA	61,435	3.88%	64,438	3.94%
AAA	919,867	58.06%	928,349	56.69%
B	5,301	0.33%	-	0.00%
BA	22,863	1.44%	34,967	2.14%
BAA	182,614	11.52%	189,491	11.57%
Unrated ¹	135,768	8.57%	152,658	9.32%
Total PIPC:	1,584,587	100.00%	1,637,494	100.00%
PIP:				
A	10,906	8.26%	19,979	14.55%
AA	2,516	1.91%	4,989	3.63%
AAA	97,080	73.53%	82,403	60.02%
B	348	0.26%	-	0.00%
BA	2,059	1.56%	3,837	2.80%
BAA	11,119	8.42%	15,837	11.53%
Unrated ¹	8,004	6.06%	10,258	7.47%
Total PIP	132,032	100.00%	137,303	100.00%
Total	\$ 1,739,462		\$ 1,795,436	

¹Unrated includes investments with Not Rated (NR) or Withdrawn (WR) ratings.

Investment 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. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security.

Separately Held and PIPC investments were maintained in Purdue University, Purdue University Global, or Purdue Applied Research Institute accounts at custodial banks, or at Purdue Research Foundation or the State of Indiana. All PIP investments are held at PRF including private placements and investments in

limited partnerships which totaled approximately \$1,080,031,000 and \$1,144,689,000 respectively at June 30, 2023 and 2022.

Foreign Currency Risk. Endowment equity managers may invest in common stocks, preferred stocks or fixed-income instruments convertible into common stocks, and American Depository Receipts of foreign corporations. The University's endowment fixed-income managers may invest in foreign fixed-income securities equivalent in quality to permitted domestic securities, but not to exceed 20% of the assets entrusted to the manager. All currency exposures are to be hedged into the U.S. dollar unless otherwise approved by the University. The University's exposure to foreign currency risk at June 30 was comprised of investments denominated in the following foreign currencies (dollars in thousands).

Currency	June 30, 2023	June 30, 2022
Australian Dollar	\$ 3	\$ 4
Canadian Dollar	1,686	1,818
Euro	1,752	2,204
Total	\$ 3,441	\$ 4,026

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of June 30, 2023 and 2022, no more than 5% of total investments were with any single issuer, except U.S. Treasury, Agencies, and other pooled investments, consistent with policy limits.

Donor-Restricted Endowments. The University's endowment funds (including true, term, and funds functioning as endowments) are invested in a unitized pool. The unitized endowment pool purchases investments to generate present and future income in support of various programs. The Trustees establish the spending policy for the unitized endowment pool. The approved spending policy distributed up to 5% in semiannual distributions within the range of the current market value of the unitized pool and the average of the ending market values for the prior twelve quarters.

As of June 30, 2023 and 2022, accumulated market appreciation of the PIP pool was approximately \$814,356,000 and \$849,022,000, respectively. Of this amount, 45.56% and 45.80% represents appreciation attributable to donor-restricted (true and term) endowments during the years ended June 30, 2023 and 2022, respectively. The University's endowment policies are subject to the provisions of Indiana Code IC 30-2-12, "Uniform Management of Institutional Funds." Under this section, the Trustees may authorize expenditure — consistent with donors' intent — of net appreciation in the fair value of the assets of the endowment.

Interest in Charitable Trusts. As of June 30, 2023 and 2022, the PRF investment pool includes the following PRF Trusts assets, net of liabilities (dollars in thousands).

Assets at Fair Value				
	June 30, 2023		June 30, 2022	
University	\$	32,900	\$	30,249
PRF		36,857		34,917
Other Affiliates		280		267
Total	\$	70,037	\$	65,433

As of June 30, 2023 and 2022, the University's beneficial interest in the Trust Assets of \$32,900,000 and \$30,249,000, respectively, are reported as Deferred Inflows of Resources.

PRF Investments. PRF manages the investment of the PIP on behalf of the University. The fair value of all PRF investments, inclusive of the \$2,723,979,000 and \$2,628,461,000 of the University's PIP, at June 30, 2023 and 2022, respectively, is as follows (dollars in thousands):

Investment Type	June 30, 2023		June 30, 2022	
Short-Term Investments	\$	633	\$	334
U.S. Equity		33,659		33,204
Fixed Income		10,976		11,027
Venture Capital		801		986
Private Natural Resources		9,500		9,500
Pooled Funds:				
Short-Term Investments		317,621		284,102
U.S. Equity		944,241		871,086
International Equity		573,338		423,700
Fixed Income		188,791		196,079
Emerging Markets		178,530		139,432
Public Real Estate		210,684		220,917
Private Real Estate		113,123		94,428
Public Natural Resources		113,258		143,763
Private Natural Resources		107,674		110,659
Hedge Funds		350,828		302,745
Venture Capital/Private Equity		887,217		952,122
Total	\$	4,040,874	\$	3,794,084

Fair Value Disclosures

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the University's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The GASB 72 accounting standard for disclosure describes three levels of inputs that may be used to measure fair value, as indicated below:

Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2. Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3. Significant unobservable inputs that reflect a reporting entity's own assumptions.

Net Asset Value (NAV). Certain investments are valued using the net asset value (NAV), or its equivalent, provided by the fund as a practical expedient. Those investments include pooled equities, marketable alternative assets, and partnerships and are excluded from the valuation hierarchy.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The fair values of investments that are readily marketable, such as equities, government securities and money market funds, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing for mutual funds and bonds (Level 2 inputs).



Assets and Liabilities measured at fair value on a recurring basis are summarized below (dollars in thousands):

Investment Type	Fair Value Measurements at June 30, 2023				
	Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	\$ -	\$ 340	\$ -	\$ -	\$ 340
US Equity	76,689	-	-	4,395	81,084
Public Real Estate	-	-	1,896	-	1,896
US Agencies	-	482	-	-	482
Asset-Backed Securities	-	3,534	-	-	3,534
Corporate Bonds	-	8,209	-	-	8,209
Mortgage-Backed Securities	-	383	-	-	383
US Treasuries and Securities	10,235	-	-	-	10,235
Venture Capital/Private Equity	-	-	2,210	2,111	4,321
Short Term Investments	70,982	-	-	-	70,982
BOND PROCEEDS INVESTED:					
Short Term Investments	174	-	-	-	174
PIPC:					
Short Term Investments	267,624	-	-	-	267,624
Fixed Income:					
Asset-Backed Securities	-	153,566	-	-	153,566
Corporate Bonds	-	563,230	-	-	563,230
Mortgage-Backed Securities	-	263,434	-	-	263,434
US Agencies	-	19,107	-	-	19,107
US Treasuries and Securities	585,250	-	-	-	585,250
PIP:					
Short Term Investments	77,067	935	-	1	78,003
US Equity	-	-	-	648,064	648,064
International Equity	418,807	-	-	-	418,807
Fixed Income	71,905	60,127	-	-	132,032
Emerging Markets	-	-	-	130,411	130,411
Marketable Alternatives	-	-	-	256,270	256,270
Public Real Estate	153,899	-	-	-	153,899
Private Real Estate	-	-	-	94,634	94,634
Public Natural Resources	82,732	-	-	-	82,732
Private Natural Resources	-	-	-	78,652	78,652
Venture Capital/Private Equity	-	13,974	-	636,501	650,475
Total	\$ 1,815,364	\$ 1,087,321	\$ 4,106	\$ 1,851,039	\$ 4,757,830

Fair Value Measurements at June 30, 2022					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	\$ -	\$ 340	\$ -	\$ -	\$ 340
US Equity	71,841	-	-	4,639	76,480
Public Real Estate	-	-	1,854	-	1,854
US Agencies	-	484	-	-	484
Asset-Backed Securities	-	3,662	-	-	3,662
Corporate Bonds	-	7,429	-	-	7,429
Mortgage-Backed Securities	-	428	-	-	428
US Treasuries and Securities	8,636	-	-	-	8,636
Venture Capital/Private Equity	-	-	-	132	132
Short Term Investments	50,130	-	-	-	50,130
BOND PROCEEDS INVESTED:					
Short Term Investments	613	-	-	-	613
PIPC:					
Short Term Investments	256,132	-	-	-	256,132
Fixed Income:					
Asset-Backed Securities	-	158,284	-	-	158,284
Corporate Bonds	-	602,120	-	-	602,120
Mortgage-Backed Securities	-	323,368	-	-	323,368
US Agencies	-	32,286	-	-	32,286
US Treasuries and Securities	521,436	-	-	-	521,436
PIP:					
Short Term Investments	71,435	109	-	-	71,544
US Equity	-	-	-	597,310	597,310
International Equity	309,443	-	-	-	309,443
Fixed Income	48,269	89,034	-	-	137,303
Emerging Markets	101,832	-	-	-	101,832
Marketable Alternatives	2,767	-	-	220,649	223,416
Public Real Estate	161,344	-	-	-	161,344
Private Real Estate	-	-	-	79,576	79,576
Public Natural Resources	104,996	-	-	-	104,996
Private Natural Resources	-	-	-	77,955	77,955
Venture Capital/Private Equity	-	2,908	-	760,834	763,742
Total	\$ 1,708,874	\$ 1,220,452	\$ 1,854	\$ 1,741,095	\$ 4,672,275

Investments measured at fair value on a recurring basis for fiduciary activities are summarized below (dollars in thousands):

Fair Value Measurements at June 30, 2023					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
FIDUCIARY INVESTMENTS:					
TIAA Traditional	\$ -	\$ 13,630	\$ -	\$ -	\$ 13,630
CREF Stock Account	-	-	-	12,409	12,409
CREF Growth Account	-	-	-	16,017	16,017
Total	\$ -	\$ 13,630	\$ -	\$ 28,426	\$ 42,056

Fair Value Measurements at June 30, 2022					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
FIDUCIARY INVESTMENTS:					
TIAA Traditional	\$ -	\$ 14,589	\$ -	\$ -	\$ 14,589
CREF Stock Account	-	-	-	14,921	14,921
CREF Growth Account	-	-	-	21,791	21,791
Total	\$ -	\$ 14,589	\$ -	\$ 36,712	\$ 51,301

Short Term Investments. Short Term Investments include cash and cash equivalents valued at cost, which approximates fair value. Investments in this category are valued at the quoted market price reported on the active market on which the individual securities are traded on the last day of the business year (Level 1 inputs).

U.S. Equity. Equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The University also has equity investments in commingled funds that are valued using NAV under the market approach as a practical expedient. There are no significant restrictions on redemption and no unfunded future commitments to these investments.

Fixed Income. Investments in U.S. treasury notes are determined by obtaining quoted prices on globally recognized exchanges (Level 1 inputs). Government agency and asset-backed securities are valued without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities or on models using market information (Level 2 inputs). The University also has fixed income investments held in commingled funds that are valued using NAV, not as a practical expedient, under the market approach. These investments are able to be redeemed on a short-term basis (Level 2 inputs).

International Equity. Non-U.S. equity investments are generally in separately managed accounts principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs).

Emerging Markets. Equity investments held in common stock of developing countries. The fair values of common stocks are determined by obtaining quoted prices on globally recognized securities exchanges (Level 1 inputs).

Marketable Alternatives. Marketable Alternatives include Hedge funds which are investments that employ a variety of strategies including US and global long/short, event and diversified arbitrage. The funds seek to generate positive risk-adjusted returns across a range of market environments. An NAV is used to determine the fair value as a practical expedient. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. Redemptions may be made monthly, quarterly, or annually with notice periods ranging from 30 to 90 days. There are no unfunded future commitments to these investments.

Public Real Estate. Real estate equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of common stocks are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Private Real Estate. The fair values of the investments in real estate partnerships have been estimated using the NAV of the ownership interest in partners' capital, not as a practical expedient. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions,

comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 3 to 10 years. There are no unfunded future commitments to these investments.

Public Natural Resources. Natural Resource equity investments are generally in separately managed accounts or a fund principally invested in common stocks. The fair values of the common stocks held in a commingled fund are valued by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Private Natural Resources. The fair values of the investments in energy-related and mineral and mining partnerships have been estimated using the NAV of the ownership interest in partners' capital, not as a practical expedient, for some of the investments but not for all of the holdings. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 5 to 12 years. There are no unfunded future commitments to these investments.

Venture Capital/Private Equity. The fair values of the investments in buyout and venture partnership have been estimated using the NAV of ownership interest in partners' capital, not as a practical expedient. For partnership holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values, and holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals and/or the income approach. These investments cannot be redeemed with the fund managers until the partnerships terminate, which range from 1 to 12 years. There are no unfunded future commitments to these investments. A special situations private equity investment fund is able to be redeemed on a short-term basis with no significant restrictions (Level 2 inputs).

Fiduciary Investments. The TIAA Traditional Plan is a retirement annuity plan valued using Level 2 inputs. The CREF Growth and CREF Stock accounts were valued using NAV. There are no unfunded future commitments and no redemption restrictions on these investments.



Note 3 – Accounts, Pledges, and Notes Receivable

Accounts and notes receivable consisted of the following (dollars in thousands):

	June 30, 2023	June 30, 2022
Grants and Contracts	\$ 60,275	\$ 76,500
Student and General	53,263	43,743
Other Accrued Revenues	27,521	22,412
Less: Allowance for Doubtful Accounts	(4,681)	(3,545)
Total Accounts Receivable, Net	136,378	139,110
Pledges Receivable	179,026	105,861
Less: Allowance for Doubtful Pledges	(7,689)	(4,717)
Net Pledges Receivables	171,337	101,144
Less: Noncurrent Portion	(113,570)	(62,073)
Pledges Receivable, Current Portion	57,767	39,071
Perkins Loans	4,533	6,447
Institutional Loans	24,603	28,818
Other Notes and Leases Receivable	6,946	6,167
Less: Allowance for Doubtful Loans	(622)	(575)
Net Notes Receivable	35,460	40,857
Less: Noncurrent Portion	(27,508)	(31,020)
Notes Receivable, Current Portion	7,952	9,837
Other Receivables	1,191	1,271
Other Receivables, Current Portion	\$ 1,191	\$ 1,271

Other Notes and Leases Receivable includes University leases of certain assets to various third parties. The assets leased include buildings and land and payments are generally fixed. During the years ended June 30, 2023 and 2022, the University recognized \$2,554,000 and \$1,635,000 of lease revenue and \$112,000 and \$53,000 of interest income related to its lessor agreements, respectively.

Future principal and interest payment requirements related to the University’s lease receivable at June 30, 2023 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2024	\$ 1,686	\$ 91	\$ 1,777
2025	1,229	72	1,301
2026	949	58	1,007
2027	717	43	760
2028	382	34	416
2029-2033	1,072	104	1,176
2034-2038	668	43	711
2039-2043	161	12	173
2044-2045	71	1	72
Total	\$ 6,935	\$ 458	\$ 7,393



Note 4-Capital Assets

Capital Assets (dollars in thousands)

Capital Assets Activity	Balance as restated				Balance June 30, 2023
	July 1, 2022	Additions	Retirements	Transfers	
Capital Assets, Not Being Depreciated:					
Land	\$ 87,227	\$ 4,924	\$ -	\$ -	\$ 92,151
Construction in Progress	187,808	111,787	-	(150,599)	148,996
Total Capital Assets, Not Being Depreciated	275,035	116,711	-	(150,599)	241,147
Capital Assets, Being Depreciated:					
Land Improvements	100,541	2,783	2,060	5,197	106,461
Infrastructure	269,777	5,135	1,117	8,515	282,310
Buildings	4,349,767	233,984	23,532	136,496	4,696,715
Equipment	754,775	60,711	16,457	391	799,420
Software	84,143	49	4	-	84,188
Total Capital Assets, Being Depreciated	5,559,003	302,662	43,170	150,599	5,969,094
Less Accumulated Depreciation:					
Land Improvements	76,948	2,634	2,060	-	77,522
Infrastructure	117,575	11,360	1,012	-	127,923
Buildings	2,180,369	145,631	18,912	-	2,307,088
Equipment	491,199	47,161	15,370	-	522,990
Software	79,005	4,363	4	-	83,364
Total Accumulated Depreciation	2,945,096	211,149	37,358	-	3,118,887
Total Capital Assets, Net	\$ 2,888,942	\$ 208,224	\$ 5,812	\$ -	\$ 3,091,354

Right to Use Assets Activity	Balance as restated				Balance June 30, 2023
	July 1, 2022	Additions	Retirements	Transfers	
Buildings	74,404	14,693	8,907	-	80,190
Equipment	4,563	3,450	1,719	-	6,294
Land	633	580	75	-	1,138
Information Technology Arrangements	36,463	18,168	512	-	54,119
Total Right to Use Assets	116,063	36,891	11,213	-	141,741
Less Right to Use Assets Accumulated Amortization:					
Buildings	22,328	14,580	8,905	-	28,003
Equipment	2,240	1,726	1,719	-	2,247
Land	281	452	75	-	658
Information Technology Arrangements	6,079	11,308	512	-	16,875
Total Accumulated Amortization	30,928	28,066	11,211	-	47,783
Total Right to Use Assets, Net	\$ 85,135	\$ 8,825	\$ 2	\$ -	\$ 93,958
Total Capital and Right to Use Assets, Net	\$ 2,974,077	\$ 217,049	\$ 5,814	\$ -	\$ 3,185,312

Capital Assets (dollars in thousands)

Capital Assets Activity	Balance July 1, 2021	Additions	Retirements	Transfers	Balance as restated June 30, 2022
Capital Assets, Not Being Depreciated:					
Land	\$ 67,168	\$ 20,059	\$ -	\$ -	\$ 87,227
Construction in Progress	181,531	97,008	-	(90,731)	187,808
Total Capital Assets, Not Being Depreciated	248,699	117,067	-	(90,731)	275,035
Capital Assets, Being Depreciated:					
Land Improvements	100,771	2,676	5,265	2,359	100,541
Infrastructure	252,655	11,405	483	6,200	269,777
Buildings	4,177,917	94,047	4,344	82,147	4,349,767
Equipment	709,470	59,662	14,382	25	754,775
Software	84,087	56	-	-	84,143
Total Capital Assets, Being Depreciated	5,324,900	167,846	24,474	90,731	5,559,003
Less Accumulated Depreciation:					
Land Improvements	79,764	2,427	5,243	-	76,948
Infrastructure	106,938	11,120	483	-	117,575
Buildings	2,046,957	137,385	3,973	-	2,180,369
Equipment	459,656	44,804	13,261	-	491,199
Software	73,622	5,383	-	-	79,005
Total Accumulated Depreciation	2,766,937	201,119	22,960	-	2,945,096
Total Capital Assets, Net	\$ 2,806,662	\$ 83,794	\$ 1,514	\$ -	\$ 2,888,942

Right to Use Assets Activity	Balance July 1, 2021	Additions	Retirements	Transfers	Balance as Restated June 30, 2022
Buildings	76,047	2,780	4,423	-	74,404
Equipment	4,013	767	217	-	4,563
Land	633	390	390	-	633
Information Technology Arrangements	22,133	14,330	-	-	36,463
Total Right to Use Assets	102,826	18,267	5,030	-	116,063
Less Right to Use Assets Accumulated Amortization:					
Buildings	12,780	13,971	4,423	-	22,328
Equipment	1,100	1,357	217	-	2,240
Land	134	537	390	-	281
Information Technology Arrangements	-	6,079	-	-	6,079
Total Accumulated Amortization	14,014	21,944	5,030	-	30,928
Total Right to Use Assets, Net	\$ 88,812	\$ (3,677)	\$ -	\$ -	\$ 85,135
Total Capital and Right to Use Assets, Net	\$ 2,895,474	\$ 80,117	\$ 1,514	\$ -	\$ 2,974,077

During fiscal years 2023 and 2022, the University expensed \$36,736,000 and \$33,825,000, respectively, in interest costs related to the ownership of capital assets and leases for right to use assets.

Note 5 —Liabilities other than Bonds, Leases and Notes Payable

Accounts Payable, Accrued Expenses, and Unearned Revenue consisted of the following:
(dollars in thousands)

	June 30, 2023	June 30, 2022 As Restated
Construction Payables	\$ 28,521	\$ 19,824
Accrued Insurance Liabilities	22,011	22,989
Interest Payable	18,744	16,988
Accrued Salaries and Wages	15,842	11,859
Vendor and Other Payables	154,446	144,467
Total Accounts Payable and Accrued Expenses	\$ 239,564	\$ 216,127
Tuition and Fees	87,168	87,972
Grant and Other	99,146	108,516
Total Unearned Revenue	\$ 186,314	\$ 196,488

Roll forward schedule of liabilities not detailed above:
(dollars in thousands)

Liabilities	Balance			Balance June 30, 2023	Current Portion
	July 1, 2022	Increases	Decreases		
Accrued Compensated Absences	\$ 75,500	\$ 38,126	\$ 32,225	\$ 81,401	\$ 36,795
Other Post Employment Benefits	28,918	6,701	7,102	28,517	3,846
Net Pension Liability	21,151	47,523	9,898	58,776	-
Other Noncurrent Liabilities	35,565	8,009	2,464	41,110	-
Total	\$ 161,134	\$ 100,359	\$ 51,689	\$ 209,804	\$40,641

Liabilities	Balance			Balance June 30, 2022	Current Portion
	July 1, 2021	Increases	Decreases		
Accrued Compensated Absences	\$ 73,936	\$ 29,023	\$ 27,459	\$ 75,500	\$ 33,580
Other Post Employment Benefits	34,760	3,443	9,285	28,918	3,609
Net Pension Liability	49,762	-	28,611	21,151	-
Other Noncurrent Liabilities	55,732	1,465	21,632	35,565	-
Total	\$ 214,190	\$ 33,931	\$ 86,987	\$ 161,134	\$37,189

Note 6 — Debt Related to Capital Assets

Debt liability activity is summarized below (dollars in thousands):

Debt Related Liabilities	Balance			Balance	
	July 1, 2022	Increases	Decreases	June 30, 2023	Current Portion
Bonds Payable					
Student Facilities System Revenue Bonds	\$ 234,365	\$ 218,125	\$ 136,170	\$ 316,320	\$ 30,780
Student Fee Bonds	433,805	-	34,970	398,835	33,210
Total Bonds Payable	668,170	218,125	171,140	715,155	63,990
Availability Payments Payable	148,447	-	399	148,048	419
Financed Obligations Payable	150,496	-	9,682	140,814	10,041
Leases Payable	42,174	18,752	16,393	44,533	14,294
SBITA Payable	24,894	17,212	12,387	29,719	10,013
Net Unamortized Premiums and Costs	83,298	16,374	12,427	87,245	12,301
Total Debt Related Liabilities	\$ 1,117,479	\$ 270,463	\$ 222,428	\$ 1,165,514	\$ 111,058

Debt Related Liabilities, As Restated	Balance			Balance	
	July 1, 2021	Increases	Decreases	June 30, 2022	Current Portion
Bonds Payable					
Student Facilities System Revenue Bonds	271,645	41,750	79,030	234,365	31,825
Student Fee Bonds	467,000	30,550	63,745	433,805	34,970
Total Bonds Payable	738,645	72,300	142,775	668,170	66,795
Availability Payments Payable	148,827	-	380	148,447	399
Financed Obligations Payable	149,124	7,890	6,518	150,496	9,681
Leases Payable	52,977	3,937	14,740	42,174	8,839
SBITA Payable	22,133	11,330	8,569	24,894	7,251
Net Unamortized Premiums and Costs	90,906	8,734	16,342	83,298	12,099
Total Debt Related Liabilities	\$ 1,202,612	\$ 104,191	\$ 189,324	\$ 1,117,479	\$ 105,064



Bonds Payable. As of June 30, 2023 and 2022, the balance of bonds payable was approximately \$786,581,000 and \$733,343,000, respectively. Bonds payable consisted of the following issues (dollars in thousands):

Issuance and Description	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2023	Total Outstanding June 30, 2022	Current Outstanding June 30, 2023
Student Facilities System Revenue Bonds:							
Series 2004A							
Finance construction of Hammond student housing and parking garage facilities	2004	\$ 28,100	3.95%*	2033	\$ 15,655	\$ 15,655	\$ 15,655
Series 2007A							
Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	61,865	5.25%	2029	34,850	39,150	4,595
Series 2012A							
Finance construction for the West Lafayette student housing and parking facilities, and to refund a portion of Student Facilities System Revenue Bond Series 2003B and a portion of commercial paper	2012	44,770	3.13-5.00%	2032	-	1,285	-
Series 2015A							
Finance a portion of construction of West Lafayette Honors College and Residence Hall, refund a portion of Series 2007B and of Series 2009A.	2015	98,070	3.00-5.00%	2040	81,860	84,890	3,175
Series 2016A							
Finance construction for the West Lafayette Flex Lab Facility, refund portion of Series 2009A and Series 2009B.	2016	67,470	3.00-5.00%	2036	48,205	51,635	3,600
Series 2022A							
Refund a portion of Student Facilities System Revenue Bond Series 2005A, 2007C, and 2012A	2022	41,750	5.00%	2032	37,625	41,750	3,755
Series 2023A							
Refund Direct Placement Student Facilities System Revenue Bond Series 2022B-1 and 2022B-2 which financed the acquisition of the Aspire at Discovery Park housing complex	2023	98,125	5.00%	2043	98,125	-	-
					316,320	234,365	30,780
Net unamortized premiums and costs					32,324	19,141	3,893
Total Student Facilities System Revenue Bonds					\$ 348,644	\$ 253,506	\$ 34,673

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/23.

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2023.*

Student Facilities System Revenue Bonds

Under State statutes, the pledge for the Student Facilities System Revenue Bonds is the net income (as defined) of certain facilities as well as amounts held in the project fund (as defined), including investment income thereon. The Trustee has a secured interest in the pledged revenues, as defined, for payment of principal and interest. Annual disclosures are required under SEC Rule 15c2-12 each year.

While student fees and state appropriations are unavailable to meet debt service on these obligations, all other available funds (as defined) are available for debt service.

Failure to make scheduled payments of principal or interest would constitute a default which allows the Trustee to pursue legal remedies, as available, including appointment of a receiver for the pledged revenues. The University is obligated to maintain the continued tax status of all Student Facilities System Revenue Bonds, provide for audited financial statements and continue operations of the University, among other routine operating considerations.

All Student Facilities System Revenue Bonds outstanding have been issued through public sales, including the weekly remarketed variable rate Series 2004A.

As of June 30, 2023 and 2022, the University had \$15,655,000, for both years included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A). These bonds are backed by certain auxiliary revenues and other available funds, with serial maturities July 1, 2025 through July 1, 2033. The bonds were issued under Indiana Code IC 21-34 and IC 21-35. The proceeds of the bonds were used to provide funds for certain capital improvements, refund certain interim financing, provide for construction period interest for a portion of the bonds, and pay costs incurred to issue the bonds.

The University may direct a change in the type of interest rate borne by the variable rate debt, in whole or in part, at any time from the weekly rate to a rate determined pursuant to one of six additional interest rate modes: a daily rate, a monthly rate, a quarterly rate, a semiannual rate, or a term rate (each an “adjustable rate”), or a fixed rate in accordance with the procedures provided in the indenture. However, if the debt is converted in whole or in part to a fixed rate, the interest rate on the debt so converted may not be subsequently changed to an adjustable rate.

The variable rate bonds are subject to purchase on the demand of the holder, a “put,” at a price equal to principal plus accrued interest on seven days’ notice and delivery to the University’s remarketing agent. The remarketing agent is authorized to use its best efforts to sell these bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The University is provided a 24-hour notice if the remarketing agent is unable to resell any debt that is put to the University. In such a case, the University is required to provide the funds to satisfy the repurchase of the debt at 100% par value, plus interest accrued to the settlement date of the put. The University has chosen to provide self-liquidity in the event of a put from any holder of these variable rate bonds. Therefore, these variable rate bonds are classified as current liabilities.

On June 30, 2022, the University issued Student Facilities System Revenue Bonds, Series 2022A at par value of \$41,750,000 and a premium of \$5,410,000 to refund Student Facilities System Revenue Bonds, Series 2012A, in the amount of \$16,665,000, to set a fixed interest rate for \$30,140,000 of remaining principal in the variable rate Series 2007C and Series 2005A, and to pay for allowable costs of issuance. The refunding resulted in an economic gain (difference between the reacquisition cost and unamortized premium) of \$1,011,000 over the term of the refunding bonds.

On April 6, 2023, the University issued Student Facilities System Revenue Bonds, Series 2023A at par value of \$98,125,000 and a premium of \$16,374,000 to refund Student Facilities System Revenue Bonds, Series 2022B-1 and 2022B-2 in the amount of \$60,000,000 each. Student Facilities System Revenue Bonds, Series 2022B-1 and Series 2022B-2 were issued on November 8, 2022 for \$60,000,000 each and refunded with the issuance of Series 2023A.

Issuance and Description	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2023	Total Outstanding June 30, 2022	Current Outstanding June 30, 2023
Student Fee Bonds:							
Series U							
Refund a portion of Student Fee Bond Series Q	2005	\$ 35,200	5.25%	2022	\$ -	\$ 2,990	\$ -
Series Z-2							
Taxable Build America Bonds to finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects	2010	100,705	3.89-5.33%	2035	69,440	73,615	4,280
Series AA							
Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Health and Human Sciences Facility, West Lafayette Repair & Rehabilitation projects and Westville Student Services and Activities complex	2012	54,555	3.25-5.00%	2032	-	2,550	-
Series BB1							
Finance a portion of construction of Westville Student Services and Activities Complex, Repair & Rehabilitation projects on the West Lafayette campus, refund energy improvement projects on all campuses originally financed with tax-exempt commercial paper and partially refund Series W.	2015	48,630	3.00-5.00%	2034	21,375	24,300	3,075
Series BB2							
Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	18,985	2.94-3.81%	2032	11,520	12,480	990
Series CC							
Finance construction of West Lafayette Agriculture & Life Sciences Facility and partially refund Series X and Series Y	2016	121,885	3.00-5.00%	2036	89,805	101,425	12,180
Series DD							
Finance renovation and construction of Agricultural and Biological Engineering building and construction of BioScience Innovation building	2018	90,135	5.00%	2038	76,595	79,680	3,235
Series EE							
Finance construction of Engineering and Polytechnic Gateway building and Veterinary Medical Teaching Hospital; refund of Z-1 maturities beyond 2020	2020	112,140	5.00%	2037	99,550	106,215	7,005
Series FF							
Refund Student Fee Bond Series AA	2022	30,550	4.00-5.00%	2032	30,550	30,550	2,445
					398,835	433,805	33,210
Net unamortized premiums and costs					39,102	46,032	6,225
Total Student Fee Bonds					\$ 437,937	\$ 479,837	\$ 39,435

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/23.

Student Fee Bonds

Under State statutes, the pledge supporting the Student Fee Bonds is the student tuition and general fees received by the University and qualified swap receipts and proceeds thereof, as defined. There are no outstanding qualified swaps. Annual disclosures are required under SEC Rule 15c2-12 each year.

Terms of default include the failure to make scheduled payments of principal or interest, or a budget that does not cover annual debt service at least one (1) time. The University and the Trustee can enter into a supplemental indenture to release specific student fees from the definition of student fees if actual student fees received by the University during the preceding fiscal year, less those student fees to be removed from the definition and from the lien of the Indenture, are equal to or greater than two (2) times the maximum annual debt service, as defined, to become due in that or any succeeding fiscal year for the payment of principal and interest on Student Fee Bonds then outstanding. The University is obligated to maintain the continued tax status of all Student Fee Bonds, provide for audited financial statements and continue operations of the University.

The Trustee may undertake any remedy available by suit or suits at law or equity and can accelerate the payment of principal and interest on the Student Fee Bonds if there is a default on any junior lien obligations.

All Student Fee Bonds outstanding have been issued through public sales.

The Series Z-2 bonds participate in the Build America Bonds program. Prior to March 1, 2013, the University received semi-annual federal credit payments equal to 35% of actual interest expense incurred on the outstanding principal balance of the bonds. Certain annual reductions began on March 1, 2013. The reduction rate was 5.7% from October 1, 2020 to September 30, 2022.

On June 16, 2022, the University issued Student Fee Bonds, Series FF at par value of \$30,550,000 and a premium of approximately \$3,324,060 to refund Student Fee Bonds, Series AA in the amount of \$33,585,000 and to pay for allowable costs of issuance. The refunding resulted in an economic gain (difference between the reacquisition cost and unamortized premium) of \$2,669,000 over the term of the refunding bonds.

Availability Payments Payable. Plenary Properties Purdue, LLC was selected for a public-private partnership to construct two new residence halls on the West Lafayette campus. The two residence halls accommodate approximately 1,300 beds through the term of the project, which ends in June 2083. Monthly availability payments from this agreement include payments for the capital investment and payments for ongoing operation and maintenance. The two residence halls opened in August 2020, at which time the availability payments started. The capital element of the availability payment was recognized at a net present value of \$149,158,000 as current and long-term liabilities and capital assets for the two residence halls.

Financed Obligations Payable. Financed obligations consisted of the following items (dollars in thousands):

Issue	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Outstanding June 30, 2023	Outstanding June 30, 2022	Current Outstanding June 30, 2023
Certificates of Participation with Ross-Ade:							
Series 2006	2006	\$ 70,345	5.25%	2025	\$ 11,355	\$ 14,770	\$ 3,595
Series 2016A	2016	85,120	4.00-5.00%	2037	69,685	73,875	4,400
Series 2021A	2021	29,935	5.00%	2035	29,935	29,935	-
Series 2021B	2021	2,350	2.25%	2032	2,350	2,350	-
Direct Placement Certificates of Participation:							
Series 2014A	2014	21,955	2.66%	2027	15,425	16,365	965
Purdue Research Foundation:							
Child Care Facility	2018	5,522	2.61%*	2033	3,695	4,011	296
NW Recreation Facility	2018	4,924	2.61%*	2031	3,262	3,549	271
Waldron	2022	7,890	3.07%*	2032	5,107	5,641	514
					140,814	150,496	10,041
Net unamortized premiums and costs					15,819	18,125	2,183
Total					\$ 156,633	\$ 168,621	\$ 12,224

*Variable interest rates are reset periodically and are based upon market conditions. Rates shown are as of June 30, 2023.

The Certificates of Participation (COPs) are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University.

Under the Certificates of Participation, assets are financed on a lease purchase basis under an Indenture between the Ross Ade Foundation and the Trustee for the Certificates. The Foundation assigns the right to receive lease rental payments received from the University to the Trustee. The Indenture constitutes a mortgage on the financed property for each series. All series are secured on a parity basis by all mortgages and all lease rental payments. The liens granted through the financings are to be maintained on each financed asset until all payments of principal, interest and fees are received by the Trustee. Other than permission to inspect the facilities, the Trustee receives no special rights to the facilities and maintains no financial covenants through the Indenture.

Terms of default include the failure to make scheduled payments of principal or interest, bankruptcy of the Ross-Ade Foundation and failure to cure lack of performance of covenants within stated time frames. The Trustee can, under certain instances of University default, declare all principal and interest due and payable, subject to the right of at least 51% of the outstanding owners of the Certificates to annul the demand for payment if the default has been cured and all Trustee fees paid. Annual disclosures are required under SEC Rule 15c2-12 each year.

With the exception of COPS 2014A, the Certificates have been issued through public sales. The COPS 2014A were issued pursuant to the same terms and conditions as all other Certificates and were purchased by JPMorgan Chase Bank, N.A.

The University's lease rental payments are otherwise unsecured and are payable from all available funds of the University, as defined in the Indentures.

In addition to the Certificates of Participation, The University also has other arrangements, where the property will transition to the University at the end of the agreement terms. In June 2022, the University entered into arrangements with Purdue Research Foundation for Waldron properties totaling \$7,890,000.

Leases Payable. The University leases certain assets from various third parties. The assets leased include buildings, land, and equipment and payments are generally fixed. The interest rates utilized are those stated in the lease agreements or the University’s incremental borrowing rate if a rate is not specified.

Future principal and interest payment requirements related to The University’s lease liability at fiscal years ending June 30, 2023 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2024	\$ 14,294	\$ 533	\$ 14,827
2025	7,914	388	8,302
2026	3,608	307	3,915
2027	2,790	253	3,043
2028	2,397	203	2,600
2029 – 2033	10,699	558	11,257
2034 – 2035	2,831	34	2,865
Total	\$ 44,533	\$ 2,276	\$ 46,809

As of June 30, 2023, the University had no commitments related to leases for which the lease term has not commenced.

Subscription-Based Information Technology Arrangement Payables: The University leases subscription assets from various third parties. The subscription assets leased include IT software, alone or in combination with tangible capital assets and payments are generally fixed. The interest rates utilized are those stated in the lease agreements or the University’s incremental borrowing rate if a rate is not specified.

Future principal and interest payment requirements related to The University’s subscription liability at fiscal years ending June 30, 2023 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2024	\$ 10,013	\$ 374	\$ 10,387
2025	8,345	248	8,593
2026	6,295	141	6,436
2027	4,640	52	4,692
2028	426	3	429
Total	\$ 29,719	\$ 818	\$ 30,537

As of June 30, 2023, the University has approximately \$7,455,000 in commitments related to subscriptions for which the term has not commenced.

Scheduled payments. Debt scheduled payments for capital assets for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	All Debt except Direct Borrowings			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	56,330	36,825	93,155	2,465	8,234	10,699
2025	59,650	35,326	94,976	2,555	8,147	10,702
2026	62,550	32,342	94,892	2,644	8,046	10,690
2027	60,875	29,315	90,190	6,921	7,907	14,828
2028	60,325	26,450	86,775	8,975	7,673	16,648
2029-2033	274,500	93,290	367,790	9,195	36,722	45,917
2034-2038	197,830	34,131	231,961	3,769	35,337	39,106
2039-2043	47,740	5,607	53,347	4,810	34,296	39,106
Thereafter	8,680	217	8,897	134,203	178,642	312,845
	828,480	293,503	1,121,983	175,537	325,004	500,541
Net unamortized premiums and costs	87,245	-	87,245	-	-	-
	\$ 915,725	\$ 293,503	\$ 1,209,228	\$ 175,537	\$ 325,004	\$ 500,541

As of June 30, 2023 and 2022, the Deferred Outflows of Resources for debt refunding was \$14,026,000 and \$16,041,000, respectively. As of June 30, 2023 and 2022, the Deferred Inflows of Resources for debt refunding was \$3,276,000 and \$3,680,000, respectively.

Lines of Credit. The University does not use lines of credit.

Defeased Bond Issues. The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due through call date, and have been deposited in irrevocable trusts with the Trustee. Neither the defeased bonds nor the related trusts are reflected in the accompanying financial statements.

Bond proceeds from Series FF in the amount of \$33,585,000 and associated interest of \$747,269 from the University were prepaid to the Trustee at the June 16, 2022 closing for SFB Series FF, allowing for defeasement of all AA remaining obligations in conjunction with the scheduled principal and interest payments on July 1, 2022.

Bond proceeds from Series 2022A in the amount of \$46,805,000 and associated interest of \$349,006 from the University were prepaid to the Trustee at the June 30, 2022 closing for SFSRB Series 2022A, allowing for defeasement of all 2012A, 2007C, and 2005A remaining obligations in conjunction with the scheduled principal and interest payments on July 1, 2022.

Description of Bonds	Final Maturity/ Call Date	Amount Outstanding	
		June 30, 2023	June 30, 2022
Student Fee Bonds:			
Student Fee Bonds, Series AA	7/1/2022	-	33,585
System Facilities System Revenue Bonds:			
System Facilities System Revenue Bonds, 2012A	7/5/2022	-	16,665

Note 7— Other Post-Employment Benefits

Purdue University administers a single-employer OPEB plan, known as the Pre-65 Retiree Health Plan, used to provide post-employment benefits other than pensions for official retirees who were formerly permanent full-time general employees. Plan authority is outlined in Purdue HR Policy VI.A.1 and governed by the Purdue University Board of Trustees. Assets for payment of benefits related to this plan are not accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

The University offers medical insurance for official retirees and their dependents who meet eligibility criteria. Qualifying official retirees are defined as employees hired before January 1, 2021 who are separating with at least 10 years of service and who are age 55 or older. These qualifying retirees are given the option to continue medical insurance until they reach age 65 for themselves and their dependents if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. Qualifying retirees enjoy the benefit of a lower insurance cost due to continued participation in the University plan, which creates an implicit rate subsidy.

Purdue also offers a long-term disability program providing income continuation payments. Based on date of disability, some additional benefits may be extended. Prior to January 1, 2013, the program included retirement benefit payments, and medical and life insurance premium payments for a small, required premium paid by the employee. Those who were participating in the program at that date continue to receive the benefits until they reach the age of 65. Individuals with a date of disability beginning January 1, 2013, or after, may continue medical benefits at the existing employee premiums until the employee becomes eligible for Medicare, or for a maximum of three years after the employee becomes disabled, whichever comes first. All future and existing disability income benefit liability is fully insured through an insurance carrier.

For the fiscal years ended June 30, 2023 and June 30, 2022, the actuarial valuations used census data at July 1, 2021:

Retired members or beneficiaries currently receiving benefits	200
Disabled members currently receiving benefits	45
Active members	<u>11,280</u>
Total	<u><u>11,525</u></u>

Purdue's total OPEB liabilities of approximately \$28,517,000 as of June 30, 2023 and \$28,918,000 as of June 30, 2022, were determined with measurement/experience dates of July 1, 2022, and July 1, 2021, using an actuarial valuation as of July 1, 2021, done in accordance with GASB Statement No. 75. The total OPEB liabilities in the June 30, 2022 and 2021 actuarial reports were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions:	
Inflation	3.00%
Projected salary increases	3.00%
Discount rate	4.09% as of July 1st, 2022; 2.19% as of July 1st, 2021, based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Health care cost trend rate:	
Medical	As of July 1, 2022, 7.00% decreasing by 0.5% annually to a rate of 4.50%; As of July 1, 2021, 7.50% decreasing by 0.5% annually to a rate of 4.50% .
Dental	4.00%
Administrative Costs	3.00%
Mortality Rates	Follows the Pub-2010 mortality tables with the MP-2021 mortality improvement scale published by the SOA

Because Purdue University is not prefunding the OPEB benefits, the discount rates used in the valuation for financial disclosure purposes are based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The current discount rate was selected from a range between the lowest and highest rates of Bond Buyer Go 20-Bond Municipal Bond Index, S&P Municipal Bond 20-Year High Grade Rate Index, and Fidelity 20-Year Go Municipal Bond Index.

Changes in the Total OPEB Liability (dollars in thousands):

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 28,918	\$ 34,760
Changes for Year		
Service Cost	1,920	2,656
Interest	636	786
Differences between expected and actual experience	4,145	(6,081)
Changes of assumptions	(3,493)	454
Benefit payments	(3,609)	(3,657)
Net Change in Total OPEB Liability	<u>(401)</u>	<u>(5,842)</u>
Ending Balance	<u>\$ 28,517</u>	<u>\$ 28,918</u>

Changes of assumptions reflect an increase in the discount rate from 2.19% to 4.09% as of June 30, 2023, and a decrease from 2.21% to 2.19% as of June 30, 2022. The June 30, 2022, assumption changes reflected updates to the annual per capita health care costs based on historical claims for 24-month period ending December 31, 2021 as well as updates to the mortality tables and health care trend rates.

Sensitivity Analysis:

OPEB liability is sensitive to both changes in the discount rate and the healthcare cost trend rates. The following presents the Total OPEB Liability of the University as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate as of June 30, 2023 and June 30, 2022. Also shown is the amount the Total OPEB Liability would be if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare trend.

Discount Rate Sensitivity

Total OPEB Liability as of June 30, 2023

	1% Increase (5.09%)	Current (4.09%)	1% Decrease (3.09%)
\$	26,878,538	\$ 28,517,370	\$ 30,293,032

Total OPEB Liability as of June 30, 2022

	1% Decrease (1.19%)	Current (2.19%)	1% Increase (3.19%)
\$	30,675,868	\$ 28,918,020	\$ 27,287,106

Healthcare Cost Trend Rate Sensitivity

Total OPEB Liability as of June 30, 2023

	1% Decrease	Current	1% Increase
\$	26,058,558	\$ 28,517,370	\$ 31,367,522

Total OPEB Liability as of June 30, 2022

	1% Decrease	Current	1% Increase
\$	26,575,632	\$ 28,918,020	\$ 31,643,214

OPEB Expense and Deferred Inflows of Resources related to OPEB:

For the year ended June 30, 2023, and 2022, the University recognized OPEB expenses of approximately \$1,063,000 and \$1,841,000 respectively. On June 30, 2023, and 2022, the University reported Deferred Inflows of Resources related to the Change of Assumptions in the amount of approximately \$11,744,000 and \$10,904,000, respectively, related to the Changes of Assumptions. At June 30, 2023 and 2022, the University reported Deferred Outflows of Resources in the amount of approximately \$9,608,000 and \$6,386,000, respectively, including \$3,846,000 and \$3,609,000 related to payments made beyond the measurement dates of July 1, 2022 and 2021.

Amounts reported as net deferred outflows/inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows (dollars in thousands):

Total Year Ended June 30,

2024	\$	(1,493)
2025		(1,388)
2026		(1,198)
2027		(923)
2028		(277)
Thereafter		<u>(703)</u>
Total	\$	<u><u>(5,982)</u></u>



Note 8 - Operating Expenses by Function

Operating expenses by functional classification are summarized as follows (dollars in thousands):

June 30, 2023

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 845,210	\$ 164,492	\$ -	\$ -	\$ 1,009,702
Research	236,588	132,509	-	-	369,097
Extension and Public Service	120,697	44,605	-	-	165,302
Academic Support	116,117	84,367	-	-	200,484
Student Services	137,545	38,962	-	-	176,507
General Administration and Institutional Support	187,681	266,409	-	-	454,090
Physical Plant Operations and Maintenance	94,781	52,765	-	-	147,546
Depreciation	-	-	239,215	-	239,215
Student Aid	-	-	-	64,789	64,789
Auxiliary Enterprises	90,465	139,936	-	-	230,401
Total	\$ 1,829,084	\$ 924,045	\$ 239,215	\$ 64,789	\$ 3,057,133

June 30, 2022, As Restated

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 756,721	\$ 103,050	\$ -	\$ -	\$ 859,771
Research	212,473	123,286	-	-	335,759
Extension and Public Service	114,242	39,015	-	-	153,257
Academic Support	110,481	72,681	-	-	183,162
Student Services	133,069	32,389	-	-	165,458
General Administration and Institutional Support	168,977	253,391	-	-	422,368
Physical Plant Operations and Maintenance	90,834	49,255	-	-	140,089
Depreciation	-	-	223,063	-	223,063
Student Aid	-	-	-	146,669	146,669
Auxiliary Enterprises	83,886	109,302	-	-	193,188
Total	\$ 1,670,683	\$ 782,369	\$ 223,063	\$ 146,669	\$ 2,822,784

Note 9 — Retirement Plans

Authorization. Authorization to establish retirement plans is stated in Indiana Code IC 21-38-7.

All Employees. University employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). During the years ended June 30, 2023 and 2022, the University's contribution to FICA was approximately \$77,468,000 and \$70,771,000 respectively. The University adopted a CARES Act provision enabling the University to retain the employer's share of FICA tax from April 22, 2020, until December 31, 2020, remitting 50% of the tax by December 31, 2021, and 50% of the tax by December 31, 2022. As of June 30, 2023, there is no FICA tax liability retained under this provision. As of June 30, 2022, \$18,106,000 was retained under this provision and was included in the accounts payable and other noncurrent liabilities.

Defined Contribution Plans. Certain employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the Trustees. University defined contribution plans are all administered through Fidelity Investments. Plan contributions are made at the time the associated payroll is issued, so there is not a significant outstanding liability on June 30, 2023 or 2022.

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined contribution plans. Faculty and management personnel participate immediately upon employment; others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans.

For the years ended June 30, 2023 and 2022, there were 7,600 and 7,465 employees, respectively, participating in the plans with annual pay equal to approximately \$800,536,000 and \$744,351,000 respectively. For the years ended June 30, 2023 and 2022, the University made contributions totaling approximately \$76,115,000 and \$70,362,000 respectively, to these plans.

Clerical, Service, and Operations/Technical Assistants. Clerical, service, and operations/technical assistants hired on or after September 9, 2013, and employed at least half-time participate in the non-exempt employees' defined contribution plan. Benefits-eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three-year vesting period for this employee group, and currently there is no material forfeiture balance. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pre-tax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched.

For the years ended June 30, 2023 and 2022, there were 2,654 and 2,556 employees, respectively, participating in the plan with annual pay equal to approximately \$87,068,000 and \$72,061,000 respectively. For the years ended June 30, 2023, and 2022, the University made base contributions totaling approximately \$3,274,000 and \$2,734,000 respectively, and matching contributions totaling approximately \$2,469,000 and \$2,303,000 respectively, to the plan.

Purdue University Global Defined Contribution Plans. The University has two defined contribution plans, administered through Fidelity Investments in which all full-time eligible employees may participate. Benefit provisions are established and/or amended by the Trustees. Plan contributions are typically made at the time the associated payroll is issued, so there is not a significant outstanding liability on June 30, 2023 or June 30, 2022.

All full-time eligible employees of the University may participate in the Purdue University Global, Inc. 457(b) Deferred Compensation Plan immediately upon employment. Enrollment is automatic at the date of employment or re-employment by operation of a default elective deferral. The default elective deferral rate begins at 6% of eligible compensation and increases annually by 1% until it reaches a maximum of 10%. Contributions are not mandatory, and employees have the option to make a Contrary Election not to defer any compensation, or to defer a percentage of compensation, which is more or less than the default elective deferral amount, up to the maximum allowed. In addition, employees who are not full-time eligible employees may elect to participate in the plan by completing a deferred compensation agreement. All funds in this plan are immediately vested, so forfeitures do not exist. For the period ended June 30, 2023 and 2022, there were 1,380 and 1,104 employees participating in the 457(b) plan with pay equal to approximately \$61.0 and \$54.3 million, respectively. For the periods ended June 30, 2023 and 2022, employees contributed \$7.1 million and \$6.1 million, respectively.

In 2018, the Plan implemented a trust to hold the assets of the Plan in accordance with Internal Revenue Code Section 457. The Plan assets are the property of the trust, which holds the assets on behalf of the participants. Therefore, in accordance with GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets of this Plan are not reported in the accompanying financial statements.

Likewise, all employees except interns, temporary, vacation relief, or call-in employees participate in the Purdue University Global, Inc. 403(b) Defined Contribution Retirement Savings Plan immediately upon commencement of employment. This plan features a non-elective employer contribution of 3% of the participant's compensation. It also provides an employer matching contribution of 100% of elective deferrals up to 4% of compensation made to the Purdue University Global, Inc. 403(b) Deferred Compensation Plan. Three-year cliff vesting is in effect for the contributions in this plan. For the periods ended June 30, 2023 and 2022, there were 2,696 and 2,231 employees participating in the 403(b) plan with pay equal to approximately \$81.3 million and \$70 million. For the period ended June 30, 2023 and 2022 the University made contributions totaling \$4.7 million and \$4.1 million to the plan.

Defined Benefit Plans. Certain employees of the University participate in defined benefit plans administered by other agencies. Actuarial information related to the University's portion of these plans is disclosed in the Required Supplementary Information (RSI) at the back of the Financial Report.

PERF Hybrid. Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013, participate in the Public Employees Retirement Fund (PERF) Hybrid Plan, a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the State of Indiana.

PERF Hybrid was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana.

The PERF Hybrid retirement benefit consists of the sum of PERF DB, a defined pension provided by employer contributions, plus PERF DC the amount credited to the member's defined contribution account. Employees were eligible to participate in this plan immediately upon employment.

PERF DB is a cost-sharing, multiple employer defined benefit fund providing retirement, disability and survivor benefits to eligible employees participating in the fund. Administration of the fund is generally in accordance with IC 5-10.2, 5-10.3, 5-10.5, 35 IAC 1.2, and other Indiana pension law. PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

Eligibility for Pension Benefit Payments under the PERF DB plan are as follows:

Full Retirement Benefit:

- At age 65 with at least 10 years of creditable service
- At age 60 with at least 15 years of creditable service
- At age 55 if age and creditable service total at least 85
- At age 70 with 20 years of creditable service and still active in the PERF-covered position

Calculation of Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1% (minimum of \$180/month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board.

PERF DC is a multiple employer defined contribution fund providing retirement benefits to eligible employees participating in the fund. Administration of the account is generally in accordance with IC 5-10.2, 5-10.3, 35 IAC 1.2, and other Indiana pension law. PERF DC is also a component of the Public Employees' Hybrid plan (PERF Hybrid).

Retirement and Termination Benefit under PERF DC:

Members are entitled to the sum of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). As of January 1, 2021, members at least 59 1/2 years of age and service eligible for normal retirement may take in-service distribution of their DC account. Additionally, members who are age and service eligible for normal retirement may take a withdrawal after separation without the 30 days wait period. The amount may be paid in a lump sum,

partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). PERF DC members are 100% vested in their account balance.

The required contributions to the PERF Hybrid plan are determined by INPRS Board of Trustees based on an actuarial valuation. For the years ended June 30, 2023, and 2022, the University was required to contribute 11.2% of the employee's salary to the PERF DB plan. The employee contribution to the PERF DC plan in the amount of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF Hybrid, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and non-pooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

For the years ended June 30, 2023 and 2022, there were 1,367 and 1,585 employees, respectively, participating in PERF Hybrid. The University's proportionate share of PERF Hybrid's Net Pension Liability based on covered payroll of approximately \$90,199,000 was 1.57% for the measurement date June 30, 2022, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately \$49,429,000 and \$21,151,000 for measurement dates of June 30, 2022 and 2021. The proportionate share of 1.57% is a decrease of .04 percentage points from the measurement date of June 30, 2021, of 1.61%. June 30, 2021, value was a decrease of .04 percentage points from the proportionate share from the measurement date of June 30, 2020, of 1.65%.

The University made contributions to the plan totaling approximately \$6,826,000 and \$9,401,000 for the years ending June 30, 2023 and 2022, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately \$6,826,000 and \$7,403,000 for the years ended June 30, 2023 and 2022, respectively. The proportionate shares of pension plan expense (revenue) for the years ended June 30, 2023 and 2022 as calculated under GASB 68 guidance were approximately \$6,320,000 and (\$1,826,000) less net amortization of deferred amounts of approximately (\$2,681,000) and (\$1,996,000) leaving a net pension expense (revenue) of approximately \$3,639,000 and (\$3,822,000).

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow.

	<u>2023</u>	<u>2022</u>
Asset Valuation Date	June 30, 2022	June 30, 2021
Liability Valuation Date *	June 30, 2021	June 30, 2020
Actuarial Amortization Method-Period	20 year level dollar closed	
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	
Employer Required Contribution	Asset Smoothing Method	
Actuarial Assumptions:		
Investment Rate of Return	6.25%	6.25%
Inflation Rate	2.00%	2.00%
Projected Salary Increases	2.65%-8.65%	2.65%-8.65%
Cost of Living Adjustments	1%	1%

*With standard actuarial roll forward techniques used to project the total pension liability at June 30.

Mortality rates for June 30, 2023 and 2022 were based on the Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

	2023		2022	
	Target Asset Allocation ¹	Geometric Basis	Target Asset Allocation	Geometric Basis
		Long-Term Expected Real Rate of Return		Long-Term Expected Real Rate of Return
Public Equity	20.0%	3.6%	20.0%	3.6%
Private Markets	15.0%	7.7%	15.0%	7.3%
Fixed Income - Ex Inflation-Linked	20.0%	1.4%	20.0%	1.5%
Fixed Income - Inflation-Linked	15.0%	-0.3%	15.0%	-0.3%
Commodities	10.0%	0.9%	10.0%	0.8%
Real Estate	10.0%	3.7%	10.0%	4.2%
Absolute Return	5.0%	2.1%	5.0%	2.5%
Risk Parity	20.0%	3.8%	20.0%	4.4%
Leverage Offset			-15.0%	-1.4%
Cash and Cash Overlay	N/A	-1.7%		

¹ The defined benefit plans target allocation for total exposure is 115%. For the long term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

Total pension liability was calculated using the discount rate of 6.25% for June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 6.25% for June 30, 2023 and 2022. 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the current discount rate 6.25%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

Actuarial Valuation as of: June 30, 2022			
	1% Decrease (5.25%)	Current (6.25%)	1% Increase (7.25%)
\$	83,503,248	\$ 49,428,747	\$ 21,008,133

Actuarial Valuation as of: June 30, 2021			
	1% Decrease (5.25%)	Current (6.25%)	1% Increase (7.25%)
\$	55,319,659	\$ 21,151,199	\$ (7,349,819)

PERF (Hybrid) deferred outflows and inflows of resources are presented in the following tables:

Summary of Deferred Outflows and Inflows of Resources

(dollars in thousands)

	As of June 30, 2023	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,066	\$ 188
Net difference between projected and actual investment earnings on pension plan investments	6,100	-
Change of assumptions	6,695	2,115
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,590
Contribution made after the measurement date	6,825	-
Total Deferred Outflows and Inflows	\$ 20,686	\$ 6,893

Summary of Deferred Outflows and Inflows of Resources

(dollars in thousands)

	As of June 30, 2022	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 723	\$ 422
Net difference between projected and actual investment earnings on pension plan investments	-	27,463
Change of assumptions	10,639	4,751
Changes in proportion and differences between employer contributions and proportionate share of contributions	52	3,841
Contribution made after the measurement date	7,403	-
Total Deferred Outflows and Inflows	\$ 18,817	\$ 36,477

These deferred outflows and inflows of resources are required to be amortized over either a 4.5- or 5-year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

Amortization of Net Deferred Outflows/Inflows of Resources	
2023	\$ (158)
2024	2,332
2025	(1,659)
2026	6,453
Total	\$ 6,968

Purdue University Police Officers and Firefighters Pension Plan. A supplemental pension program for police officers and firefighters (Police/Fire) was authorized by the Purdue Board of Trustees on March 13, 1990 and was established on July 1, 1990. In conjunction with other retirement plans offered by the University, this plan provides police officers and firefighters employed by the University with a total retirement benefit that is comparable to the benefits received by municipal police and fire personnel in Indiana. Both benefit provisions and contribution requirements are established and may be amended by the Employer. The program is a single-employer defined benefit plan, funded through group annuities, and administered by the plan Administrator, with funding and reporting through the Teachers Insurance and

Annuity Association (TIAA) and College Retirement Equities Fund (CREF). The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

The plan provides for normal retirement benefits after the completion of 20 years of covered employment, and attainment of 55 years of age. The normal benefit payable under this plan is an amount equal to 50% of the annual base salary of a non-probationary-level police officer at each campus, as in effect at the time of a member's retirement, reduced by the amount of any pension benefits payable under other University retirement programs, including TIAA-CREF and PERF Hybrid.

Employees are vested after the completion of 10 years of covered employment, and those who are also age 55 or over are then eligible for early retirement benefits using the same calculation as above but replacing 50% of the defined salary with 2.5% of the defined salary multiplied by the years of service for accrual.

If an eligible employee terminates employment because of a total disability as defined in the plan, he shall be eligible for disability retirement benefits under the plan.

All benefits will be adjusted annually for Cost of Living changes based on the Consumer Price Index.

Financial reports related to this plan may be obtained by writing to: Office of Legal Counsel, Public Records Officer; Purdue University, Hovde Hall, 610 Purdue Mall, West Lafayette, IN 47907-2040.

For the years ending June 30, 2023 and 2022, there were 101 and 102 employees, with covered payroll of \$6,649,000 and \$6,376,000 respectively, actively participating in the Police/Fire plan. In addition to this there were 42 and 36 vested employees who had terminated and 98 retired participants, for the years ending June 30, 2023 and 2022 respectively. The actuarially calculated Net Pension Liability at June 30, 2023 was \$9,347,000. At June 30, 2022, the actuarial calculation resulted in a Net Pension Asset of \$7,212,000.

Employees covered by this plan are required to make contributions equal to 3% of the current salary for a non-probationary-level police officer. University contributions are to be in such additional amounts as needed to maintain the plan on an actuarially sound basis. University contributions were not made to the plan for the fiscal years ending June 30, 2023 and 2022. The most recent actuarial valuation report recommended University contributions of \$1,810,000.



Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability as follows:

	<u>2023</u>	<u>2022</u>
Valuation / Measurement Date	July 1, 2022	July 1, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	
Interest Discount Rate	5.25%	
Cost of Living Increases	3.00%	2.25%
Salary Scale	4.00%	3.00%
Interest Rate for Participant Contributions	4.50%	3.25%
Mortality		
Pub-2010 Public Retirement Plans Mortality for Safety Employees Table (PubS-2010) with generational improvements projected under Scale MP-2021		
Pre-Retirement		
PubS-2010 generational table for non-annuitants projected with Scale MP-2021		
Post-Retirement		
PubS-2010 generational table for annuitants projected with Scale MP-2021		

The long term expected rate of return on the plan assets is 5.25%. Employee contributions are 3% of future expected base salaries, and plan funding is based on the projected unit credit cost method. If University contributions were required, based on the actuarial calculations, the assumption is that the University would make such contributions to provide required cash flow to the plan.

Plan investments were chosen, pursuing an investment strategy long term in nature, which was established by the employer, with funding through TIAA/CREF investment vehicles. The TIAA Traditional Annuity is a guaranteed fixed annuity. There are no concentrations of over five percent ownership of any company within the CREF Growth and CREF Stock accounts combined.

Asset Allocation Policy for the plan:

	Percentage of Total Assets at July 1,		Expected Rate of Return at July 1,	
	2022	2021	2022	2021
Asset Breakdown:				
TIAA Traditional	32.41%	37.43%	4.38%	4.02%
CREF Growth Account	38.08%	37.09%	3.72%	5.59%
CREF Stock Account	29.51%	25.48%	5.31%	5.42%
Total	100.00%	100.00%		

Weighted average return (rounded to nearest 25 bp) 4.50%

Expected rates of return developed using capital market assumptions for each asset class based on the 20-year arithmetic expected returns provided by Morningstar as of October 2021 and November 2020.

The actual rates of return for valuation years ended June 30, 2022 and 2021 were -15.5% and 28.3% respectively.

The actuarial pension liability (asset) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the liability (asset) calculated using the current discount rate as well as discount rates 1% above and 1% below for each of the years presented.

Sensitivity Analysis

For the year ended June 30, 2023

	1% decrease		Current		1% increase
	4.25%		5.25%		6.25%
\$	19,051,212	\$	9,347,188	\$	1,840,457

For the year ended June 30, 2022

	1% decrease		Current		1% increase
	4.25%		5.25%		6.25%
\$	527,345	\$	(7,212,348)	\$	(13,269,624)

Police Officers and Firefighters Pension Plan deferred outflows and inflows of resources are presented in the following tables:

Summary of Deferred Outflows and Inflows of Resources

(dollars in thousands)

	As of June 30, 2023	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 549
Net difference between projected and actual investment earnings on pension plan investments	10,501	8,152
Change of assumptions	7,746	-
Total Deferred Outflows and Inflows	\$ 18,247	\$ 8,701

	As of June 30, 2022	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 601
Net difference between projected and actual investment earnings on pension plan investments	-	10,246
Change of assumptions	3,531	-
Total Deferred Outflows and Inflows	\$ 3,531	\$ 10,847

Amortization of Net Deferred Outflows/Inflows of Resources		
2023	\$	3,146
2024		2,331
2025		1,738
2026		231
2027		2,100
Total	\$	9,546

Schedule of Changes in Pension Liability for the fiscal years ended June 30, (dollars in thousands)

	<u>2023</u>	<u>2022</u>
Total pension liability		
Service Cost	\$ 1,087	\$ 1,066
Interest	2,273	2,148
Differences between expected and actual experience	(220)	(6)
Changes of assumptions	5,727	697
Benefit payments, including refunds of contributions	(1,560)	(1,470)
Net change in total pension liability	<u>7,307</u>	<u>2,435</u>
Total pension liability - beginning	<u>44,138</u>	<u>41,703</u>
Total pension liability - ending (a)	<u>\$ 51,445</u>	<u>\$ 44,138</u>
Plan fiduciary net position		
Contributions - employee	\$ 176	\$ 189
Net investment income	(7,848)	11,471
Plan Expenses	(20)	-
Benefit payments, including refunds of contributions	(1,560)	(1,470)
Net change in plan fiduciary net position	<u>(9,252)</u>	<u>10,190</u>
Plan fiduciary net position - beginning	<u>51,350</u>	<u>41,160</u>
Plan fiduciary net position - ending (b)	<u>42,098</u>	<u>51,350</u>
Net pension liability (asset) ending (a) - (b)	<u>\$ 9,347</u>	<u>\$ (7,212)</u>

Note 10 – Component Units

Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2023 and 2022, for the University's discretely presented component units are presented in the tables below.

Purdue University

Discrete Component Units Consolidated Statement of Net Position

As of June 30 (Dollars in Thousands)

	Purdue Research Foundation		Ross Ade Foundation		Purdue Fort Wayne Foundation	
	2023	2022	2023	2022	2023	2022
Assets and Deferred Outflows of Resources:						
Current Assets:						
Cash and Cash Equivalents	\$ 27,910	\$ 35,081	\$ 894	\$ 884	\$ 4,021	\$ 3,823
Investments	227,306	140,547	-	-	-	-
Accounts Receivable, Net	16,689	10,164	519	613	31	29
Pledges Receivable, Net	-	-	-	-	124	175
Notes Receivable, Net	4,270	3,992	-	-	308	306
Other Assets	4,200	-	2	2	3	4
Total Current Assets	280,375	189,784	1,415	1,499	4,487	4,337
Noncurrent Assets:						
Investments	3,816,107	3,655,873	-	-	8,646	8,767
Pledges Receivable, Net	-	-	-	-	7	-
Notes and Other Receivables, Net	34,659	28,326	167,075	180,501	412	719
Interest in Charitable Remainder Trusts	18,151	16,781	-	-	-	-
Capital Assets, Net	269,989	261,145	151	151	6,843	7,263
Other Noncurrent Assets	47,758	18,702	-	-	-	-
Total Noncurrent Assets	4,186,664	3,980,827	167,226	180,652	15,908	16,749
Total Assets	4,467,039	4,170,611	168,641	182,151	20,395	21,086
Deferred Outflows of Resources	-	-	3,217	3,628	-	-
Liabilities and Deferred Inflows of Resources:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	52,821	34,485	2,891	3,098	15	7
Unearned Revenue	-	-	2,703	2,858	-	-
Bonds, Leases, and Notes Payable	35,715	6,688	11,143	10,851	399	370
Total Current Liabilities	88,536	41,173	16,737	16,807	414	377
Noncurrent Liabilities:						
Other Noncurrent Liabilities	2,819,200	2,648,647	17,790	20,493	-	-
Bonds, Leases, and Notes Payable	258,603	172,728	133,426	144,568	-	399
Total Noncurrent Liabilities	3,077,803	2,821,375	151,216	165,061	-	399
Total Liabilities	3,166,339	2,862,548	167,953	181,868	414	776
Deferred Inflows of Resources	-	-	-	-	705	1,015
Net Position:						
Net Investment in Capital Assets	91,831	82,179	1,915	1,938	6,445	6,493
Restricted - Nonexpendable	182,545	171,892	-	-	1,701	1,700
Restricted - Expendable	824,231	836,483	-	-	9,876	9,787
Unrestricted	202,093	217,509	1,990	1,973	1,254	1,315
Total Net Position	\$ 1,300,700	\$ 1,308,063	\$ 3,905	\$ 3,911	\$ 19,276	\$ 19,295

Purdue University

Discrete Component Units Consolidated Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30 (Dollars in Thousands)

	Purdue Research Foundation		Ross Ade Foundation		Purdue Fort Wayne Foundation	
	2023	2022	2023	2022	2023	2022
Operating Revenues:						
Sales and Services	\$ 39,962	\$ 37,269	\$ 3,872	\$ 4,229	\$ 423	\$ 423
Other Operating Revenues	5,356	4,870	-	-	1,540	943
Total Operating Revenues	45,318	42,139	3,872	4,229	1,963	1,366
Operating Expenses:						
Compensation and Benefits	49,179	43,048	-	-	-	-
Supplies and Services	144,963	103,520	17	38	1,869	1,287
Depreciation Expense	7,423	10,882	-	-	419	419
Total Operating Expenses	201,565	157,450	17	38	2,288	1,706
Net Operating Income (Loss)	(156,247)	(115,311)	3,855	4,191	(325)	(340)
Nonoperating Revenues (Expenses):						
Private Gifts	32,486	107,943	-	-	-	-
Investment Income (Loss)	70,840	(38,514)	26	1	307	28
Interest Expense	(9,499)	(7,151)	(3,887)	(4,375)	(1)	(3)
Other Nonoperating Revenues	44,323	27,221	-	-	-	-
Total Nonoperating Revenues (Expenses) before Capital and Endowments	138,150	89,499	(3,861)	(4,374)	306	25
Capital and Endowments:						
Private Gifts for Permanent Endowments	10,734	5,330	-	-	-	-
Total Capital and Endowments	10,734	5,330	-	-	-	-
Total Nonoperating Revenues (Expenses)	148,884	94,829	(3,861)	(4,374)	306	25
DECREASE IN NET POSITION	(7,363)	(20,482)	(6)	(183)	(19)	(315)
Net Position, Beginning of Year	1,308,063	1,328,545	3,911	4,094	19,295	19,610
Net Position, End of Year	\$ 1,300,700	\$ 1,308,063	\$ 3,905	\$ 3,911	\$ 19,276	\$ 19,295

Blended Component Units

Condensed financial information follows for Purdue University Global, Inc. and Purdue Applied Research Institute, LLC, blended component units, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2023 and 2022. Purdue International, Inc. is also a blended component unit of the University, but is not presented because the value is insignificant to the total presentation.

Purdue University

Blended Component Units Condensed Statement of Net Position

As of June 30 (Dollars in Thousands)

	Purdue University Global, Inc.		Purdue Applied Research Institute, LLC	
	2023	2022	2023	2022
	As Restated			
Assets:				
Current Assets	\$ 83,124	\$ 59,888	\$ 7,849	\$ 4,577
Noncurrent Assets	46,407	38,777	8,745	198
Total Assets	129,531	98,665	16,594	4,775
Liabilities:				
Current Liabilities	142,189	103,482	798	611
Noncurrent Liabilities	25,874	26,891	250	126
Total Liabilities	168,063	130,373	1,048	737
Deferred Inflows of Resources	273	404	-	-
Net Position:				
Net Investment in Capital Assets	1,724	1,493	6,794	198
Restricted: Nonexpendable	129	-	-	-
Restricted: Expendable	(1)	-	-	-
Unrestricted	(40,657)	(33,605)	8,752	3,840
Total Net Position	\$ (38,805)	\$ (32,112)	\$ 15,546	\$ 4,038

Purdue University
Blended Component Units Condensed Statement of Revenues, Expenses, and Changes in
Net Position

For the Years Ended June 30 (Dollars in Thousands)

	Purdue University Global, Inc.		Purdue Applied Research Institute, LLC	
	2023	2022	2023	2022
	As Restated			
Operating Revenues	\$ 370,614	\$ 360,556	\$ 11,661	\$ 5,022
Operating Expenses other than Depreciation	463,086	457,834	14,227	3,441
Depreciation Expense	2,318	2,778	-	-
Net Operating Revenue (Loss)	(94,790)	(100,056)	(2,566)	1,581
Nonoperating Revenues	88,097	110,377	14,074	2,457
Increase (Decrease) in Net Position	(6,693)	10,321	11,508	4,038
Net Position, Beginning of Year	(32,112)	(42,433)	4,038	-
Net Position, End of Year	\$ (38,805)	\$ (32,112)	\$ 15,546	\$ 4,038

Purdue University
Blended Component Units Condensed Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

	Purdue University Global, Inc.		Purdue Applied Research Institute, LLC	
	2023	2022	2023	2022
	As Restated			
Cash (Used) Provided by Operating Activities	\$ (58,054)	\$ (91,928)	\$ (1,953)	\$ 1,161
Cash Provided by Noncapital Financing Activities	85,811	111,693	13,110	2,457
Cash Used by Investing Activities	(6,333)	(32,976)	(1,879)	-
Cash Used by Capital and Related Financing Activities	(2,274)	(2,773)	(6,863)	(198)
Net Increase (Decrease) in Cash and Cash Equivalents	19,150	(15,984)	2,415	3,420
Cash and Cash Equivalents - Beginning of Year	43,979	59,963	3,420	-
Cash and Cash Equivalents - End of Year	\$ 63,129	\$ 43,979	\$ 5,835	\$ 3,420

Note 11 — Contingent Liabilities and Commitments

Legal Actions. In the normal course of its activities, the University is a party in various legal actions. Although it is involved in a number of claims, the University does not anticipate significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions, the University believes that the outcome thereof will not have a significant impact on the financial statements.

Construction Projects. As of June 30, 2023 and 2022, contractual obligations for capital construction projects were approximately \$162,470,000 and \$112,025,000 respectively.

Natural Gas Procurement. The University has entered into various forward contracts to purchase natural gas at a specified time in the future at a guaranteed price. This activity allows the University to plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the University is committed to buy. This would reduce or increase the value of the contract. The University could sell the forward contract at a loss or gain and then buy natural gas on the open market. The University is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty if the counterparty fails to deliver quantity at the guaranteed price at the specified time resulting in the University having to procure natural gas on the open market.



Note 12 – Risk Management

Accrued Insurance Liabilities. The University is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; accident, health, and other medical benefits provided to employees and their dependents; and long-term disability benefits provided to employees. The University handles these risks of loss through combinations of risk retention and commercial insurance. The amount of settlements paid during the last three years did not exceed the insurance coverage for the same time period. There was no significant reduction in insurance coverage during the fiscal year.

For buildings and contents, the University's risk retention is \$500,000 per occurrence. There is \$2,000,000 retention per occurrence or wrongful act for general, automobile, and professional and educators' legal liability coverage. The University retains the entire risk for medical benefits. For the fiscal years ended June 30, 2023 and 2022, the maximum liability to the University for job-related illness or injury was \$950,000 per incident, with no maximum annual aggregate liability.

All departments of the University are charged fees based on actuarial estimates of the amounts necessary to pay claims and to establish reserves for catastrophic losses. During the years ended June 30, 2023 and 2022, the University reflected approximately \$1,233,000 and \$88,000, respectively, of insurance proceeds as non-operating income.

The University accrues liabilities for claims if information indicates that a loss has been incurred as of June 30, and the amount of the loss can reasonably be estimated. Changes in the balances of accrued insurance liabilities were as follows (dollars in thousands):

	June 30, 2023	June 30, 2022	June 30, 2021
Beginning Liability	\$ 23,634	\$ 23,855	\$ 25,872
Claims Incurred	147,303	136,359	117,284
Claims Payments	(148,926)	(136,580)	(119,301)
Ending Liability	\$ 22,011	\$ 23,634	\$ 23,855

Note 13 – Subsequent Event

On August 12, 2022, Purdue University and Indiana University announced their intention to realign the programs currently offered on the campus of Indiana University-Purdue University at Indianapolis (IUPUI), a campus that Indiana University has operated and managed for 51 years. Under a Memorandum of Understanding approved by the Boards of Trustees of both universities, Indiana University and Purdue will work toward a realignment plan pursuant to which they will each offer and administer their own programs in Indianapolis. Subject to approvals from the Indiana Commission for Higher Education and the Higher Learning Commission, the academic programs offered at IUPUI over which Purdue will now assume direct responsibility—consisting of Engineering, Technology and Computer Science—are expected to begin operations as an additional location of Purdue-West Lafayette in July 2024.



Required Supplementary Information

SCHEDULE OF CHANGES IN PURDUE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS

(Dollar amounts in Thousands)

June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service Cost	\$ 1,920	\$ 2,656	\$ 1,927	\$ 2,023	\$ 2,290	\$ 2,417
Interest	636	786	1,150	1,653	1,631	1,416
Changes of benefit terms	-	-	-	(755)	-	-
Differences between expected and actual experience	4,145	(6,081)	634	(2,219)	-	-
Changes of assumptions	(3,493)	454	2,571	(5,252)	(699)	(1,952)
Benefit payments, including refunds of member contributions	<u>(3,609)</u>	<u>(3,657)</u>	<u>(4,879)</u>	<u>(5,550)</u>	<u>(6,112)</u>	<u>(5,567)</u>
Net Change in Total OPEB Liability	\$ (401)	\$ (5,842)	1,403	(10,100)	(2,890)	(3,686)
Total OPEB Liability - beginning	<u>28,918</u>	<u>34,760</u>	<u>33,357</u>	<u>43,457</u>	<u>46,347</u>	<u>50,033</u>
Total OPEB Liability - ending	<u>\$ 28,517</u>	<u>\$ 28,918</u>	<u>\$ 34,760</u>	<u>\$ 33,357</u>	<u>\$ 43,457</u>	<u>\$ 46,347</u>
Covered payroll	\$ 850,925	\$ 826,141	\$ 977,356	\$ 959,487	\$ 939,138	\$ 920,742
Plan total OPEB Liability as a percentage of covered payroll	3.4%	3.5%	3.6%	3.5%	4.6%	5.0%

The notes to the RSI are an integral part of the RSI.

Notes to Schedule:

Change in Benefits:

- For 2020, deductibles and out-of-pocket maximums increased by various levels in the medical plans. The prescription drug plans added a specialty tier and contact lens allowances were changed.

Changes in Assumptions:

- For 2023, assumption changes reflected annual per capita health care costs were updated based on the actual claims experience through December 31, 2022 and updated administrative cost projections. The discount rate has been updated based on the yield for 20-year tax-exempt general obligation municipal bonds as of July 1, 2022 (measurement date). The discount rate is 4.09% as of July 1, 2022.
- For 2022, assumption changes reflected annual per capita health care costs were updated based on the University's historical claims and enrollment for the 24-month period ending December 31, 2021 (70% weight on the most recent 12 months). The discount rate has been updated based on the yield for 20-year tax-exempt general obligation municipal bonds as of December 31, 2021 (measurement date). This discount rate is 2.19% as of July 1, 2021. The mortality tables have been updated. Health care trend rates have been updated to an initial rate of 7.5% decreasing by 0.5% annually to an ultimate rate of 4.5% for medical benefits, 4.0% per year for dental benefits, and 3.0% per year for administrative costs.
- For 2021, assumption changes reflected the potential excise tax on plans that exceed certain cost thresholds which was repealed on December 20, 2019. The discount rate decreased to 2.21%.
- For 2020, assumptions reflected the valuation-year per capita health costs and future trend on such costs, updates to the retiree contribution rates to current levels and the assumed future disability and mortality rates were modified. The discount rate was decreased to 3.50%.
- For 2019 the discount rate was increased to 3.87%.
- For 2018 the discount rate was increased to 3.58%.

Required Supplementary Information

**SCHEDULE OF PURDUE'S SHARE OF THE NET PENSION LIABILITY
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF HYBRID)
(Dollar Amounts in Thousands)**

June 30,	Measurement Date as of									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	1.6%	1.6%	1.6%	1.7%	1.7%	1.8%	1.8%	2.5%	2.8%	3.0%
Proportionate Share of the Net Pension Liability	\$ 49,429	\$ 21,151	\$ 49,762	\$ 55,779	\$ 58,681	\$ 78,861	\$ 82,044	\$ 102,146	\$ 74,323	\$ 103,102
Covered payroll	\$ 90,199	\$ 88,624	\$ 88,943	\$ 87,930	\$ 88,142	\$ 87,693	\$ 86,639	\$ 120,126	\$ 138,081	\$ 144,526
Proportionate share of the Net Pension Liability as a percentage of covered payroll	54.8%	23.9%	55.9%	63.4%	66.6%	89.9%	94.7%	84.8%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	82.5%	92.5%	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%	78.8%

**SCHEDULE OF PURDUE'S CONTRIBUTIONS
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF HYBRID)
(Dollar Amounts in Thousands)**

June 30,	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 10,102	\$ 9,926	\$ 9,962	\$ 9,848	\$ 9,872	\$ 9,822	\$ 9,704	\$ 13,431	\$ 15,471	\$ 13,894
Employer contributions	\$ 10,102	\$ 9,926	\$ 9,962	\$ 9,848	\$ 9,872	\$ 9,822	\$ 9,704	\$ 13,431	\$ 15,471	\$ 13,894
Excess (deficient) contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 90,199	\$ 88,624	\$ 88,943	\$ 87,930	\$ 88,142	\$ 87,693	\$ 86,639	\$ 120,126	\$ 138,081	\$ 144,526
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	9.6%

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts.*

The notes to the RSI are an integral part of the RSI.

Notes to RSI:

Changes of Benefit Terms: There were no changes of benefit terms for the years presented.

Changes in Assumptions:

FY 2023:

None

FY 2022:

The investment return assumption was lowered from 6.75% to 6.25%. The inflation assumption changed from 2.25% to 2.00%. The general wage inflation was lowered from 2.75% to 2.65%. Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.

FY 2021:

The future salary increase assumption changed from an age-based table ranging from 2.50% to 4.25% to a service-based table ranging from 2.75% to 8.75%.

The mortality assumption changed from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report to the Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019. Specific mortality table variants and adjustments are used for different subpopulations.

The retirement assumption was updated based on recent experience and was updated from an age- and service-based table to an age-based table dependent on eligibility for a reduced benefit or unreduced benefit. Additionally, for actives who are eligible for early retirement (reduced benefit), 30% are now assumed to commence benefits immediately and 70% are assumed to commence benefits at unreduced retirement eligibility. Previously 33% of

actives were assumed to commence benefits with early retirement while 67% were assumed to wait for unreduced retirement eligibility.

The termination assumption was updated based on recent experience. For state members the tables were combined from being split by salary and sex to being one unisex service-based table. For members in political subdivisions earning more than \$20,000, the sex-distinct tables were combined to one unisex service-based table. For members in political subdivisions earning less than \$20,000, the sex-distinct age-based table was maintained and the rates were updated based on experience.

The disability assumption was updated based on recent experience.

The marital assumption was updated based on recent experience. 80% of male members and 65% of female members are assumed to be married or to have a dependent beneficiary. Previously, 75% of male members and 60% of female members were assumed to be married or to have a dependent beneficiary.

The load placed on the final average earnings to account for additional wages received upon termination, such as severance pay or unused sick leave, decreased from \$400 to \$200.

FY 2020:

None

FY 2019:

For the actuarial valuation as of June 30, 2018, the COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1.0% COLA beginning on January 1, 2020, INPRS assumes the COLA will be replaced by a thirteenth check for 2020 and 2021. The COLA assumption thereafter, would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

FY 2018:

For the actuarial valuation as of June 30, 2017, an actuarial audit was completed which included updating the following assumptions: adding a load on final average salary of \$400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

FY 2017:

None

FY 2016:

The inflation assumption changed from 3.00% to 2.25% per year.

The future salary increase assumption changed from an age-based table ranging from 3.25% to 4.50% to an age-based table ranging from 2.50% to 4.25%.

The mortality assumption changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

The retirement assumption was updated based on recent experience. Additionally, for actives who are eligible for early retirement (reduced benefit), 33% are assumed to commence benefits immediately and 67% are assumed to

commence benefits at unreduced retirement eligibility. 100% of actives were assumed to commence benefits immediately upon early retirement eligibility in the prior year.

The termination assumption was updated based on recent experience. For members earning less than \$20,000, the tables were updated from a select and ultimate table to just an ultimate table as there is little correlation with service. For members earning more than \$20,000, the tables were updated from using a 5-year select period to a 10-year select period to correspond with the vesting schedule.

The disability assumption was updated based on recent experience.

The ASA Annuitization assumption was updated from 50% of members assumed to annuitize their ASA balance to 60% of members assumed to annuitize their ASA balance prior to January 1, 2017.

FY 2015:

Assumptions concerning ASA withdrawal and annuitization were added pursuant to the addition of IC 5-10.5-4-2.5 and 2.6 in accordance with the 2014 House Enrolled Act No. 1075.

All other assumptions are the same as the June 30, 2013 valuation.



Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Purdue Police and Fire Supplemental Pension Plan

(Dollar Amounts in Thousands)

June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 1,087	\$ 1,066	\$ 954	\$ 815	\$ 875	\$ 862	\$ 837	\$ 812	\$ 780	\$ 767
Interest	2,273	2,148	3,221	1,954	3,814	3,672	398	1,804	3,462	2,389
Differences between expected and actual experience	(220)	(6)	(1,999)	31	(2,571)	(2,051)	1,191	(522)	(2,123)	(1,739)
Changes of assumptions	5,727	697	6,145	1,510	(1,281)	(207)	(14)	440	47	45
Benefit payments, including refunds of contributions	(1,560)	(1,470)	(1,419)	(1,409)	(1,317)	(1,278)	(1,289)	(1,172)	(1,049)	(1,011)
Net change in total pension liability	7,307	2,435	6,902	2,901	(480)	998	1,123	1,362	1,117	451
Total pension liability - beginning	44,138	41,703	34,801	31,900	32,380	31,382	30,259	28,897	27,780	27,329
Total pension liability - ending (a)	\$ 51,445	\$ 44,138	\$ 41,703	\$ 34,801	\$ 31,900	\$ 32,380	\$ 31,382	\$ 30,259	\$ 28,897	\$ 27,780
Plan fiduciary net position										
Contributions - employer	\$ -	\$ -	\$ 19	\$ 268	\$ 738	\$ 528	\$ 725	\$ 1,068	\$ 1,307	\$ 1,166
Contributions - employee	176	189	177	179	157	158	167	158	155	159
Net investment income	(7,848)	11,471	3,420	2,245	3,851	3,590	380	1,751	3,243	2,057
Plan Expenses	(20)									
Benefit payments, including refunds of contributions	(1,560)	(1,470)	(1,419)	(1,409)	(1,317)	(1,278)	(1,289)	(1,172)	(1,049)	(1,011)
Net change in plan fiduciary net position	(9,252)	10,190	2,197	1,283	3,429	2,998	(17)	1,805	3,656	2,371
Plan fiduciary net position - beginning	51,350	41,160	38,963	37,680	34,251	31,253	31,270	29,465	25,809	23,438
Plan fiduciary net position - ending (b)	\$ 42,098	\$ 51,350	\$ 41,160	\$ 38,963	\$ 37,680	\$ 34,251	\$ 31,253	\$ 31,270	\$ 29,465	\$ 25,809
Net pension liability (asset) ending (a) - (b)	\$ 9,347	\$ (7,212)	\$ 543	\$ (4,162)	\$ (5,780)	\$ (1,871)	\$ 129	\$ (1,011)	\$ (568)	\$ 1,971

Required Supplementary Information

Schedule of Net Pension Liability (Asset) and Related Ratios Purdue Police and Fire Supplemental Pension Plan

(Dollar Amounts in Thousands)

June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Pension Liability (Asset)	\$ 9,247	\$ (7,212)	\$ 543	\$ (4,162)	\$ (5,780)	\$ (1,871)	\$ 129	\$ (1,011)	\$ (568)	\$ 1,971
Covered payroll	\$ 6,649	\$ 6,376	\$ 6,453	\$ 6,887	\$ 6,060	\$ 5,612	\$ 6,493	\$ 5,816	\$ 5,803	\$ 5,611
Pension Liability (Asset) as a percentage of covered payroll	140.6%	-113.1%	8.4%	-60.4%	-95.4%	-33.3%	2.0%	-17.4%	-9.8%	35.1%

Schedule of Contributions Purdue Police and Fire Supplemental Pension Plan

(Dollar Amounts in Thousands)

June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 1,809	\$ -	\$ -	\$ -	\$ -	\$ 77	\$ 790	\$ 483	\$ 585	\$ 1,030
Employer contributions	\$ -	\$ -	\$ -	\$ 20	\$ 268	\$ 738	\$ 528	\$ 725	\$ 1,068	\$ 1,307
Excess (deficient) contributions	\$ (1,809)	\$ -	\$ -	\$ 20	\$ 268	\$ 661	\$ (262)	\$ 242	\$ 483	\$ 277
Covered payroll	\$ 6,649	\$ 6,376	\$ 6,453	\$ 6,887	\$ 6,060	\$ 5,612	\$ 6,493	\$ 5,816	\$ 5,803	\$ 5,611
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.3%	4.4%	13.2%	8.1%	12.5%	18.4%	23.3%

The notes to the RSI are an integral part of the RSI.

Notes to Purdue Police and Fire Supplemental Pension Plan Schedule:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Valuation Date	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015
Actuarial Cost Method	Projected Unit Credit							
Interest Discount Rate	5.25%	5.25%	5.25%	6.00%	6.25%	6.25%	6.25%	6.25%
Cost of Living Increases	3.00%	2.25%	2.25%	2.25%	2.25%	3.00%	3.00%	3.00%
Salary Scale	4.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.00%
Mortality	Pub-2010 Public Retirement Plans Mortality for Safety Employees Table (PubS-2010) with generational improvements projected under Scale MP-2021, MP-2020, MP-2019, MP-2018							
	Pre-Retirement							
	PubS-2010 generational table for non-annuitants projected with Scale MP-2021, MP-2020 and MP-2019							
	Post-Retirement							
	PubS-2010 generational table for annuitants projected with Scale MP-2021, MP-2020, MP-2019, MP-2018, MP-2017, MP-2016 and MP-2015							



Total In-State Enrollment by County

Fall, 2022-23 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 69,510 students for the 2022-23 fall semester. The breakdown was West Lafayette, 50,884, Northwest, 8,911, Fort Wayne, 9,069, Statewide Technology, 646. Enrollment numbers do not include 5,572 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 53% system-wide came from within Indiana.



County	Statewide			
	West Lafayette	Regional Campuses	Technology Locations	Total
Adams	62	280	-	342
Allen	934	4,367	-	5,301
Bartholomew	297	10	28	335
Benton	94	6	3	103
Blackford	19	6	-	25
Boone	635	11	3	649
Brown	20	2	3	25
Carroll	134	3	9	146
Cass	131	11	6	148
Clark	122	7	45	174
Clay	30	-	-	30
Clinton	163	7	16	186
Crawford	2	-	2	4
Daviess	37	1	-	38
De Kalb	60	297	-	357
Dearborn	99	3	2	104
Decatur	75	2	5	82
Delaware	121	24	16	161
Dubois	110	4	1	115
Elkhart	353	169	10	532
Fayette	23	3	3	29
Floyd	161	7	30	198
Fountain	74	2	-	76
Franklin	80	5	2	87
Fulton	57	92	1	150
Gibson	51	1	4	56
Grant	107	42	5	154
Greene	35	1	-	36
Hamilton	3,050	84	23	3,157
Hancock	306	19	9	334
Harrison	37	2	17	56
Hendricks	862	30	7	899

County	Statewide			
	West Lafayette	Regional Campuses	Technology Locations	Total
Henry	79	8	10	97
Howard	208	58	39	305
Huntington	45	279	1	325
Jackson	89	4	4	97
Jasper	154	147	-	301
Jay	30	11	1	42
Jefferson	41	3	4	48
Jennings	34	3	2	39
Johnson	461	23	7	491
Knox	48	3	4	55
Kosciusko	183	353	-	536
La Porte	260	488	2	750
Lagrange	31	144	-	175
Lake	1,365	5,106	2	6,473
Lawrence	81	7	-	88
Madison	190	27	25	242
Marion	1,728	165	10	1,903
Marshall	125	41	5	171
Martin	12	-	-	12
Miami	58	31	9	98
Monroe	203	10	1	214
Montgomery	129	1	3	133
Morgan	123	8	1	132
New Hanover	1	-	-	1
Newton	53	85	1	139
Noble	79	352	-	431
Ohio	9	-	-	9
Orange	23	-	-	23
Owen	21	-	-	21
Parke	25	1	1	27
Perry	16	1	5	22
Pike	13	-	2	15

County	Statewide			
	West Lafayette	Regional Campuses	Technology Locations	Total
Porter	689	1,096	2	1,787
Posey	44	1	-	45
Pulaski	59	15	-	74
Putnam	85	-	4	89
Randolph	35	7	6	48
Ripley	64	-	3	67
Rush	35	1	2	38
Scott	21	-	4	25
Shelby	87	4	3	94
Spencer	41	1	-	42
St Joseph	689	158	36	883
Starke	35	51	-	86
Steuben	73	110	-	183
Sullivan	30	1	2	33
Switzerland	4	-	-	4
Tippecanoe	2,426	58	96	2,580
Tipton	53	2	6	61
Union	17	1	2	20
Vanderburgh	257	7	-	264
Vermillion	18	2	-	20
Vigo	138	9	1	148
Wabash	68	85	-	153
Warren	59	1	2	62
Warrick	156	10	2	168
Washington	25	2	5	32
Wayne	81	4	21	106
Wells	77	294	-	371
White	166	12	3	181
Whitley	57	374	-	431
Unknown	594	310	4	908
Total	20,441	15,473	593	36,507

ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2022-2023 Financial Report.

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