PURDUE UNIVERSITY

Financial Report 2022

LETTER OF TRANSMITTAL

October 26, 2022

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 100th annual financial report of Purdue University for the fiscal year ended June 30, 2022. 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,

MITCHELL E. DANIELS, JR.
President

Respectfully submitted,

CHRISTOPHER A. RUHL
Treasurer and Chief Financial Officer

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

BOARD OF TRUSTEES

July 1, 2021-June 30, 2022

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.

OFFICERS OF THE UNIVERSITY

As of June 30, 2022

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Steven R. Schultz, Legal Counsel

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

Plante & Moran, PLLC
Suite 300
537 E. Pete Rose Way
Cincinnati, OH 45202-3578
Tel: 513.595.8800
Fax: 513.595.8806
plantemoran.com

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, 2022 and 2021 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, 2022 and 2021 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 95 percent, 98 percent, and 96 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 Audit of the Financial Statements* section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component units and Purdue International, Inc., a blended component unit, were not audited under *Government Auditing Standards*.

Emphasis of Matter

As described in Note 1 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2020. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Supplemental 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 Employees' Retirement Fund, schedule of Purdue's contributions Indiana Public Employees' 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 supplemental 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 other information included in the annual financial report. The other information comprises the letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county and acknowledgements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees
Purdue University

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022 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 26, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022 and 2021

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, 2022 and 2021, along with comparative financial information for the fiscal year ended June 30, 2020. 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 2021 Financial Statements to reflect the implementation of GASB 87 Leases, as a result restated and reclassified 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, 2022, 2021, and 2020, is summarized below.

Table 1

Summary Statement of Net Position (Dollars in Thousands)

	2022	2021 As Restated	2020
Current Assets	$ 629,814	$ 860,156	$ 898,402
Capital Assets	2,943,693	2,873,341	2,642,403
Other Assets	4,396,427	4,165,067	3,214,695
Total Assets	7,969,934	7,898,564	6,755,500
Deferred Outflows of Resources	47,451	39,502	36,832
Current Liabilities	547,579	553,852	573,427
Noncurrent Liabilities	1,118,717	1,224,211	1,087,558
Total Liabilities	1,666,296	1,778,063	1,660,985
Deferred Inflows of Resources	98,625	61,737	46,539
Net Investment in Capital Assets	1,864,149	1,733,508	1,710,945
Restricted - Nonexpendable	962,179	872,775	820,444
Restricted - Expendable	1,377,049	1,468,958	928,747
Unrestricted	2,049,087	2,023,025	1,624,672
Total Net Position	**$ 6,252,464**	**$ 6,098,266**	**$ 5,084,808**

Assets

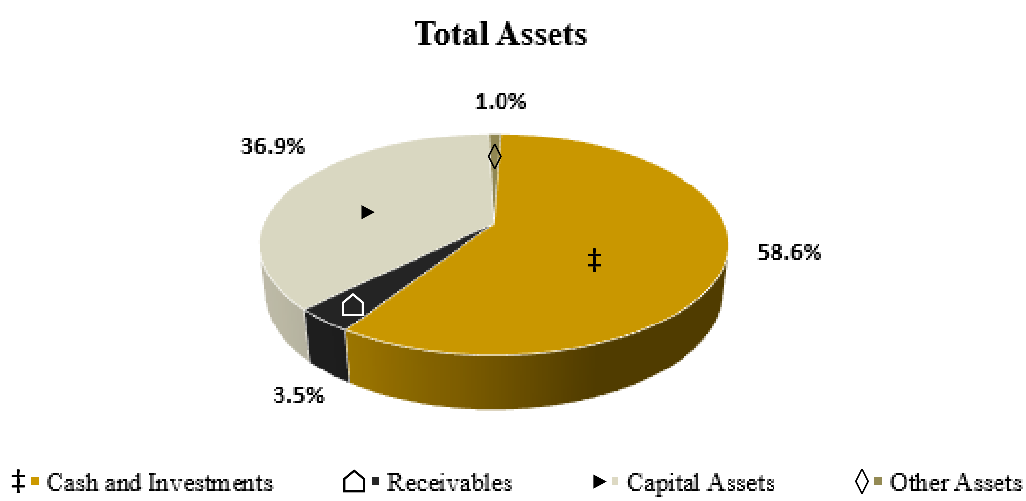
Current assets include those that may be used to support current operations, such as cash and cash equivalents, accounts receivable, and inventories. Capital assets include non-depreciable land, as well as buildings, equipment, and right-to-use assets, net of depreciation. Other noncurrent assets include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

As of June 30, 2022 and 2021, current assets were approximately $629.8 and $860.2 million, respectively, resulting in a decrease of $230.4 million or 26.8% during fiscal year 2022 and a decrease of $38.2 million or 4.3% during fiscal year 2021. As of June 30, 2022 and 2021, cash and cash equivalents were approximately $303.5 and $356.4 million respectively, resulting in decreases of $52.9 million and $80.8 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, 2022 and 2021, noncurrent assets were approximately $7.3 and $7.0 billion, respectively, which is an increase $301.7 million, or 4.3%, during fiscal year 2022 and an increase $1.2 billion, or 20.2%, during fiscal year 2021. The increase in 2022 was driven by changes in investment strategy, expansion and renovation of our campuses, and increased pledges receivable. The increase in 2021 was primarily driven by market increases on our investment portfolio as well as capital investments.

As of June 30, 2022 and 2021, total assets were approximately $8.0 and $7.9 billion, an increase of $71.4 million and $1.1 billion, or 1.0% and 16.9% respectively, over the previous fiscal year. The overall growth in assets is attributed to an increase in capital assets in fiscal year 2022 and increases in investments and capital assets in fiscal year 2021.

Figure 1 represents the composition of total assets as of June 30, 2022.

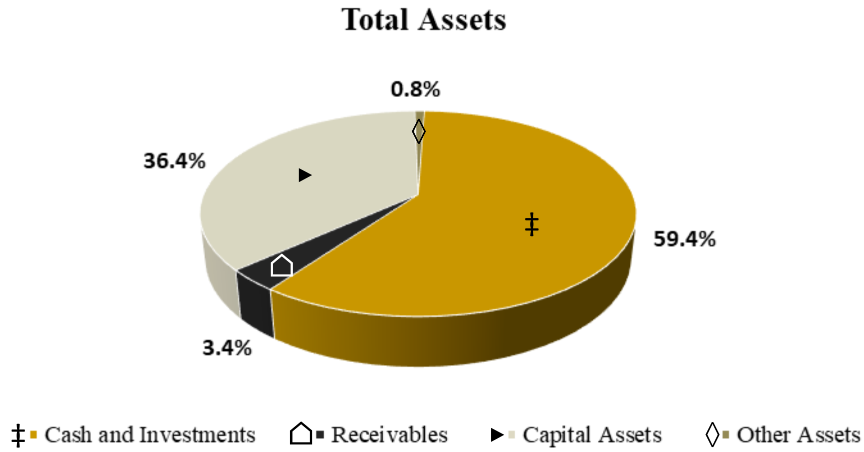


Total Assets

(in thousands of dollars)

Cash and Investments	$	4,672,275	58.6%
Receivables		282,382	3.5%
Capital Assets		2,943,693	36.9%
Other Assets		71,584	1.0%
Total Assets	**$**	**7,969,934**	**100.0%**

Figure 2 represents the composition of total assets as of June 30, 2021.



Total Assets

(in thousands of dollars)

Cash and Investments	$	4,689,999	59.4%
Receivables		269,010	3.4%
Capital Assets		2,873,341	36.4%
Other Assets		66,214	0.8%
Total Assets	**$**	**7,898,564**	**100.0%**

Deferred Outflows of Resources

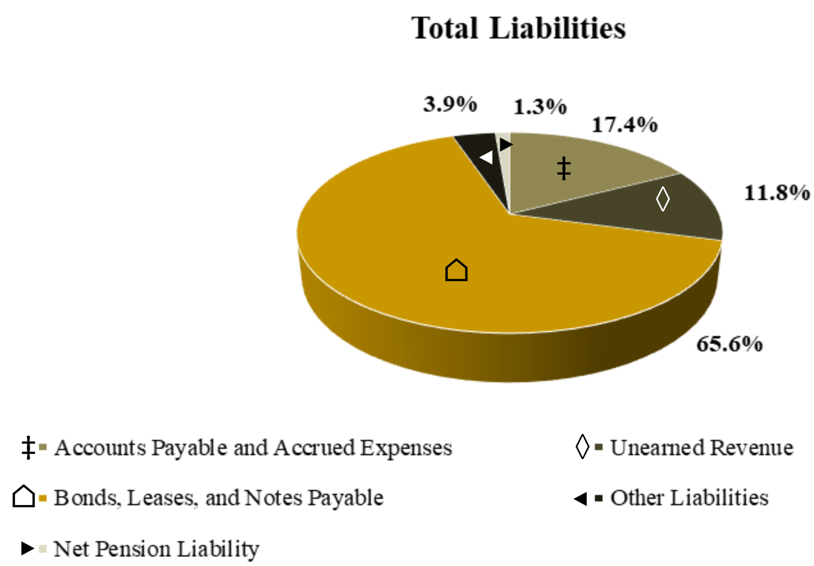
Deferred outflows of resources represent a consumption of resources that do not require a further exchange of goods and services, but that are applicable to a future reporting period. They are not shown on the Statement of Revenues, Expenses, and Changes in Net Position because they are not expense items 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 $1.7 and $1.8 billion as of June 30, 2022 and 2021, respectively.

Bonds, leases, and notes payable decreased by $87.9 million in fiscal year 2022 primarily due to debt payments, and increased $107.7 million in fiscal year 2021, primarily due to issuances of new debt and the implementation of GASB 87 for Leases. 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, 2022.

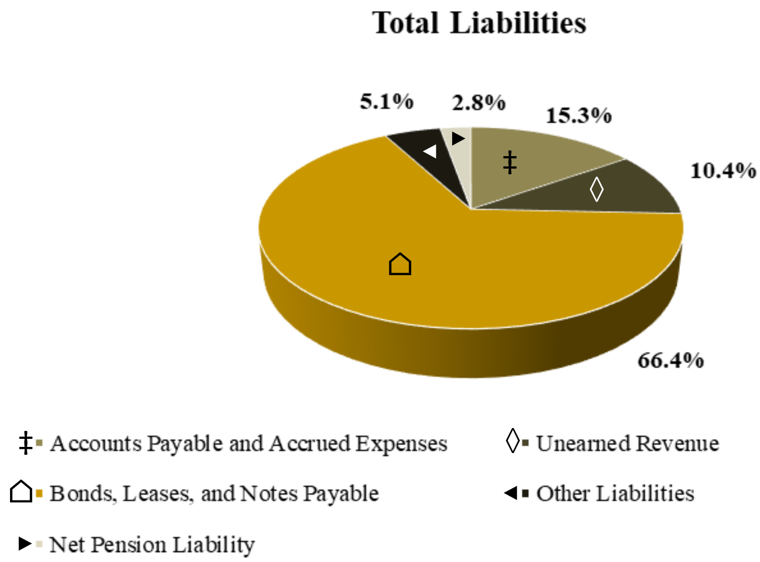


Total Liabilities

(in thousands of dollars)

Accounts Payable and Accrued Expenses	$	291,589	17.4%
Unearned Revenue		196,488	11.8%
Bonds, Leases, and Notes Payable		1,092,585	65.6%
Other Liabilities		64,483	3.9%
Net Pension Liability		21,151	1.3%
Total Liabilities	**$**	**1,666,296**	**100.0%**

Figure 4 represents the composition of total liabilities as of June 30, 2021.



Total Liabilities

(in thousands of dollars)

Accounts Payable and Accrued Expenses	$	272,057	15.3%
Unearned Revenue		185,273	10.4%
Bonds, Leases, and Notes Payable		1,180,479	66.4%
Other Liabilities		90,492	5.1%
Net Pension Liability		49,762	2.8%
Total Liabilities	**$**	**1,778,063**	**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:

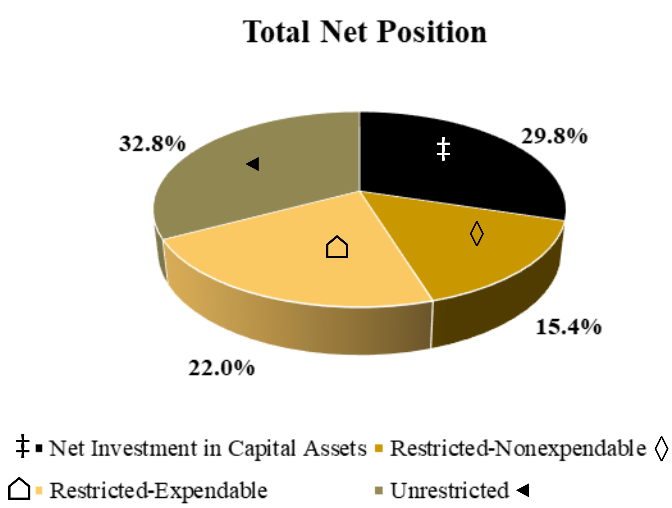
Net Investment in Capital Assets represents the University's investment in right-to-use assets and capital assets such as moveable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation, lease liabilities, and related debt.

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, 2022.

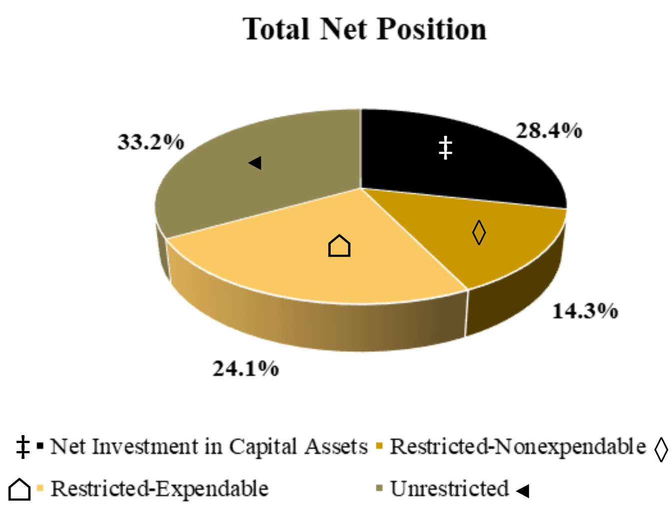


Total Net Position

(in thousands of dollars)

Net Investment in Capital Assets	$	1,864,149	29.8%
Restricted-Nonexpendable		962,179	15.4%
Restricted-Expendable		1,377,049	22.0%
Unrestricted		2,049,087	32.8%
Total	**$**	**6,252,464**	**100.0%**

Figure 6 represents the composition of net position as of June 30, 2021.



Total Net Position

(in thousands of dollars)

Net Investment in Capital Assets	$	1,733,508	28.4%
Restricted-Nonexpendable		872,775	14.3%
Restricted-Expendable		1,468,958	24.1%
Unrestricted		2,023,025	33.2%
Total	**$**	**6,098,266**	**100.0%**

Net investment in capital assets increased $130.6 and $22.6 million in fiscal years 2022 and 2021, respectively. The increases for fiscal years ended June 30, 2022 and 2021 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 $89.4 and $52.3 million in fiscal years 2022 and 2021, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances decreased by $91.9 million and increased by $540.2 million in fiscal years ended June 30, 2022 and 2021, respectively, driven by the respective changes in market value of investments.

The unrestricted net position had an increase of $26.1 and $398.4 million for the fiscal years ended June 30, 2022 and 2021, respectively.

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, 2022, 2021, and 2020, is presented below.

Table 2

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

	2022	2021 As Restated	2020
Operating Revenues			
Tuition and Fees	$ 1,548,064	$ 1,459,857	$ 1,385,459
Less: Scholarship Allowance	(202,420)	(205,657)	(213,949)
Grants and Contracts	524,269	461,752	488,096
Auxiliary Enterprises	268,657	198,323	234,336
Less: Scholarship Allowance	(15,400)	(14,694)	(16,830)
Other Operating Revenues	153,610	130,382	143,231
Total Operating Revenues	2,276,780	2,029,963	2,020,343
Operating Expenses			
Instruction	860,483	811,219	853,454
Research	336,208	291,473	295,279
Extension and Public Service	153,406	135,935	146,346
Academic Support	183,243	163,194	174,145
Student Services	165,637	180,730	170,182
General Administration and Institutional Support	427,231	396,888	368,874
Physical Plant Operations and Maintenance	140,178	128,627	140,743
Depreciation	215,560	212,195	186,934
Student Aid	146,669	98,585	62,240
Auxiliaries	193,427	172,965	199,976
Total Operating Expenses	2,822,042	2,591,811	2,598,173
Operating Loss	(545,262)	(561,848)	(577,830)
Nonoperating Revenues	628,089	1,544,083	681,497
Interest Expense	(33,722)	(35,712)	(28,969)
Capital and Endowments	105,093	66,935	78,956
Total Nonoperating Revenues	699,460	1,575,306	731,484
Increase in Net Position	154,198	1,013,458	153,654
Net position, Beginning of Year	6,098,266	5,084,808	4,931,154
Net position, End of Year	**$ 6,252,464**	**$ 6,098,266**	**$ 5,084,808**

Figures 7 and 8 provide information about the University's sources of revenues for fiscal years 2022 and 2021. The University had an increase in net position of $154.2 million and $1.0 billion for fiscal years ended June 30, 2022 and 2021, respectively.

Figure 7: University Revenue by Category for FY 2022

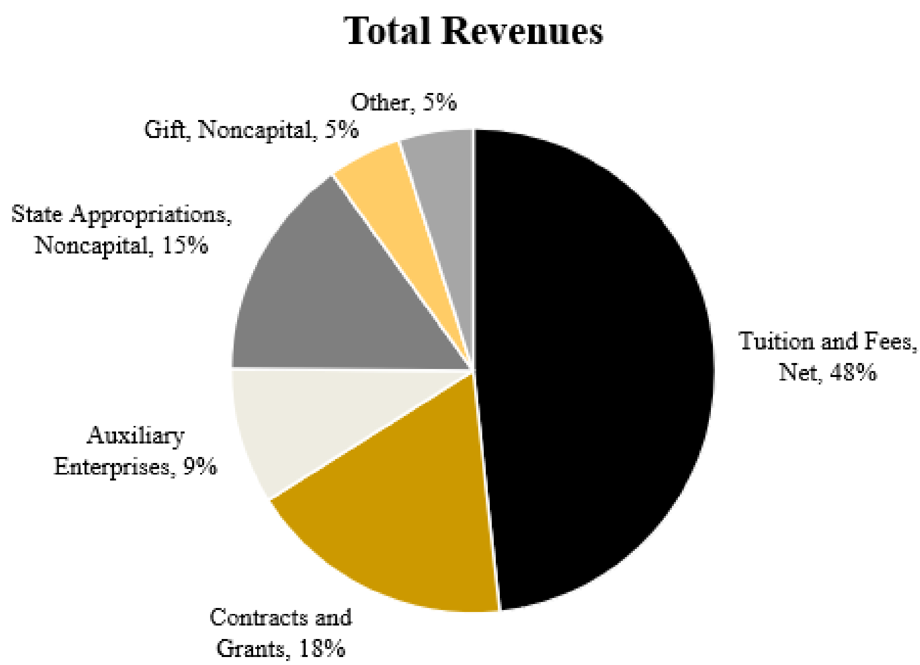
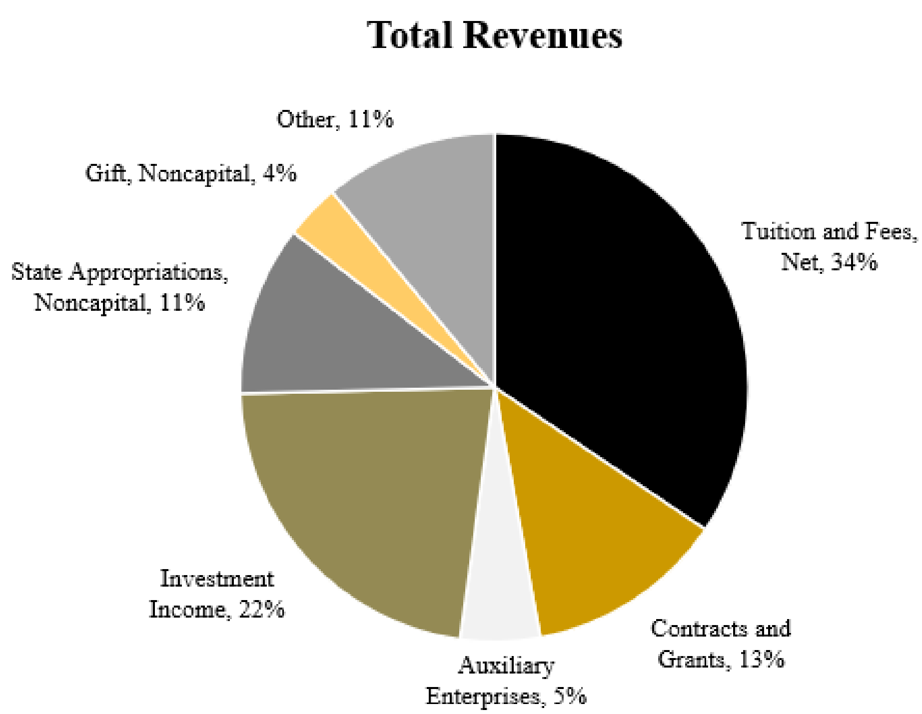
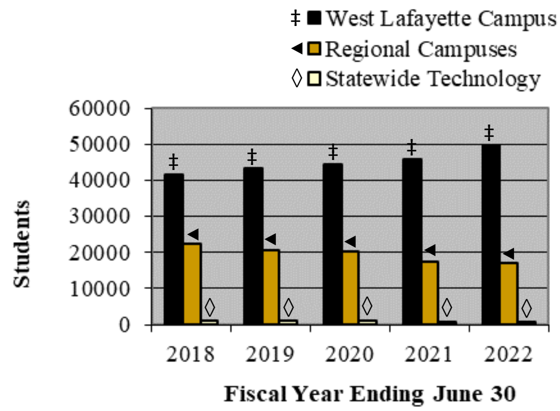


Figure 8: University Revenue by Category for FY 2021



For the fiscal years ended June 30, 2022 and 2021, the total operating revenues increased $246.8 million, or 12.2% and $9.6 million, or 0.5%, respectively. Net tuition and fee revenue increased by $91.4 and $82.7 million in fiscal years 2022 and 2021, 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 or Purdue University Global.*

Operating grants and contracts revenue increased $62.5 million, or 13.5% and decreased $26.3 million, or 5.4% for the fiscal years ended June 30, 2022 and 2021, respectively, primarily due to fluctuations in grant research. Auxiliary Enterprises revenue increased $70.3 million, or 35.5% and decreased $36.0 million, or 15.4% in fiscal years ended June 30, 2022 and 2021, respectively, primarily due to changes in operations related to the COVID-19 pandemic.

For fiscal year ended June 30, 2022, nonoperating revenues before capital and endowments, net of expenses, decreased by $914.0 million. The nonoperating revenues includes $129.6 million in HEERF grant revenue. The overall decrease in nonoperating revenue is primarily due to investment income fluctuations related to the market. These investment income fluctuations also drove the $855.8 million increase in nonoperating revenues before capital and endowments for fiscal year June 30, 2021. The net investment performance of the University's endowment was 1.1% and 38.6% for the fiscal years 2022 and 2021, respectively, using the most recent data available. The endowment was invested in private investments (41.8%), public equities (50.0%), and fixed income investments (8.2%). The portfolio composition did not materially change from the prior fiscal year.

For the fiscal years ended June 30, 2022 and 2021, capital and endowment income increased by $38.2 million, or 57.0%, and decreased by $12.0 million, or 15.2%, respectively, primarily due to changes in private gifts for endowments and capital gifts.

Operating expenses were $2.8 billion and $2.6 billion for the fiscal years ended June 30, 2022 and 2021, respectively, representing an increase of $230.2 million during 2022 and a decrease of $6.4 million during 2021. Compensation and benefits expenses were $1.7 billion and $1.6 billion for fiscal years ended June 30, 2022 and 2021, respectively, representing an increase of $66.0 million during 2022 and a decrease of

$50.4 million during 2021. These changes are primarily due to changes in select operations related to the COVID 19 pandemic.

Supplies and services expenses were $789.1 million for the fiscal year ended June 30, 2022, an increase of $112.8 million from 2021. Supplies and services expenses were $676.3 million for the fiscal year ended June 30, 2021, a decrease of $17.6 million from 2020. These changes are also primarily due to changes in select operations related to the COVID 19 pandemic.

For the fiscal years ended June 30, 2022 and 2021, depreciation expense was $215.6 and $212.2 million, respectively.

Scholarships, fellowships, and student awards were $146.7 and $98.6 million for the fiscal years ended June 30, 2022 and 2021, respectively. The increases of $48.1 and $36.3 million during 2022 and 2021 were primarily due to HEERF funds expensed 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, 2022 and 2021.

Figure 9: University Expenses by Function for FY 2022

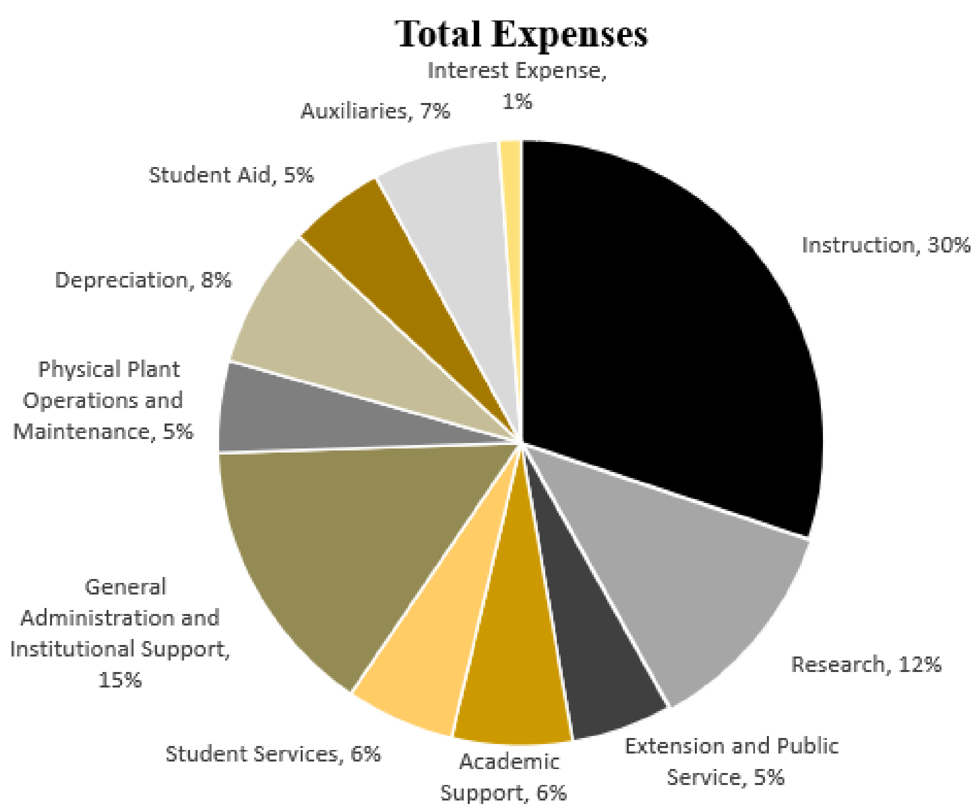
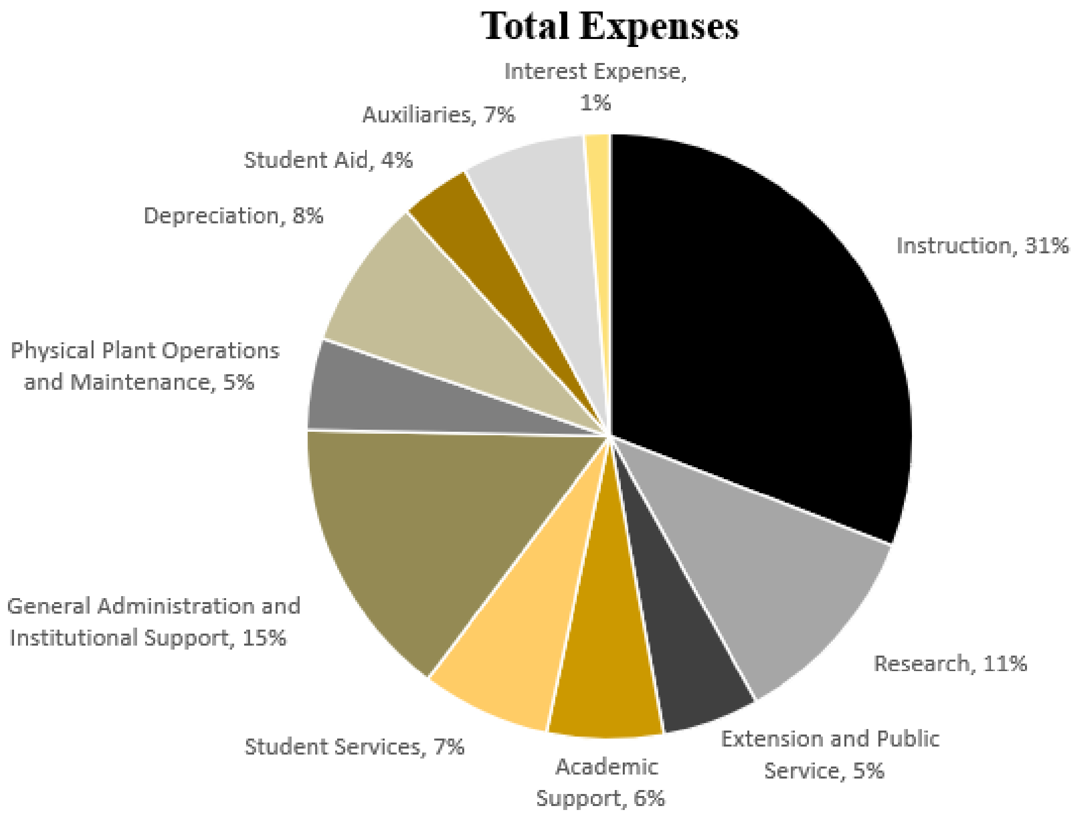


Figure 10: University Expenses by Function for FY 2021



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)

		2022		2021		2020
				As Restated		
Cash Used by Operating Activities	$	(296,534)	$	(372,312)	$	(319,094)
Cash Provided by Noncapital Financing Activities		851,808		785,096		673,751
Cash (Used) Provided by Investing Activities		(232,332)		(173,769)		36,701
Cash Used by Capital and Related Financing Activities		(375,768)		(319,879)		(230,808)
Net (Decrease) Increase in Cash and Cash Equivalents		(52,826)		(80,864)		160,550
Cash and Cash Equivalents, Beginning of Year		356,357		437,221		276,671
Cash and Cash Equivalents, End of Year	**$**	**303,531**	**$**	**356,357**	**$**	**437,221**

The cash provided by noncapital financing activities reflect the nonoperating revenue changes described above. The cash provided and used by investing activities represent the changes in investments of cash to and from operations. 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 2022 and 2021 are presented in Table 4 and significant projects in progress at June 30, 2022 are presented in Table 5.

Table 4

Significant Construction Projects Completed (Dollars in Thousands)

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**
Projects Completed in 2021		
Agricultural and Biological Engineering Renovation and Addition	$	80,000
Purdue Memorial Union Hotel Renovation		35,700
Total Significant Construction Projects Completed	**$**	**115,700**

Table 5

Significant Construction Projects in Progress (Dollars in Thousands)

		Project Budget
Engineering and Polytechnic Gateway	$	140,000
Hypersonics and Applied Research Building		41,000
Schleman Hall, Stewart Center, and Related Renovation		52,800
Life Science Ranges Phenotyping Greenhouse Building		20,000
Ross-Ade Stadium Renovation		45,400
ZL9 & High Pressure Air Plant		73,000
Hagle Hall Bands and Orchestra Building		22,000
Total Significant Construction Projects in Progress	**$**	**394,200**

Debt and Financing Activities

As of June 30, 2022 and 2021, bonds, leases, and notes payable totaled approximately $1.1 and $1.2 billion, respectively, and represented approximately 65.4% and 66.4%, respectively, of the total liabilities of the University. The University's debt portfolio as of June 30, 2022 consisted of $28.9 million of variable rate instruments (2.6%) and $1.1 billion in leases and fixed rate obligations (97.4%). As of June 30, 2021, consisted of $54.2 million of variable rate instruments (4.6%) and $1.1 billion in leases and fixed rate obligations (95.4%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2022 and 2021, 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 2023, the Indiana General Assembly appropriated $312.5 million for the West Lafayette campus, $55.3 million for Purdue Northwest and $53.8 million for Purdue Fort Wayne. Fiscal year 2023 is the second year of the State of Indiana’s biennial budget. Appropriations for fiscal years 2024 and 2025 will be determined in April 2023.

Academic year 2022-23 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the tenth year in a row. The regional campuses had modest tuition increases for undergraduates as follows: Fort Wayne 1.45% and Purdue Northwest 1.45%. Each campus continues its efforts to identify operational efficiencies, cost savings initiatives and new sources of revenue to supplement its operating budget. In December 2021 the West Lafayette campus announced it will hold tuition flat for an eleventh year in fiscal year 2024, continuing its commitment to support student affordability and accessibility.

Enrollment at all Purdue campuses was 69,510* for the fall semester of the 2022-2023 academic year. At the West Lafayette campus, enrollment hit a record high at 50,884 for the fall semester of the 2022-2023 academic year, up 1,245 from the fall semester of the prior academic year. Applications for admission in

Fall 2022 increased again, growing by 15%, with an undergraduate first-year class of 9,354. By design the Fall 2022 first-year class was smaller than the record first-year class in Fall 2021.

Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The four-year graduation rate at the West Lafayette campus increased to 66% compared to 65% last year. The average undergraduate time to degree continued a decade-long decline and is less than 4 years, at 3.91 years for the 2022-2023 academic year. The six-year graduation rate increased to 84% from 83% last year.

**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 2022	Purdue University 2021 As Restated	Discretely Presented Component Units 2022	Discretely Presented Component Units 2021 As Restated
Assets and Deferred Outflows of Resources:				
Current Assets:				
Cash and Cash Equivalents	$ 303,531	$ 356,357	$ 39,788	$ 38,321
Investments	103,907	278,499	140,547	127,009
Accounts Receivable, Net	139,110	151,063	10,806	6,720
Pledges Receivable, Net	39,071	31,782	175	360
Notes Receivable, Net	9,837	10,092	4,298	1,867
Other Receivables	1,271	1,174	-	-
Other Assets	33,087	31,189	6	5
Total Current Assets	**629,814**	**860,156**	**195,620**	**174,282**
Noncurrent Assets:				
Investments	4,264,837	4,055,143	3,664,640	3,778,684
Pledges Receivable, Net	62,073	36,520	-	77
Notes and Other Receivables, Net	31,020	38,379	209,546	213,721
Interest in Charitable Remainder Trusts	31,234	35,025	16,781	19,803
Capital Assets, Net	2,943,693	2,873,341	268,559	291,279
Other Noncurrent Assets	7,263	-	18,702	14,232
Total Noncurrent Assets	**7,340,120**	**7,038,408**	**4,178,228**	**4,317,796**
Total Assets	**7,969,934**	**7,898,564**	**4,373,848**	**4,492,078**
Deferred Outflows of Resources	47,451	39,502	3,628	4,019
Liabilities and Deferred Inflows of Resources:				
Current Liabilities:				
Accounts Payable and Accrued Expenses	216,089	198,121	37,590	36,921
Unearned Revenue	196,488	185,273	2,858	2,846
Accrued Compensated Absences	33,580	28,971	-	-
Other Post Employment Benefits	3,609	2,715	-	-
Bonds, Leases, and Notes Payable	97,813	138,772	17,909	8,314
Total Current Liabilities	**547,579**	**553,852**	**58,357**	**48,081**
Noncurrent Liabilities:				
Accrued Compensated Absences	41,920	44,965	-	-
Other Post Employment Benefits	25,309	32,045	-	-
Net Pension Liability	21,151	49,762	-	-
Advances from Federal Government	1,902	4,896	-	-
Other Noncurrent Liabilities	33,663	50,836	2,669,140	2,769,892
Bonds, Leases, and Notes Payable	994,772	1,041,707	317,695	324,550
Total Noncurrent Liabilities	**1,118,717**	**1,224,211**	**2,986,835**	**3,094,442**
Total Liabilities	**1,666,296**	**1,778,063**	**3,045,192**	**3,142,523**
Deferred Inflows of Resources	98,625	61,737	1,015	1,325

Statement of Net Position

As of June 30 (Dollars in Thousands) (continued from previous page)	Purdue University 2022	Purdue University 2021 As Restated	Discretely Presented Component Units 2022	Discretely Presented Component Units 2021 As Restated
Net Position:				
Net Investment in Capital Assets	**$ 1,864,149**	**$ 1,733,508**	**$ 90,610**	**$ 118,563**
Restricted:				
Nonexpendable:				
Instruction and Research	486,707	449,503	66,230	65,741
Student Aid	435,733	394,549	92,386	88,181
Other	39,739	28,723	14,976	15,102
Total Nonexpendable	**962,179**	**872,775**	**173,592**	**169,024**
Expendable:				
Instruction, Research and Public Service	239,940	215,773	289,597	279,573
Student Aid	92,609	89,063	420,875	472,492
Construction	127,792	137,168	-	-
Other, Including Gains on Restricted Endowments	916,708	1,026,954	135,798	112,436
Total Expendable	**1,377,049**	**1,468,958**	**846,270**	**864,501**
Unrestricted	**2,049,087**	**2,023,025**	**220,797**	**200,161**
Total Net Position	**$ 6,252,464**	**$ 6,098,266**	**$ 1,331,269**	**$ 1,352,249**

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 Units	
	2022	2021 As Restated	2022	2021 As Restated
Operating Revenues:				
Tuition and Fees	$ 1,548,064	$ 1,459,857	$ -	$ -
Less: Scholarship Allowance	(202,420)	(205,657)	-	-
Grants and Contracts	524,269	461,752	-	-
Sales and Services	151,565	128,820	41,921	41,019
Auxiliary Enterprises	268,657	198,323	-	-
Less: Scholarship Allowance	(15,400)	(14,694)	-	-
Other Operating Revenues	2,045	1,562	5,813	4,246
Total Operating Revenues	**2,276,780**	**2,029,963**	**47,734**	**45,265**
Operating Expenses:				
Compensation and Benefits	1,670,683	1,604,709	43,048	39,410
Supplies and Services	789,130	676,322	104,845	86,954
Depreciation Expense	215,560	212,195	11,301	11,343
Scholarships, Fellowships, & Student Awards	146,669	98,585	-	-
Total Operating Expenses	**2,822,042**	**2,591,811**	**159,194**	**137,707**
Net Operating Loss	**(545,262)**	**(561,848)**	**(111,460)**	**(92,442)**
Nonoperating Revenues (Expenses):				
State Appropriations	417,428	394,199	-	-
Grants and Contracts	260,439	225,113	-	-
Private Gifts	137,538	127,876	107,943	33,429
Investment Income (Loss)	(195,435)	817,505	(38,485)	335,613
Interest Expense	(33,722)	(35,712)	(11,529)	(11,168)
Other Nonoperating Revenues (Expenses)	8,119	(20,610)	27,221	32,515
Total Nonoperating Revenues before Capital and Endowments	**594,367**	**1,508,371**	**85,150**	**390,389**
Capital and Endowments:				
Capital Gifts	27,017	15,430	-	-
Private Gifts for Permanent Endowments	78,076	51,505	5,330	12,661
Total Capital and Endowments	**105,093**	**66,935**	**5,330**	**12,661**
Total Nonoperating Revenues	**699,460**	**1,575,306**	**90,480**	**403,050**
INCREASE (DECREASE) IN NET POSITION	**154,198**	**1,013,458**	**(20,980)**	**310,608**
Net Position, Beginning of Year	6,098,266	5,084,808	1,352,249	1,041,641
Net Position, End of Year	**$ 6,252,464**	**$ 6,098,266**	**$ 1,331,269**	**$ 1,352,249**

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)

	2022	2021 As Restated
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	$ 1,356,633	$ 1,226,829
Grants and Contracts	518,808	461,086
Sales and Services	152,429	135,752
Auxiliary Enterprises, Net of Scholarship Allowances	269,966	186,796
Other Operating Revenues	2,212	2,508
Compensation and Benefits	(1,669,153)	(1,597,272)
Supplies and Services	(784,657)	(692,763)
Scholarships, Fellowships and Student Awards	(146,675)	(98,634)
Other Operating Expenses	(2,994)	(3,622)
Direct Loans Issued	(483,807)	(485,568)
Direct Loans Received	483,607	485,346
Student Loans Issued	(1,592)	(1,975)
Student Loans Collected	8,689	9,205
Cash Used by Operating Activities	**(296,534)**	**(372,312)**
Cash Flows From Noncapital Financing Activities:		
State Appropriations	417,428	394,199
Grants and Contracts	260,439	225,113
Gifts for Other than Capital Purposes	183,320	158,956
Other Nonoperating Revenues (Expenses)	(9,379)	6,828
Cash Provided by Noncapital Financing Activities	**851,808**	**785,096**
Cash Flows From Investing Activities:		
Purchases of Investments	(4,343,816)	(4,279,611)
Proceeds from Sales and Maturities of Investments	4,065,883	4,067,022
Interest and Dividends on Investments, Net	45,601	38,820
Cash Used by Investing Activities	**(232,332)**	**(173,769)**
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(114,321)	(125,932)
Capital Debt Proceeds	30,784	42,310
Interest Expense	(43,920)	(47,271)
Capital Gifts Received	27,556	20,570
Construction or Purchase of Capital Assets	(275,867)	(209,556)
Cash Used by Capital and Related Financing Activities	**(375,768)**	**(319,879)**
Net Decrease in Cash and Cash Equivalents	**(52,826)**	**(80,864)**
Cash and Cash Equivalents, Beginning of Year	356,357	437,221
Cash and Cash Equivalents, End of Year	**$ 303,531**	**$ 356,357**

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)		**2022**		**2021 As Restated**
Reconciliation of net operating loss to net cash used by operating activities:				
Operating Loss	$	(545,262)	$	(561,848)
Depreciation Expense		215,560		212,195
Noncash investing, capital, and financing activities		220		61
Changes in Assets and Liabilities:				
Accounts Receivable		12,741		(33,253)
Notes Receivable		7,040		7,190
Other Assets		(9,213)		2,604
Accrued Compensated Absences		1,563		(709)
Other Post Employment Benefits and related deferreds		(2,711)		(2,518)
Net Pension liability and related deferreds		(4,399)		(4,419)
Accounts Payable and Accrued Expenses		19,528		(3,207)
Unearned Revenue		11,393		15,214
Advances from Federal Government		(2,994)		(3,622)
Cash Used by Operating Activities	**$**	**(296,534)**	**$**	**(372,312)**
Significant Noncash Transactions				
Right-to-use assets acquired under leases	$	3,937	$	5,290

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)

	2022	2021
ASSETS		
TIAA Traditional	$ 14,589	$ 15,391
CREF Stock Account	14,921	10,477
CREF Growth Account	21,791	15,250
TOTAL INVESTMENTS	51,301	41,118
Accrued Income	49	42
TOTAL ASSETS	51,350	41,160
NET POSITION		
Restricted for:		
Pension benefit payments	51,350	41,160
TOTAL NET POSITION	**$ 51,350**	**$ 41,160**

The Accompanying Notes are an Integral Part of these Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Police and Firefighters Supplemental Pension Trust Funds
For the Years Ended June 30 (Dollars in Thousands)

	2022	2021
ADDITIONS		
Contributions:		
Members	$ 189	$ 177
Employers	-	19
TOTAL CONTRIBUTIONS	189	196
Investment Income	11,471	3,420
TOTAL ADDITIONS	11,660	3,616
DEDUCTIONS		
Benefits paid to participants/beneficiaries	1,470	1,419
TOTAL DEDUCTIONS	1,470	1,419
NET INCREASE IN FIDUCIARY NET POSTION	10,190	2,197
NET POSITION - BEGINNING	41,160	38,963
NET POSITION - ENDING	**$ 51,350**	**$ 41,160**

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, 2022 and 2021

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 define the financial reporting entity as an entity that consists of the primary government, Purdue University, and all of its component units.

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 and did not engage in any activity until fiscal year 2022. 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 Hentschel 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 participate 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, 2022 and 2021.

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 2022, the University adopted GASB Statement 87 *Leases.*

The effect of GASB Statement 87:

GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement increases the usefulness of the University's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as current inflows or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability for the present value of payments expected to be made and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

In implementing this GASB, the University recognized right-to-use assets valued at $76,512,000 and related liabilities, net of prepaid lease amounts, valued at $62,358,000 on July 1, 2020 for leases it had entered into as the lessee. The University also recognized receivables and deferred inflows for leases of $6,859,000 where the University is the lessor on July 1, 2020. Fiscal year 2021 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 it's 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 the lease agreements meet the standards outlined in GASB 87, Leases. The right-to-use assets are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

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. Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may accrue vacation up to 320 hours. For all classes of employees, accrued vacation is payable upon termination. Upon meeting the definition of an official 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.

Advances from Federal Government. Advances from Federal Government relate to the Perkins Federal Student Loan program, which is being phased out.

Other Noncurrent Liabilities. Other Noncurrent Liabilities relate to endowments held for one of our component units, 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 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 has 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 $966,000 and $4,516,000 was recognized during the years ending June 30, 2022 and 2021, 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. A blended component unit reclassified items related to scholarships from nonoperating to operating, and made reclassifications between categories of operating expenses.

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.

COVID-19 Impact and Current Environment. Early in 2020 the Governor of Indiana declared a public health emergency related to the COVID 19 pandemic which remained in effect until March 2022. University responses throughout this time period have mitigated potential negative financial impacts. There could still potentially be a financial consequence to the University, if the pandemic were to become virulent again, and the future extent and severity of the impact on the University and its students cannot be definitively predicted. However, we believe that the University is uniquely positioned to provide its educational offerings in a safe, effective manner.

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 Purdue's portion of the HEERF grants follow.

Details over life of HEERF grants through June 30, 2022:

	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	$ 70,010,000	$ 121,389,000	$ 225,402,000
Balance Available	$ -	$ 10,000	$ 2,428,000	$ 2,438,000

As of June 30, 2022, the University still has $2,438,000 available HEERF grants, of which $1,770,000 is required to go directly to students. HEERF grant revenues recognized are reported as nonoperating revenue, and HEERF grant related expenses are reported as operating expenses.

Upcoming Accounting Pronouncements

In March 2020, the Governmental Accounting Standards Board issued GASB Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payments,* which:

- Improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs)
- Provides guidance for accounting and financial reporting for availability payment arrangements (APAs)

The effect of applying the new guidance on the financial statements has not yet been determined. The provisions of this statement related to financial reporting are effective for the University's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards board issued GASB Statement No 96, *Subscription-Based Information Technology Arrangements*, which:

- Provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.
    - Defines a SBITA
    - Establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability
    - Provides capitalization criteria
    - Requires note disclosures regarding SBITAs

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases. The University is in the process of analyzing its portfolio of Information Technology agreements and expects the implementation of this GASB to have a significant effect on the University's financial statements, however the total impact has not yet been determined. The provisions of this statement related to financial reporting are effective for the University's financial statements for the year ending June 30, 2023.

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):

Investment Type	June 30, 2022	June 30, 2021
SEPARATELY HELD INVESTMENTS:		
Land Grant Cash Held by State Treasurer	$ 340	$ 340
US Equity	76,480	73,832
Public Real Estate	1,854	1,755
US Agencies	484	-
Asset-Backed Securities	3,662	1,698
Corporate Bonds	7,429	796
Mortgage-Backed Securities	428	-
US Treasuries and Securities	8,636	-
Venture Capital/Private Equity	132	98
Short Term Investments	50,130	60,440
BOND PROCEEDS INVESTED:		
Short Term Investments	613	22,440
PIPC:		
Short Term Investments	256,132	296,394
Fixed Income:		
Asset-Backed Securities	158,284	104,420
Corporate Bonds	602,120	626,316
Mortgage-Backed Securities	323,368	294,656
US Agencies	32,286	60,629
US Treasuries and Securities	521,436	530,321
PIP:		
Short Term Investments	71,544	81,338
US Equity	597,310	660,943
International Equity	309,443	363,440
Fixed Income	137,303	106,399
Emerging Markets	101,832	122,683
Marketable Alternatives	223,416	203,645
Public Real Estate	161,344	148,764
Private Real Estate	79,576	74,712
Public Natural Resources	104,996	85,197
Private Natural Resources	77,955	67,532
Venture Capital/Private Equity	763,742	701,211
Total	**$ 4,672,275**	**$ 4,689,999**

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

Investment Type		June 30, 2022		June 30, 2021
FIDUCIARY INVESTMENTS:				
TIAA Traditional	$	14,589	$	15,391
CREF Stock Account		14,921		10,477
CREF Growth Account		21,791		15,250
Total	**$**	**51,301**	**$**	**41,118**

The University's investment values included accumulated unrealized gains of approximately $339,307,000 and $696,626,000 as of June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, the investment (loss) income included an unrealized loss of approximately $357,319,000 and an unrealized gain of approximately $511,821,000, respectively.

As of June 30, 2022 and 2021, the University had approximately $639,791,000 and $590,520,000 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, 2022 and 2021, was approximately $87,338,000 and $96,079,000, 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, 2022 and 2021 were approximately $300,000 and $500,000, 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 in the amount of $3,420,000 as of June 30, 2022 were covered up to federally insured limits and any remaining balance is uninsured and uncollateralized. Fiscal year 2022 was the initial year of reportable activity for Purdue Applied Research Institute.

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 comingled 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, 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 and other	4,971	82,300	15,287	34,745	137,303
Total	$ 132,573	$ 982,901	$ 243,576	$ 436,386	$ 1,795,436

June 30, 2021	Maturity				
Investment Type	**0–1 year**	**1–5 years**	**6–10 years**	**>10 years**	**Totals**
Separately Held:					
Asset-Backed Securities	$ 20	$ 443	$ 1,219	$ 16	$ 1,698
Corporate Bonds	-	210	586	-	796
PIPC:					
Asset-Backed Securities	12,749	57,246	2,402	32,023	104,420
Corporate Bonds	105,668	353,386	95,773	71,489	626,316
Mortgage-Backed Securities	13,463	34,417	25,770	221,006	294,656
US Agencies	519	14,542	33,102	12,466	60,629
US Treasuries and Securities	184,224	267,425	70,194	8,478	530,321
PIP:					
Fixed Income and other	24,328	53,531	15,365	26,980	120,204
Total	$ 340,971	$ 781,200	$ 244,411	$ 372,458	$ 1,739,040

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

	June 30, 2022	% of Total	June 30, 2021	% of Total
Separately Held:				
A	$ 2,807	13.60%	$ 688	27.59%
AA	1,924	9.32%	680	27.27%
AAA	9,271	44.92%	138	5.53%
BA	836	4.05%	-	0.00%
BAA	2,858	13.85%	129	5.17%
Unrated	2,943	14.26%	859	34.44%
Total Separately Held	20,639	100.00%	2,494	100.00%
PIPC:				
A	267,591	16.34%	299,155	18.51%
AA	64,438	3.94%	63,734	3.94%
AAA	928,349	56.69%	886,852	54.86%
BA	34,967	2.14%	38,889	2.41%
BAA	189,491	11.57%	198,732	12.30%
Unrated[1]	152,658	9.32%	128,980	7.98%
Total PIPC:	1,637,494	100.00%	1,616,342	100.00%
PIP:				
A	19,979	14.55%	17,765	14.78%
AA	4,989	3.63%	4,255	3.54%
AAA	82,403	60.02%	69,343	57.69%
BA	3,837	2.80%	3,826	3.18%
BAA	15,837	11.53%	13,609	11.32%
Unrated[1]	10,258	7.47%	11,406	9.49%
Total PIP	137,303	100.00%	120,204	100.00%
Total	**$ 1,795,436**		**$ 1,739,040**	

[1] Unrated 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.

All Separately Held and PIPC investments were maintained either in Purdue University, Purdue University Global, or Purdue Applied Research Institute accounts at custodial banks with the exception of $340,000 at both June 30, 2022 and 2021 which was held in the State's name. All PIP investments are held at PRF including private placements and investments in limited partnerships which totaled approximately $1,144,689,000 and $1,047,100,000 respectively at June 30, 2022 and 2021.

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, 2022		June 30, 2021	
Australian Dollar	$	4	$	6
Canadian Dollar		1,818		1,740
Euro		2,204		2,888
Total	**$**	**4,026**	**$**	**4,634**

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, 2022 and 2021, 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, 2022 and 2021, accumulated market appreciation of the PIP pool was approximately $849,022,000 and $1,048,334,000, respectively. Of this amount, 45.80% and 46.51% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2022 and 2021, 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, 2022 and 2021, the PRF PIP investment pool includes the following PRF Trusts assets, net of liabilities (dollars in thousands).

	Assets at Fair Value			
	June 30, 2022		June 30, 2021	
University	$	30,249	$	34,137
PRF		34,917		41,773
Other Affiliates		267		282
Total	**$**	**65,433**	**$**	**76,192**

As of June 30, 2022 and 2021, the University's beneficial interest in the Trust Assets of $30,249,000 and $34,137,000, 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 $2,628,461,000 and $2,615,864,000 of the University's PIP, at June 30, 2022 and 2021, respectively, is as follows (dollars in thousands):

Investment Type		June 30, 2022		June 30, 2021
Short-Term Investments	$	334	$	1,332
U.S. Equity		33,204		31,030
Fixed Income		11,027		15,619
Venture Capital		986		680
Private Natural Resources		9,500		9,500
Pooled Funds:				
Short-Term Investments		284,102		239,482
U.S. Equity		871,086		986,156
International Equity		423,700		507,837
Fixed Income		196,079		157,428
Emerging Markets		139,432		171,426
Public Real Estate		220,917		207,869
Private Real Estate		94,428		87,889
Public Natural Resources		143,763		119,046
Private Natural Resources		110,659		94,363
Hedge Funds		302,745		284,554
Venture Capital/Private Equity		952,122		976,287
Total	**$**	**3,794,084**	**$**	**3,890,498**

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):

	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**

Investment Type	Fair Value Measurements at June 30, 2021 Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	$ -	$ 340	$ -	$ -	$ 340
US Equity	73,832	-	-	-	73,832
Public Real Estate	-	-	1,755	-	1,755
Asset-Backed Securities	-	1,698	-	-	1,698
Corporate Bonds	-	796	-	-	796
Venture Capital/Private Equity	-	-	-	98	98
Short Term Investments	60,440	-	-	-	60,440
BOND PROCEEDS INVESTED:					
Short Term Investments	22,440	-	-	-	22,440
PIPC:					
Short Term Investments	296,394	-	-	-	296,394
Fixed Income:					
Asset-Backed Securities	-	104,420	-	-	104,420
Corporate Bonds	-	626,316	-	-	626,316
Mortgage-Backed Securities	-	294,656	-	-	294,656
US Agencies	-	60,629	-	-	60,629
US Treasuries and Securities	530,321	-	-	-	530,321
PIP:					
Short Term Investments	81,338	-	-	-	81,338
US Equity	-	-	-	660,943	660,943
International Equity	363,440	-	-	-	363,440
Fixed Income	31,981	74,418	-	-	106,399
Emerging Markets	122,683	-	-	-	122,683
Marketable Alternatives	-	-	-	203,645	203,645
Public Real Estate	148,764	-	-	-	148,764
Private Real Estate	-	-	-	74,712	74,712
Public Natural Resources	85,197	-	-	-	85,197
Private Natural Resources	-	-	-	67,532	67,532
Venture Capital/Private Equity	-	4,136	-	697,075	701,211
Total	**$ 1,816,830**	**$ 1,167,409**	**$ 1,755**	**$ 1,704,005**	**$ 4,689,999**

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

Investment Type	Fair Value Measurements at June 30, 2022 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**

Investment Type	Fair Value Measurements at June 30, 2021 Level 1	Level 2	Level 3	NAV	Total
FIDUCIARY INVESTMENTS:					
TIAA Traditional	$ -	$ 15,391	$ -	$ -	$ 15,391
CREF Stock Account	-	-	-	10,477	10,477
CREF Growth Account	-	-	-	15,250	15,250
Total	**$ -**	**$ 15,391**	**$ -**	**$ 25,727**	**$ 41,118**

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, 2022	June 30, 2021, As Restated
Grants and Contracts	$ 76,500	$ 81,228
Student and General	43,743	50,495
Other Accrued Revenues	22,412	24,445
Less: Allowance for Doubtful Accounts	(3,545)	(5,105)
Total Accounts Receivable, Net	**139,110**	**151,063**
Pledges Receivable	105,861	72,510
Less: Allowance for Doubtful Pledges	(4,717)	(4,208)
Net Pledges Receivables	101,144	68,302
Less: Noncurrent Portion	(62,073)	(36,520)
Pledges Receivable, Current Portion	**39,071**	**31,782**
Perkins Loans	6,447	8,823
Institutional Loans	28,818	33,890
Other Notes and Leases Receivable	6,167	6,684
Less: Allowance for Doubtful Loans	(575)	(926)
Net Notes Receivable	40,857	48,471
Less: Noncurrent Portion	(31,020)	(38,379)
Notes Receivable, Current Portion	**9,837**	**10,092**
Other Receivables	1,271	1,174
Other Receivables, Current Portion	**$ 1,271**	**$ 1,174**

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, 2022 and 2021, the University recognized $1,635,000 and $1,547,000 of lease revenue and $53,000 and $51,000 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, 2022 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2023	$ 1,723	$ 51	$ 1,774
2024	849	45	894
2025	756	40	796
2026	542	35	577
2027	262	32	294
2028 – 2032	991	116	1,107
2033 – 2037	713	55	768
2038 – 2042	218	15	233
2043 – 2047	106	2	108
Total	$ 6,160	$ 391	$ 6,551

Note 4-Capital Assets

Capital Assets (dollars in thousands)

Capital Assets Activity	Balance as restated July 1, 2021	Additions	Retirements	Transfers	Balance 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 (Lessee) Activity	Balance as restated July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Buildings	76,047	2,780	4,423	-	74,404
Equipment	4,013	767	217	-	4,563
Land	633	390	390	-	633
Total Right to Use Assets	80,693	3,937	5,030	-	79,600
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
Total Accumulated Amortization	14,014	15,865	5,030	-	24,849
Total Right to Use Assets, Net	**$ 66,679**	**$ (11,928)**	**$ -**	**$ -**	**$ 54,751**
Total Capital and Right to Use Assets, Net	**$ 2,873,341**	**$ 71,866**	**$ 1,514**	**$ -**	**$ 2,943,693**

Capital Assets (dollars in thousands)

Capital Assets Activity	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital Assets, Not Being Depreciated:					
Land	$ 63,133	$ 3,541	$ -	$ 494	$ 67,168
Construction in Progress	183,119	119,327	-	(120,915)	181,531
Total Capital Assets, Not Being Depreciated	246,252	122,868	-	(120,421)	248,699
Capital Assets, Being Depreciated:					
Land Improvements	99,492	2,102	1,706	883	100,771
Infrastructure	241,636	4,938	213	6,294	252,655
Buildings	3,872,309	193,523	1,070	113,155	4,177,917
Equipment	712,325	43,213	46,157	89	709,470
Software	84,095	-	8	-	84,087
Total Capital Assets, Being Depreciated	5,009,857	243,776	49,154	120,421	5,324,900
Less Accumulated Depreciation:					
Land Improvements	79,171	2,299	1,706	-	79,764
Infrastructure	96,575	10,576	213	-	106,938
Buildings	1,910,747	136,776	566	-	2,046,957
Equipment	458,951	43,755	43,050	-	459,656
Software	68,262	5,368	8	-	73,622
Total Accumulated Depreciation	2,613,706	198,774	45,543	-	2,766,937
Total Capital Assets, Net of Accumulated Depreciation	**$ 2,642,403**	**$ 167,870**	**$ 3,611**	**$ -**	**$ 2,806,662**

Right to Use Assets (Lessee) Activity	Balance July 1, 2020	Additions	Retirements	Transfers	Balance as restated June 30, 2021
Buildings	72,550	4,521	1,024	-	76,047
Equipment	3,380	718	85	-	4,013
Land	582	51	-	-	633
Total Right to Use Assets	76,512	5,290	1,109	-	80,693
Less Right to Use Assets Accumulated Amortization:					
Buildings	-	13,804	1,024	-	12,780
Equipment	-	1,185	85	-	1,100
Land	-	134	-	-	134
Total Accumulated Amortization	-	15,123	1,109	-	14,014
Total Right to Use Assets, Net	**$ 76,512**	**$ (9,833)**	**$ -**	**$ -**	**$ 66,679**
Total Capital and Right to Use Assets, Net	**$ 2,718,915**	**$ 158,037**	**$ 3,611**	**$ -**	**$ 2,873,341**

During fiscal years 2022 and 2021, the University expensed $33,722,000 and $35,712,000, 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, 2022	June 30, 2021 As Restated
Construction Payables	$ 19,824	$ 19,582
Accrued Insurance Liabilities	22,989	23,336
Interest Payable	16,988	16,682
Accrued Salaries and Wages	11,859	13,796
Vendor and Other Payables	144,429	124,725
Total Accounts Payable and Accrued Expenses	**$ 216,089**	**$ 198,121**
Tuition and Fees	87,972	83,266
Grant and Other	108,516	102,007
Total Unearned Revenue	**$ 196,488**	**$ 185,273**

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

Liabilities	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion
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	50,836	1,465	18,638	33,663	-
Advances from Federal Government	4,896	-	2,994	1,902	-
Total	**$ 214,190**	**$ 33,931**	**$ 86,987**	**$ 161,134**	**$ 37,189**

Liabilities	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Accrued Compensated Absences	$ 74,647	$ 26,797	$ 27,508	73,936	$ 28,971
Other Post Employment Benefits	33,357	3,077	1,674	34,760	2,715
Net Pension Liability	55,779	-	6,017	49,762	-
Other Noncurrent Liabilities	43,998	24,826	17,988	50,836	-
Advances from Federal Government	8,518	-	3,622	4,896	-
Total	**$ 216,299**	**$ 54,700**	**$ 56,809**	**$ 214,190**	**$ 31,686**

Note 6 — Debt Related to Capital Assets

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

Debt Related Liabilities	**Balance July 1, 2021**	**Increases**	**Decreases**	**Balance 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
Net Unamortized Premiums and Costs	90,906	8,734	16,342	83,298	12,099
Total Debt Related Liabilities	**$ 1,180,479**	**$ 92,861**	**$ 180,755**	**$ 1,092,585**	**$ 97,813**

Debt Related Liabilities, As Restated	**Balance July 1, 2020**	**Increases**	**Decreases**	**Balance June 30, 2021**	**Current Portion**
Notes Payable	$ 4,930	$ -	$ 4,930	$ -	$ -
Bonds Payable					
Student Facilities System Revenue Bonds	304,065	-	32,420	271,645	78,020
Student Fee Bonds	502,030	-	35,030	467,000	30,160
Total Bonds Payable	806,095	-	67,450	738,645	108,180
Availability Payments Payable	-	149,158	331	148,827	380
Financed Obligations Payable	168,219	32,285	51,380	149,124	4,269
Leases Payable	62,358	5,290	14,671	52,977	13,281
Net Unamortized Premiums and Costs	93,305	10,025	12,424	90,906	12,662
Total Debt Related Liabilities	**$ 1,134,907**	**$ 196,758**	**$ 151,186**	**$ 1,180,479**	**$ 138,772**

Bonds Payable. As of June 30, 2022 and 2021, the balance of bonds payable was approximately $733,343,000 and $809,004,000, 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, 2022	Total Outstanding June 30, 2021	Current Outstanding June 30, 2022
Student Facilities System Revenue Bonds:								
Series 2004A								
	Finance construction of Hammond student housing and parking garage facilities	2004	$ 28,100	0.02%*	2033	$ 15,655	$ 15,860	$ 15,655
Series 2005A								
	Finance construction and renovation of West Lafayette housing and food service facilities	2005	24,200	0.01%*	2029	-	5,755	-
Series 2007A								
	Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	61,865	5.25%	2029	39,150	43,180	4,300
Series 2007C								
	Renovate a West Lafayette student housing facility, and finance construction on a new West Lafayette student housing facility	2007	61,725	0.01%*	2032	-	24,385	-
Series 2011A								
	Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	49,440	5.00%	2021	-	20,615	-
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	19,180	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	84,890	87,765	3,030
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	51,635	54,905	3,430
Series 2022A								
	Refund a portion of Student Facilities System Revenue Bond Series 2005A, 2007C, and 2012A	2022	41,750	5.00%	2032	41,750	-	4,125
						234,365	271,645	31,825
Net unamortized premiums and costs						19,141	17,565	2,861
Total Student Facilities System Revenue Bonds						**$ 253,506**	**$ 289,210**	**$ 34,686**

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/22.

**Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2022.*

<u>Student Facilities System Revenue Bonds</u>

Under State statues, 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, 2005A and 2007C.

As of June 30, 2022 and 2021, the University had $15,655,000 and $46,000,000 included in Current Liabilities related to variable rate Student Facility System Revenue demand bonds (Series 2004A, Series 2005A, and Series 2007C). 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 1, 2021, notice was provided to bondholders by the University's trustee, the Bank of New York Mellon, of the full redemption on July 1, 2021, of the outstanding maturities of Student Facilities System Revenue Bonds, Series 2011A, in the total amount of $16,420,000 for the annual maturities for each July 1 of 2022 through 2025.

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.

Issuance and Description		Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2022	Total Outstanding June 30, 2021	Current Outstanding June 30, 2022
Student Fee Bonds:								
Series U								
	Refund a portion of Student Fee Bond Series Q	2005	35,200	5.25%	2022	2,990	5,825	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	3.74-5.33%	2035	73,615	77,690	4,175
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	38,560	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	24,300	27,345	2,925
Series BB2								
	Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	18,985	2.74-3.81%	2032	12,480	13,420	960
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	101,425	112,480	11,620
Series DD								
	Finance renovation and construction of Agricultural and Biological Engineering building and construction of BioScience Innovation building	2018	90,135	5.00%	2038	79,680	82,615	3,085
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	106,215	109,065	6,665
Series FF								
	Refund Student Fee Bond Series AA	2022	30,550	4.00-5.00%	2032	30,550	-	-
						433,805	467,000	34,970
Net unamortized premiums and costs						46,032	52,794	6,931
Total Student Fee Bonds						**$ 479,837**	**$ 519,794**	**$ 41,901**

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/22.

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, 2022	Outstanding June 30, 2021	Current Outstanding June 30, 2022
Certificates of Participation with Ross-Ade:							
Series 2006	2006	70,345	5.25%	2025	14,770	14,770	3,415
Series 2016A	2016	85,120	4.00-5.00%	2037	73,875	73,875	4,190
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	16,365	16,365	940
Purdue Research Foundation:							
Child Care Facility	2018	5,522	2.82%*	2033	4,011	4,336	315
NW Recreation Facility	2018	4,924	2.82%*	2031	3,549	3,845	287
Waldron	2022	7,890	3.07%*	2032	5,641	-	534
Other:							
Cisco	2018	23,458	2.52%	2022	-	3,648	-
					150,496	149,124	9,681
Net unamortized premiums and costs					18,125	20,547	2,307
Total					**$ 168,621**	**$ 169,671**	**$ 11,988**

**Variable interest rates are reset periodically and are based upon market conditions. Rates shown are as of June 30, 2022.*

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. As a result, this is not reported under GASB 87, Leases. 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.

On May 12, 2021, the University issued Certificates of Participation, Series 2021A at par value of $29,935,000 and a premium of $10,025,000 to refund the portion of the outstanding principal that matures on July 1, 2021 for Certificates of Participation, Series 2006, 2014A, 2016A, and to refund in whole the Series 2011A outstanding principal amount of $31,295,000. The University also issued Taxable Certificates of Participation, Series 2021B at par value of $2,350,000 to fund the payment of interest due on July 1, 2021 for Certificates of Participation, Series 2006, 2014A and 2016A. The University estimates a reduction in its aggregate debt service payments over the life of the debt of approximately $4,760,000, due to the refunding.

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, 2022 are as follows (dollars in thousands):

Fiscal Year	Principal	Interest	Total
2023	$ 8,839	$ 414	$ 9,253
2024	7,514	349	7,863
2025	5,364	293	5,657
2026	2,754	257	3,011
2027	2,131	228	2,359
2028-2032	10,699	716	11,415
2033-2037	4,873	93	4,966
Total	$ 42,174	$ 2,350	$ 44,524

As of June 30, 2022, the University has approximately $4,470,000 in commitments related to leases for which the lease 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):

	All Debt except Direct Borrowings			Direct Borrowings		
Fiscal Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2023	58,745	34,207	92,952	2,475	8,224	10,699
2024	56,330	33,105	89,435	2,554	8,145	10,699
2025	57,300	30,433	87,733	2,639	8,064	10,703
2026	60,080	27,612	87,692	2,722	7,970	10,692
2027	58,280	24,747	83,027	6,991	7,836	14,827
2028-2032	264,160	85,316	349,476	16,773	36,995	53,768
2033-2037	199,840	29,027	228,867	4,017	35,528	39,545
2038-2042	34,365	2,106	36,471	4,581	34,525	39,106
Thereafter	-	-	-	135,261	185,405	320,666
	789,100	266,553	1,055,653	178,013	332,692	510,705
Net unamortized premiums and costs	83,298	-	83,298	-	-	-
	$ 872,398	$ 266,553	$ 1,138,951	$ 178,013	$ 332,692	$ 510,705

As of June 30, 2022 and 2021, the Deferred Outflows of Resources for debt refunding was $16,041,000 and $18,206,000, respectively. As of June 30, 2022 and 2021, the Deferred Inflows of Resources for debt refunding was $3,680,000 and $-0-, 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, 2022	June 30, 2021
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 postemployment 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 participants may continue to receive benefits until they reach the age of 65. Active employees hired on or after January 1, 2021 are not eligible for retiree health benefits. As of July 1, 2014, separating employees who are 55 or older, and have at least 10 years of service are eligible for official retirement status. Prior to July 1, 2014, the official retirement policy was retirees who are age 55 or older, whose age and years of service are equal to or greater than 70 and have at least 10 years of service. Official retirees under the age of 65 and their dependents are given the option to continue their medical insurance if they pay the entire cost of the blended medical plan rate, which includes both active employees and early retirees. Early 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 year ended June 30, 2022, the actuarial valuation used census data at July 1, 2021:

Retired members or beneficiaries currently receiving benefits	200
Disabled members currently receiving benefits	45
Active members	11,280
Total	**11,525**

For the fiscal year ended June 30, 2021, the actuarial valuation used census data at July 1, 2019:

Retired members or beneficiaries currently receiving benefits	302
Disabled members currently receiving benefits	89
Active members	12,544
Total	**12,935**

Purdue's total OPEB liabilities of approximately $28,918,000 as of June 30, 2022 and $34,760,000 as of June 30, 2021 were determined with measurement/experience dates of July 1, 2021 and July 1, 2020, using an actuarial valuation as of July 1, 2021 and July 1, 2019, done in accordance with GASB Statement No. 75. The total OPEB liabilities in the June 30, 2021 and 2020 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% as of July 1, 2021 and 2.50% as of July 1, 2020
Projected salary increases	3.00%
Discount rate	2.19% as of July 1, 2021; 2.21% as of July 1, 2020, 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 & Prescription Drug	As of July 1, 2021, 7.50% decreasing by 0.5% annually to a rate of 4.50%; As of July 1, 2020, 7.00% graded to 4.50% over 10 years.
Dental	4.00% as of July 1, 2021 and 3.00% as of July 1, 2020
Administrative Costs	3.00%
Mortality Rates	As of July 1, 2021 follows the Pub-2010 mortality tables with the MP-2021 mortality improvement scale published by the SOA; As of July 1, 2020 as prescribed under IRS Regulations 1.431 (c)(6)-1 and 1.430(h)(3)-1, using static tables with separate tables for annuitants and nonannuitants (RP-2000 tables projected forward to the valuation year plus 7 years for annuitants and 15 years for nonannuitants)

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,

	2022	2021
Beginning Balance	**$ 34,760**	**$ 33,357**
Changes for Year:		
Service Cost	2,656	1,927
Interest	786	1,150
Differences between expected and actual experience	(6,081)	634
Changes of assumptions	454	2,571
Benefit payments	(3,657)	(4,879)
Net Change in Total OPEB Liability	(5,842)	1,403
Ending Balance	**$ 28,918**	**$ 34,760**

Changes of assumptions reflect a decrease in the discount rate from 2.21% to 2.19% as of June 30, 2022 and a decrease from 3.50% to 2.21% as of June 30, 2021. The June 30, 2022 assumption changes reflect updates to the annual per capita health care costs based on historical claims for the 24-month period ending December 31, 2021 as well as updates to the mortality tables and health care trend rates. The June 30, 2021 assumption changes reflected the repeal of the potential excise tax on plans that exceed certain cost thresholds.

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, 2022 and 2021. 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 rates.

Discount Rate Sensitivity

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

Total OPEB Liability as of June 30, 2021

1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
$ 37,112,095	$ 34,759,696	$ 32,595,306

Healthcare Cost Trend Rate Sensitivity

Total OPEB Liability as of June 30, 2022

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

Total OPEB Liability as of June 30, 2021

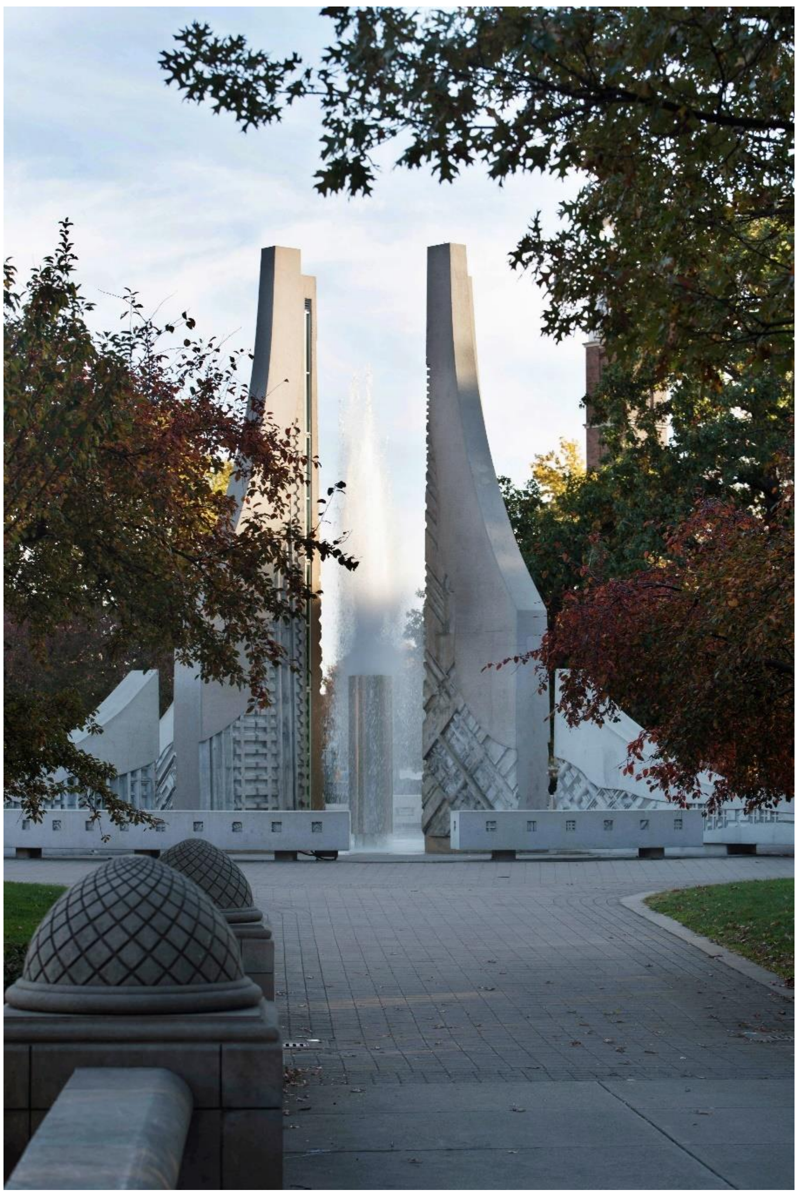
1% Decrease	Current	1% Increase
$ 31,802,602	$ 34,759,696	$ 38,192,361

OPEB Expense and Deferred Inflows of Resources related to OPEB:

For the year ended June 30, 2022 and 2021, the University recognized OPEB expense of approximately $1,841,000 and $2,179,000 respectively. At June 30, 2022 and 2021, the University reported Deferred Inflows of Resources related to the Change of Assumptions in the amount of approximately $10,904,000 and $6,894,000, respectively, related to the Changes of Assumptions. At June 30, 2022 and 2021, the University reported Deferred Outflows of Resources in the amount of approximately $6,386,000 and $5,507,000, respectively, including $3,609,000 and $2,715,000 related to payments made beyond the measurement dates of July 1, 2021 and 2020.

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,		
2023	$	(1,602)
2024		(1,602)
2025		(1,496)
2026		(1,307)
2027		(1,031)
Thereafter		(1,089)
Total	$	(8,127)



Note 8 - Operating Expenses by Function

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

June 30, 2022

Function	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships and Student Awards	Total
Instruction	$ 756,721	$ 103,762	$ -	$ -	$ 860,483
Research	212,473	123,735	-	-	336,208
Extension and Public Service	114,242	39,164	-	-	153,406
Academic Support	110,481	72,762	-	-	183,243
Student Services	133,069	32,568	-	-	165,637
General Administration and Institutional Support	168,977	258,254	-	-	427,231
Physical Plant Operations and Maintenance	90,834	49,344	-	-	140,178
Depreciation	-	-	215,560	-	215,560
Student Aid	-	-	-	146,669	146,669
Auxiliary Enterprises	83,886	109,541	-	-	193,427
Total	**$ 1,670,683**	**$ 789,130**	**$ 215,560**	**$ 146,669**	**$ 2,822,042**

June 30, 2021 As Restated

Function	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships and Student Awards	Total
Instruction	$ 732,391	$ 78,828	$ -	$ -	$ 811,219
Research	197,338	94,135	-	-	291,473
Extension and Public Service	104,576	31,359	-	-	135,935
Academic Support	107,600	55,594	-	-	163,194
Student Services	133,389	47,341	-	-	180,730
General Administration and Institutional Support	167,550	229,338	-	-	396,888
Physical Plant Operations and Maintenance	86,689	41,938	-	-	128,627
Depreciation	-	-	212,195	-	212,195
Student Aid	-	-	-	98,585	98,585
Auxiliary Enterprises	75,176	97,789	-	-	172,965
Total	**$ 1,604,709**	**$ 676,322**	**$ 212,195**	**$ 98,585**	**$ 2,591,811**

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, 2022 and 2021, the University's contribution to FICA was approximately $70,771,000 and $67,449,000 respectively. The University has 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, 2022 and 2021, $18,106,000 and $35,977,000 respectively have been retained under this provision and are 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 at June 30, 2022 or 2021.

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, 2022 and 2021, there were 7,465 and 7,602 employees, respectively, participating in the plans with annual pay equal to approximately $744,351,000 and $719,180,000 respectively. For the years ended June 30, 2022 and 2021, the University made contributions totaling approximately $70,362,000 and $67,882,000, 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 there is not a material forfeiture balance at this time. 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, 2022 and 2021, there were 2,556 and 2,707 employees, respectively, participating in the plan with annual pay equal to approximately $72,061,000 and $73,570,000 respectively. For the years ended June 30, 2022 and 2021, the University made base contributions totaling approximately $2,734,000 and $2,578,000, respectively, and matching contributions totaling approximately $2,303,000 and $2,113,000 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 at June 30, 2022 or June 30, 2021.

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, 2022 and 2021, there were 1,104 and 1,036 employees participating in the 457(b) plan with pay equal to approximately $54.3 and $48.9 million, respectively. For the periods ended June 30, 2022 and 2021, employees contributed $6.1 million and $5.2 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 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. 457(b) Deferred Compensation Plan. Three-year cliff vesting is in effect for the contributions in this plan. For the periods ended June 30, 2022 and 2021, there were 2,231 and 2,142 employees participating in the 403(b) plan with pay equal to approximately $70 million and $63.9 million. For the period ended June 30, 2022 and 2021 the University made contributions totaling $4.1 million and $3.7 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 are 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 total 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 day 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, 2022 and 2021, 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, 2022 and 2021, there were 1,585 and 1,859 employees, respectively, participating in PERF Hybrid. The University's proportionate share of PERF Hybrid's Net Pension Liability based on covered payroll of approximately $88,623,000 was 1.61% for the measurement date June 30, 2021, 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 $21,151,000 and $49,762,000 for measurement dates of June 30, 2021 and 2020. The proportionate share of 1.61% is a decrease of .04 percentage points from the measurement date of June 30, 2020 of 1.65%. The June 30, 2020 value was a decrease of .04 percentage points from the proportionate share from the measurement date of June 30, 2019 of 1.69%.

The University made contributions to the plan totaling approximately $9,401,000 and $10,020,000 for the years ending June 30, 2022 and 2021, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately $7,403,000 and $7,892,000 for the years ended June 30, 2022 and 2021, respectively. The proportionate shares of pension plan expense (revenue) for the years ended June 30, 2022 and 2021 as calculated under GASB 68 guidance were approximately ($1,826,000) and $4,008,000 less net amortization of deferred amounts of approximately ($1,996,000) and ($1,178,000) leaving a net pension expense (revenue) of approximately ($3,822,000) and $2,830,000.

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

	2022	2021
Asset Valuation Date	June 30, 2021	June 30, 2020
Liability Valuation Date *	June 30, 2020	June 30, 2019
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%	6.75%
Inflation Rate	2.00%	2.25%
Projected Salary Increases	2.65%-8.65%	2.75%-8.75%
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, 2022 and 2021 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.

ASSET CLASS TABLE:

	2022		2021	
		Geometric Basis		**Geometric Basis**
	Target Asset Allocation	**Long-Term Expected Real Rate of Return**	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
Public Equity	20.0%	3.6%	22.0%	4.4%
Private Markets	15.0%	7.3%	14.0%	7.6%
Fixed Income - Ex Inflation-Linked	20.0%	1.5%	20.0%	1.9%
Fixed Income - Inflation-Linked	15.0%	-0.3%	7.0%	0.5%
Commodities	10.0%	0.8%	8.0%	1.6%
Real Estate	10.0%	4.2%	7.0%	5.8%
Absolute Return	5.0%	2.5%	10.0%	2.9%
Risk Parity	20.0%	4.4%	12.0%	5.5%
Leverage Offset	-15.0%	-1.4%		

Total pension liability was calculated using the discount rate of 6.25% for June 30, 2022 and 6.75% for June 30, 2021. 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, 2022 and 6.75% for June 30, 2021. 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, 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, 2021

1% Decrease (5.25%)	Current (6.25%)	1% Increase (7.25%)
$ 55,319,659	$ 21,151,199	$ (7,349,819)

Actuarial Valuation as of: June 30, 2020

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 81,128,826	$ 49,761,902	$ 23,489,556

As a result of GASB 68 implementation, new categories of deferred outflows and inflows of resources are required to be reported and disclosed, as follows:

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

	As of June 30, 2021	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ 882	$ 668
Net difference between projected and actual investment earnings on pension plan investments	4,259	-
Change of assumptions	-	10,368
Changes in proportion and differences between employer contributions and proportionate share of contributions	273	2,890
Contribution made after the measurement date	7,892	-
Total Deferred Outflows and Inflows	$ 13,306	$ 13,926

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

2022	$ (7,543)
2023	(6,103)
2024	(3,567)
2025	(7,850)
Total	$ (25,063)

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, 2022 and 2021, there were 102 and 106 employees, with covered payroll of $6,376,000 and $6,453,000, respectively, actively participating in the Police/Fire plan. In addition to this there were 36 and 33 vested employees who had terminated and 98 and 94 retired participants, for the years ending June 30, 2022 and 2021 respectively.

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 required to be made to the plan for the fiscal years ending June 30, 2022 and June 30, 2021.

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

	2022		2021
Valuation / Measurement Date	July 1, 2021		July 1, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)		
Interest Discount Rate		5.25%	
Cost of Living Increases		2.25%	
Salary Scale	3.00%		2.50%
Interest Rate for Participant Contributions		3.25%	

Mortality

Pub-2010 Public Retirement Plans Mortality for Safety Employees Table (PubS-2010) with generational improvements projected under Scale MP-2021 and MP-2020

Pre-Retirement

PubS-2010 generational table for non-annuitants projected with Scale MP-2021 and MP-2020

Post-Retirement

PubS-2010 generational table for annuitants projected with Scale MP-2021 and MP-2020

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,**	
Asset Breakdown:	**2021**	**2020**	**2021**	**2020**
TIAA Traditional	28.44%	37.43%	4.02%	4.67%
CREF Growth Account	42.48%	37.09%	5.59%	5.44%
CREF Stock Account	29.08%	25.48%	5.42%	6.27%
Total	**100.00%**	**100.00%**		

Weighted average return (rounded to nearest 25 bp) 5.00%

Expected rates of return developed using capital market assumptions for each asset class based on 20-year arithmetic expected returns provided by Morningstar as of November 2020 and November 2019.

The actual rates of return for valuation years ended June 30, 2021 and 2020 were 29.6% and 8.9% 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, 2022

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

For the year ended June 30, 2021

1% decrease	Current	1% increase
4.25%	5.25%	6.25%
$ 1,180,659	$ 542,530	$ (2,265,719)

As a result of GASB 68 implementation, new categories of deferred outflows and inflows of resources are required to be reported and disclosed, as follows:

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	$ -	$ 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

	As of June 30, 2021	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ -	$ 866
Net difference between projected and actual investment earnings on pension plan investments	-	1,122
Change of assumptions	4,122	-
Total Deferred Outflows and Inflows	$ 4,122	$ 1,988

Amortization of Net Deferred Outflows/Inflows of Resources

2022	$	(854)
2023		(854)
2024		(1,668)
2025		(2,071)
2026		(1,869)
Total	$	(7,316)

Schedule of Changes in Pension Liability for the fiscal years ended June 30,

(dollars in thousands)

	2022	2021
Total pension liability		
Service cost	$ 1,066	$ 954
Interest	2,148	3,221
Differences between expected and actual experience	(6)	(1,999)
Changes of assumptions	697	6,145
Benefit payments, including refunds of contributions	(1,470)	(1,419)
Net change in total pension liability	2,435	6,902
Total pension liability - beginning	41,703	34,801
Total pension liability - ending (a)	$ 44,138	$ 41,703
Plan fiduciary net position		
Contributions - employer	$ -	$ 19
Contributions - employee	189	177
Net investment income	11,471	3,420
Benefit payments, including refunds of contributions	(1,470)	(1,419)
Net change in plan fiduciary net position	10,190	2,197
Plan fiduciary net position - beginning	41,160	38,963
Plan fiduciary net position - ending (b)	$ 51,350	$ 41,160
Net pension liability (asset) ending (a) - (b)	$ (7,212)	$ 543

Note 10 – Component Units

Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2022 and 2021, 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	
	2022	2021	2022	2021	2022	2021 As Restated
Assets and Deferred Outflows of Resources:						
Current Assets:						
Cash and Cash Equivalents	$ 35,081	$ 33,600	$ 884	$ 923	$ 3,823	$ 3,798
Investments	140,547	127,009	-	-	-	-
Accounts Receivable, Net	10,164	6,679	613	1	29	40
Pledges Receivable, Net	-	-	-	-	175	360
Notes Receivable, Net	3,992	1,562	-	-	306	305
Other Assets	-	-	2	1	4	4
Total Current Assets	**189,784**	**168,850**	**1,499**	**925**	**4,337**	**4,507**
Noncurrent Assets:						
Investments	3,655,873	3,769,640	-	-	8,767	9,044
Pledges Receivable, Net	-	-	-	-	-	77
Notes and Other Receivables, Net	28,326	30,849	180,501	181,847	719	1,025
Interest in Charitable Remainder Trusts	16,781	19,803	-	-	-	-
Capital Assets, Net	261,145	283,225	151	151	7,263	7,903
Other Noncurrent Assets	18,702	14,232	-	-	-	-
Total Noncurrent Assets	**3,980,827**	**4,117,749**	**180,652**	**181,998**	**16,749**	**18,049**
Total Assets	**4,170,611**	**4,286,599**	**182,151**	**182,923**	**21,086**	**22,556**
Deferred Outflows of Resources	-	-	3,628	4,019	-	-
Liabilities and Deferred Inflows of Resources:						
Current Liabilities:						
Accounts Payable and Accrued Expenses	34,485	36,382	3,098	3	7	536
Unearned Revenue	-	-	2,858	2,846	-	-
Bonds, Leases, and Notes Payable	6,688	5,575	10,851	2,423	370	316
Total Current Liabilities	**41,173**	**41,957**	**16,807**	**5,272**	**377**	**852**
Noncurrent Liabilities:						
Other Noncurrent Liabilities	2,648,647	2,747,735	20,493	22,157	-	-
Bonds, Leases, and Notes Payable	172,728	168,362	144,568	155,419	399	769
Total Noncurrent Liabilities	**2,821,375**	**2,916,097**	**165,061**	**177,576**	**399**	**769**
Total Liabilities	**2,862,548**	**2,958,054**	**181,868**	**182,848**	**776**	**1,621**
Deferred Inflows of Resources	-	-	-	-	1,015	1,325
Net Position:						
Net Investment in Capital Assets	82,179	109,653	1,938	2,092	6,493	6,818
Restricted - Nonexpendable	171,892	167,342	-	-	1,700	1,682
Restricted - Expendable	836,483	854,471	-	-	9,787	10,030
Unrestricted	217,509	197,079	1,973	2,002	1,315	1,080
Total Net Position	**$ 1,308,063**	**$ 1,328,545**	**$ 3,911**	**$ 4,094**	**$ 19,295**	**$ 19,610**

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	
	2022	2021	2022	2021	2022	2021 As Restated
Operating Revenues:						
Sales and Services	$ 37,269	$ 37,481	$ 4,229	$ 3,154	$ 423	$ 384
Other Operating Revenues	4,870	3,229	-	-	943	1,017
Total Operating Revenues	**42,139**	**40,710**	**4,229**	**3,154**	**1,366**	**1,401**
Operating Expenses:						
Compensation and Benefits	43,048	39,410	-	-	-	-
Supplies and Services	103,520	84,882	38	332	1,287	1,740
Depreciation Expense	10,882	10,916	-	-	419	427
Total Operating Expenses	**157,450**	**135,208**	**38**	**332**	**1,706**	**2,167**
Net Operating Income (Loss)	**(115,311)**	**(94,498)**	**4,191**	**2,822**	**(340)**	**(766)**
Nonoperating Revenues (Expenses):						
Private Gifts	107,943	33,429	-	-	-	-
Investment Income (Loss)	(38,514)	333,114	1	-	28	2,499
Interest Expense	(7,151)	(7,462)	(4,375)	(3,702)	(3)	(4)
Other Nonoperating Revenues	27,221	32,515	-	-	-	-
Total Nonoperating Revenues (Expenses) before Capital and Endowments	**89,499**	**391,596**	**(4,374)**	**(3,702)**	**25**	**2,495**
Capital and Endowments:						
Private Gifts for Permanent Endowments	5,330	12,661	-	-	-	-
Total Capital and Endowments	**5,330**	**12,661**	**-**	**-**	**-**	**-**
Total Nonoperating Revenues (Expenses)	**94,829**	**404,257**	**(4,374)**	**(3,702)**	**25**	**2,495**
INCREASE (DECREASE) IN NET POSITION	**(20,482)**	**309,759**	**(183)**	**(880)**	**(315)**	**1,729**
Net Position, Beginning of Year	1,328,545	1,018,786	4,094	4,974	19,610	17,881
Net Position, End of Year	**$1,308,063**	**$1,328,545**	**$ 3,911**	**$ 4,094**	**$ 19,295**	**$ 19,610**

Blended Component Units

Condensed financial information follows for Purdue University Global, Inc. and Purdue Applied Research Institute, LLC (initial year), blended component units, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2022 and 2021. 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	
	2022	**2021 As Restated**	**2022**	**2021**
Assets:				
Current Assets	$ 60,393	$ 77,690	$ 4,577	$ -
Noncurrent Assets	32,710	3,335	198	-
Total Assets	**93,103**	**81,025**	**4,775**	**-**
Liabilities:				
Current Liabilities	102,466	101,016	611	-
Noncurrent Liabilities	22,656	21,893	126	-
Total Liabilities	**125,122**	**122,909**	**737**	**-**
Deferred Inflows of Resources	404	549	-	-
Net Position:				
Net Investment in Capital Assets	677	840	198	-
Unrestricted	(33,100)	(43,273)	3,840	-
Total Net Position	**$ (32,423)**	**$ (42,433)**	**$ 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	
	2022	2021 As Restated	2022	2021
Operating Revenues	$ 360,556	$ 367,601	$ 5,022	$ -
Operating Expenses other than Depreciation	460,309	429,119	3,441	-
Depreciation Expense	614	553	-	-
Net Operating Revenue (Loss)	**(100,367)**	**(62,071)**	**1,581**	
Nonoperating Revenues	110,377	67,321	2,457	-
Increase in Net Position	**10,010**	**5,250**	**4,038**	**-**
Net Position, Beginning of Year	(42,433)	(47,683)	-	-
Net Position, End of Year	**$ (32,423)**	**$ (42,433)**	**$ 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	
	2022	2021 As Restated	2022	2021
Cash (Used) Provided by Operating Activities	$ (93,318)	$ (110,053)	$ 1,161	-
Cash Provided by Noncaptial Financing Activities	111,693	94,759	2,457	-
Cash (Used) Provided by Investing Activities	(32,976)	33	-	-
Cash Used by Capital and Related Financing Activities	(1,383)	(1,734)	(198)	-
Net Increase (Decrease) in Cash and Cash Equivalents	**(15,984)**	**(16,995)**	**3,420**	**-**
Cash and Cash Equivalents - Beginning of Year	59,963	76,958	-	-
Cash and Cash Equivalents - End of Year	**$ 43,979**	**$ 59,963**	**$ 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, 2022 and 2021, contractual obligations for capital construction projects were approximately $112,025,000 and $136,080,000 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, 2022 and 2021, 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, 2022 and 2021, the University reflected approximately $88,000 and $47,000, 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, 2022	June 30, 2021	June 30, 2020
Beginning Liability	$ 23,855	$ 25,872	$ 26,081
Claims Incurred	136,359	117,284	137,565
Claims Payments	(136,580)	(119,301)	(137,774)
Ending Liability	**$ 23,634**	**$ 23,855**	**$ 25,872**

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.

In August 2022, the Purdue Research Foundation purchased Aspire at Discovery Park for $150,000,000. On the same day, the Purdue Research Foundation and University entered into a Property Management Agreement to facilitate the management of Aspire at Discovery Park. The Purdue Research Foundation expects to sell the property to the University by December 31, 2022.

Required Supplementary Information

SCHEDULE OF CHANGES IN PURDUE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
(Dollar amounts in Thousands)
June 30,

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

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 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%.

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

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*				
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Proportion of the Net Pension Liability	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	21,151	$ 49,762	$ 55,779	$ 58,681	$ 78,861	$ 82,044	$ 102,146	$ 74,323	$ 103,102
Covered-employee payroll	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-employee payroll	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	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*					
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	9,926	$ 9,962	$ 9,848	$ 9,872	$ 9,822	$ 9,704	$ 13,431	$ 15,471	$ 13,894
Contributions in relation to the contractually required contribution	9,926	$ 9,962	$ 9,848	$ 9,872	$ 9,822	$ 9,704	$ 13,431	$ 15,471	$ 13,894
Covered-employee payroll	88,624	$ 88,943	$ 87,930	$ 88,142	$ 87,693	$ 86,639	$ 120,126	$ 138,081	$ 144,526
Contributions as a percentage of covered-employee payroll	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 amounts presented for each fiscal year were determined as of June 30.

Notes to RSI:

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

Changes in Assumptions:

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.

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

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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 1,066	$ 954	$ 815	$ 875	$ 862	$ 837	$ 812	$ 780	$ 767
Interest	2,148	3,221	1,954	3,814	3,672	398	1,804	3,462	2,389
Differences between expected and actual experience	(6)	(1,999)	31	(2,571)	(2,051)	1,191	(522)	(2,123)	(1,739)
Changes of assumptions	697	6,145	1,510	(1,281)	(207)	(14)	440	47	45
Benefit payments, including refunds of contributions	(1,470)	(1,419)	(1,409)	(1,317)	(1,278)	(1,289)	(1,172)	(1,049)	(1,011)
Net change in total pension liability	2,435	6,902	2,901	(480)	998	1,123	1,362	1,117	451
Total pension liability - beginning	41,703	34,801	31,900	32,380	31,382	30,259	28,897	27,780	27,329
Total pension liability - ending (a)	$ 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	189	177	179	157	158	167	158	155	159
Net investment income	11,471	3,420	2,245	3,851	3,590	380	1,751	3,243	2,057
Benefit payments, including refunds of contributions	(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	10,190	2,197	1,283	3,429	2,998	(17)	1,805	3,656	2,371
Plan fiduciary net position - beginning	41,160	38,963	37,680	34,251	31,253	31,270	29,465	25,809	23,438
Plan fiduciary net position - ending (b)	$ 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)	$ (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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Pension Liability (Asset)	$ (7,212)	$ 543	$ (4,162)	$ (5,780)	$ (1,871)	$ 129	$ (1,011)	$ (568)	$ 1,971	$ 3,891
Covered Employee Payroll	$ 6,376	$ 6,453	$ 6,887	$ 6,060	$ 5,612	$ 6,493	$ 5,816	$ 5,803	$ 5,611	$ 5,648
Pension Liability (Asset) as a percentage of covered payroll	-113.1%	8.4%	-60.4%	-95.4%	-33.3%	2.0%	-17.4%	-9.8%	35.1%	68.9%

Schedule of Contributions
Purdue Police and Fire Supplemental Pension Plan
(Dollar Amounts in Thousands)
June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ -	$ -	$ -	$ -	$ 77	$ 790	$ 483	$ 585	$ 1,030	$ 1,286
Contributions made	$ -	$ -	$ 20	$ 268	$ 738	$ 528	$ 725	$ 1,068	$ 1,307	$ 1,166
Contribution deficiency (surplus)	$ (1,513)	$ (1,513)	$ (1,513)	$ (1,493)	$ (1,225)	$ (564)	$ (826)	$ (584)	$ (101)	$ 176
Covered Employee Payroll	$ 6,376	$ 6,453	$ 6,887	$ 6,060	$ 5,612	$ 6,493	$ 5,816	$ 5,803	$ 5,611	$ 5,648
Contributions as a percentage of covered employee payroll	0.0%	0.0%	0.3%	4.4%	13.2%	8.1%	12.5%	18.4%	23.3%	20.6%

*Actuarial data for 2022 was not available at the time of this report.

Notes to Purdue Police and Fire Supplemental Pension Plan Schedule:

	2022	2021	2020	2019	2018	2017	2016
Valuation Date	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%	6.00%	6.25%	6.25%	6.25%	6.25%
Cost of Living Increases	2.25%	2.25%	2.25%	2.25%	3.00%	3.00%	3.00%
Salary Scale	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

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

Total In-State Enrollment by County

Fall, 2021-22 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 67,439 students for the 2021-22 fall semester. The breakdown was West Lafayette, 49,639, Northwest, 8,794, Fort Wayne, 8,298, Statewide Technology, 708. Enrollment numbers do not include 5,638 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	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Adams	64	307	-	371
Allen	960	3,938	-	4,898
Bartholomew	297	10	43	350
Benton	96	4	4	104
Blackford	18	6	-	24
Boone	669	9	2	680
Brown	31	4	5	40
Carroll	109	4	9	122
Cass	124	7	7	138
Clark	132	5	53	190
Clay	31	1	-	32
Clinton	163	10	11	184
Crawford	2	1	2	5
Daviess	42	1	1	44
De Kalb	56	290	-	346
Dearborn	94	4	1	99
Decatur	69	4	6	79
Delaware	109	19	13	141
Dubois	106	1	1	108
Elkhart	376	162	11	549
Fayette	31	2	5	38
Floyd	148	9	36	193
Fountain	82	2	-	84
Franklin	95	-	3	98
Fulton	49	65	1	115
Gibson	59	2	5	66
Grant	105	38	7	150
Greene	40	1	1	42
Hamilton	2,791	88	22	2,901
Hancock	417	25	11	453
Harrison	45	2	16	63
Hendricks	826	29	4	859

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Henry	81	9	10	100
Howard	233	37	49	319
Huntington	70	279	1	350
Jackson	98	3	7	108
Jasper	150	150	-	300
Jay	25	10	-	35
Jefferson	41	4	3	48
Jennings	21	6	6	33
Johnson	492	18	8	518
Knox	37	1	4	42
Kosciusko	212	275	-	487
La Porte	291	580	1	872
Lagrange	42	147	-	189
Lake	1,416	4,712	3	6,131
Lawrence	80	9	-	89
Madison	204	23	27	254
Marion	1,842	164	14	2,020
Marshall	134	37	8	179
Martin	13	1	1	15
Miami	69	51	10	130
Monroe	202	16	1	219
Montgomery	142	2	-	144
Morgan	132	7	1	140
Newton	54	61	1	116
Noble	84	284	-	368
Ohio	7	1	-	8
Orange	32	1	-	33
Owen	25	1	-	26
Parke	21	1	2	24
Perry	14	1	4	19
Pike	9	1	2	12
Porter	678	1,247	2	1,927

County	West Lafayette	Regional Campuses	Statewide Technology Locations	Total
Posey	46	-	-	46
Pulaski	49	16	-	65
Putnam	73	1	-	74
Randolph	33	8	7	48
Ripley	61	1	3	65
Rush	27	1	2	30
Scott	18	1	7	26
Shelby	82	6	2	90
Spencer	43	-	1	44
St Joseph	733	160	45	938
Starke	27	54	-	81
Steuben	65	97	-	162
Sullivan	29	1	1	31
Switzerland	5	-	-	5
Tippecanoe	2,489	70	90	2,649
Tipton	51	2	11	64
Union	16	2	3	21
Vanderburgh	240	9	2	251
Vermillion	15	3	-	18
Vigo	127	11	-	138
Wabash	70	86	-	156
Warren	41	-	-	41
Warrick	139	6	2	147
Washington	26	1	9	36
Wayne	88	4	23	115
Wells	77	272	-	349
White	166	13	5	184
Whitley	66	339	-	405
Unknown	550	271	1	822
Total	**20,639**	**14,624**	**659**	**35,922**

ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2021-2022 Financial Report.

Kathleen E. Thomason, *Comptroller*

Tamara K. Carpenter, *Accountant*

Carrie M. Lohmeyer, *Report Accountant*

Rebecca L. Miller, *Senior Accounting Operations Manager*

Corbin T. Richter, *Accountant*

Joshua S. Sterrett, *Senior Accountant*

Katherine L. Vanderwall, *Assistant Comptroller Accounting and Reporting*

Shannel M. Whitus, *Accounting Manager*