

P PURDUE
UNIVERSITY®

Financial Report 2021

LETTER OF TRANSMITTAL

October 27, 2021

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 99th annual financial report of Purdue University for the 2021 fiscal year. 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 shape — 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, 2020-June 30, 2021

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.

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Lafayette, Indiana

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Don Thompson
Chicago, Illinois

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As of June 30, 2021

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Steven R. Schultz, Chief Legal Counsel

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Thomas L. Keon, Chancellor, Purdue University Northwest

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

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

Independent Auditor's Report

To the Board of Trustees
Purdue University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the 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 year ended June 30, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Purdue Research Foundation, which represents 96 percent, 98 percent, and 99 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component units and Purdue International, Inc., a blended component unit, were not audited under *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of Purdue University as of June 30, 2021 and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Purdue University

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2021, the University adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Prior Year Financial Statements

The basic financial statements of the business-type activities and the aggregate discretely presented component units of Purdue University as of and for the year ended June 30, 2020 were audited by a predecessor auditor, which expressed an unmodified opinion on the business-type activities and its aggregate discretely presented component units. The predecessor auditor's report was dated October 22, 2020.

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, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county, and acknowledgements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The letter of transmittal, board of trustees, officers of the University, report of the president, total in-state enrollment by county, and acknowledgements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 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 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 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.



October 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

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, 2021 and 2020, along with comparative financial information for the fiscal year ended June 30, 2019. 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/>.

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, 2021, 2020, and 2019, is summarized below.

Table 1

Summary Statement of Net Position (Dollars in Thousands)

	2021	2020	2019
Current Assets	\$ 871,865	\$ 898,402	\$ 800,607
Capital Assets	2,806,662	2,642,403	2,520,836
Other Assets	4,160,317	3,214,695	3,195,472
Total Assets	7,838,844	6,755,500	6,516,915
Deferred Outflows of Resources	39,502	36,832	42,194
Current Liabilities	541,575	573,427	551,541
Noncurrent Liabilities	1,184,711	1,087,558	1,043,797
Total Liabilities	1,726,286	1,660,985	1,595,338
Deferred Inflows of Resources	54,956	46,539	32,617
Net Investment in Capital Assets	1,719,680	1,710,945	1,610,376
Restricted - Nonexpendable	872,775	820,444	777,197
Restricted - Expendable	1,482,763	928,747	1,011,002
Unrestricted	2,021,886	1,624,672	1,532,579
Total Net Position	\$ 6,097,104	\$ 5,084,808	\$ 4,931,154

Assets

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

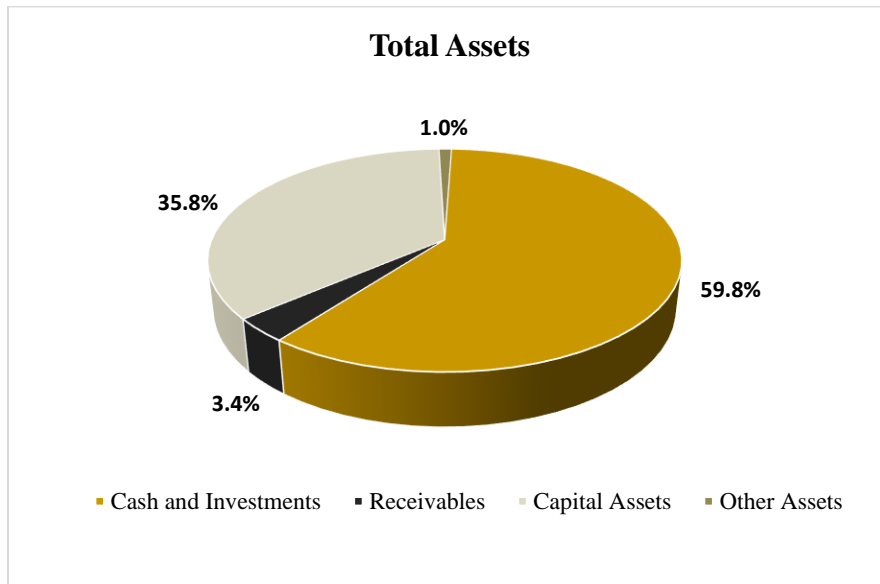
As of June 30, 2021 and 2020, current assets were approximately \$871.9 and \$898.4 million, respectively, resulting in a decrease of \$26.5 million or 3.0% during fiscal year 2021 and increase of approximately \$97.8 million or 12.2% during fiscal year 2020. As of June 30, 2021 and 2020, cash and cash equivalents were approximately \$356.4 and \$437.2 million respectively, resulting in a decrease of \$80.8 and an increase of \$160.6 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, 2021 and 2020, noncurrent assets were approximately \$7.0 and \$5.9 billion, respectively, which is an increase \$1.1 billion, or 18.9%, during fiscal year 2021 and \$140.8 million, or 2.5%, during fiscal year 2020. The increase in fiscal year 2021 is primarily due to the increase in the value of

investments. Fiscal years 2021 and 2020 also had increases in capital assets. Please refer to a more detailed discussion in the Statement of Revenues, Expenses, and Changes in Net Position section and Note 2.

As of June 30, 2021 and 2020, total assets were approximately \$7.8 and \$6.8 billion, an increase of \$1.0 billion and \$238.6 million, or 16.0% and 3.7% respectively, over the previous fiscal year. The overall growth in assets is attributed to an increase in investments and capital assets.

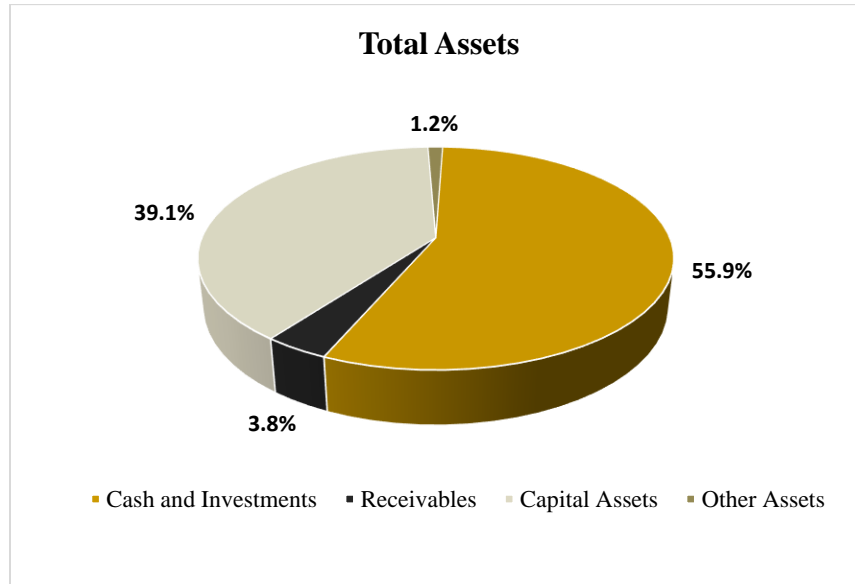
Figure 1 represents the composition of total assets as of June 30, 2021.



(in thousands of dollars)

Cash and Investments	\$ 4,689,999	59.8%
Receivables	262,204	3.4%
Capital Assets	2,806,662	35.8%
Other Assets	79,979	1.0%
Total Assets	\$ 7,838,844	100.0%

Figure 2 represents the composition of total assets as of June 30, 2020.



Total Assets		
<i>(in thousands of dollars)</i>		
Cash and Investments	\$ 3,778,278	55.9%
Receivables	254,523	3.8%
Capital Assets	2,642,403	39.1%
Other Assets	80,296	1.2%
Total Assets	\$ 6,755,500	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.

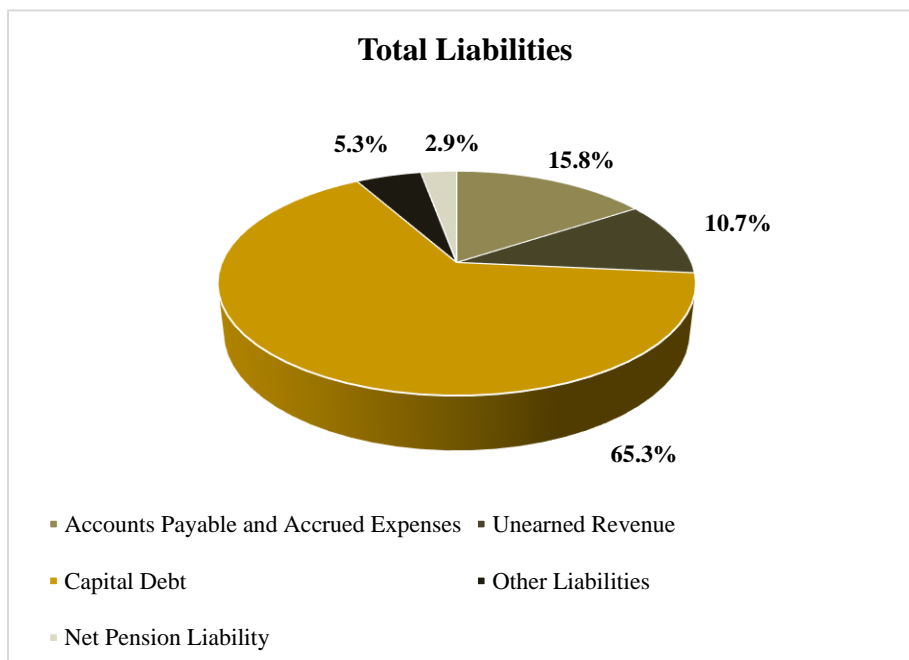
Liabilities

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 billion as of June 30, 2021 and 2020.

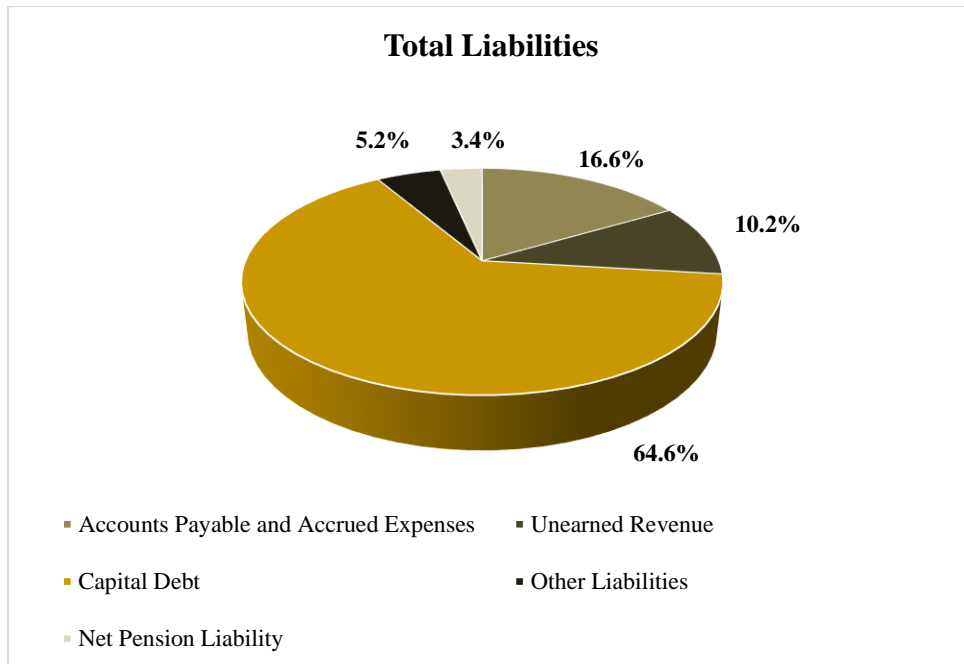
Bonds, leases, and notes payable increased by \$54.8 million in fiscal year 2021 and increased \$24.8 million in fiscal year 2020, primarily due to issuances of new debt, net of debt repayments. A discussion of the University’s capital financing activities appears in the Debt and Financing Activities section below, and in Note 6.

Figure 3 represents the composition of total liabilities as of June 30, 2021.



Total Liabilities		
<i>(in thousands of dollars)</i>		
Accounts Payable and Accrued Expenses	\$ 272,935	15.8%
Unearned Revenue	185,273	10.7%
Capital Debt	1,127,628	65.3%
Other Liabilities	90,688	5.3%
Net Pension Liability	49,762	2.9%
Total Liabilities	\$ 1,726,286	100.0%

Figure 4 represents the composition of total liabilities as of June 30, 2020.



Total Liabilities
(in thousands of dollars)

Accounts Payable and Accrued Expense	\$ 276,321	16.6%
Unearned Revenue	170,217	10.2%
Capital Debt	1,072,795	64.6%
Other Liabilities	85,873	5.2%
Net Pension Liability	55,779	3.4%
Total Liabilities	\$ 1,660,985	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 other post employment benefits, charitable remainder trusts, and pension related items.

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:

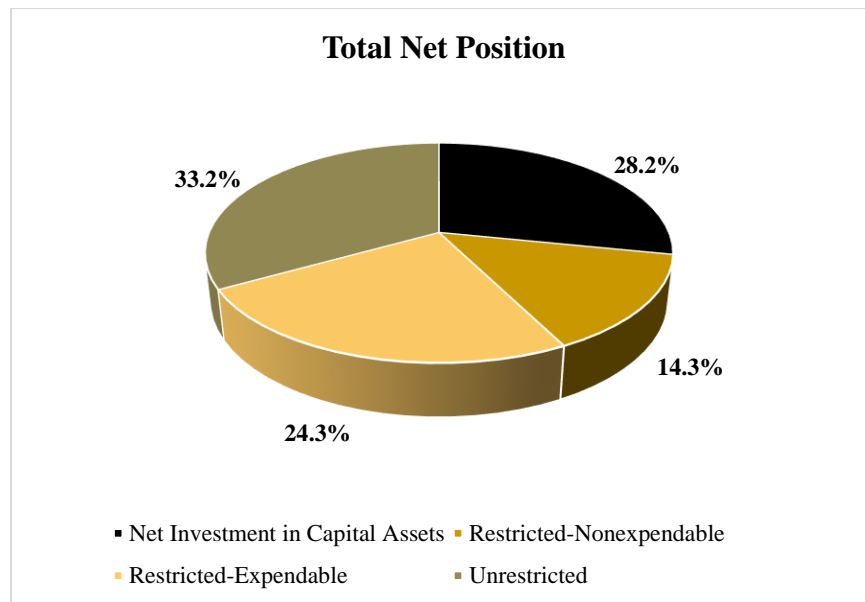
Net Investment in Capital Assets represents the University’s investment in capital assets such as moveable equipment, buildings, land, infrastructure, and improvements, net of accumulated depreciation and related debt.

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.

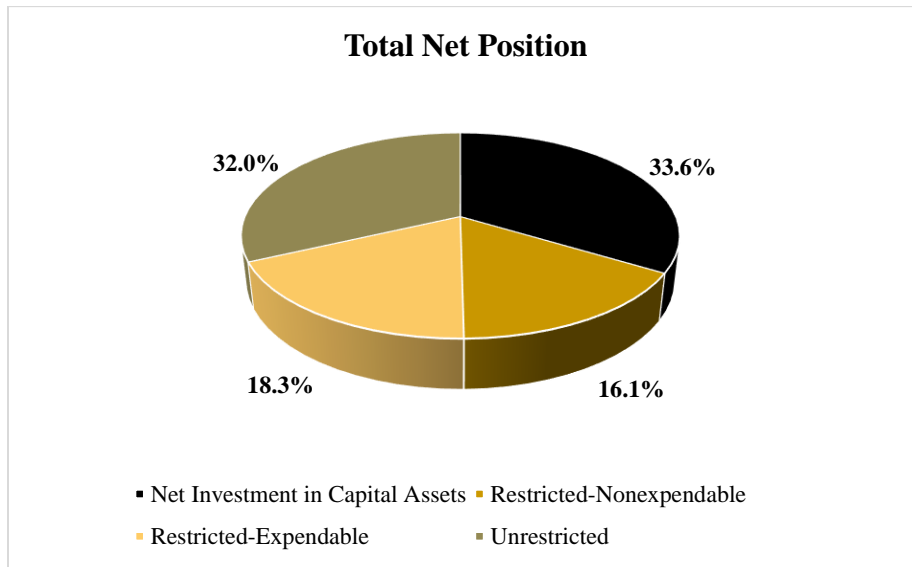
Unrestricted represents the portion of net position that has no third-party restrictions. Management designates the majority of this balance for specific purposes to fulfill strategic initiatives and operational needs.

Figure 5 represents the composition of net position as of June 30, 2021.



Net Investment in Capital Assets	\$ 1,719,680	28.2%
Restricted-Nonexpendable	872,775	14.3%
Restricted-Expendable	1,482,763	24.3%
Unrestricted	2,021,886	33.2%
Total	\$ 6,097,104	100.0%

Figure 6 represents the composition of net position as of June 30, 2020.



Total Net Position
(in thousands of dollars)

Net Investment in Capital Assets	\$ 1,710,945	33.6%
Restricted-Nonexpendable	820,444	16.1%
Restricted-Expendable	928,747	18.3%
Unrestricted	1,624,672	32.0%
Total	\$ 5,084,808	100.0%

Net investment in capital assets increased \$8.7 and \$100.6 million in fiscal years 2021 and 2020, respectively. For the fiscal years ended June 30, 2021 and 2020, the University added capital assets of \$366.6 and \$311.1 million, offset by annual depreciation of \$198.8 and \$186.9 million, respectively. Additional details are provided in the Capital Asset and Debt Administration section of this analysis.

The restricted-nonexpendable balance increased \$52.3 and \$43.2 million in fiscal years 2021 and 2020, respectively, primarily resulting from contributions to endowments. Restricted-expendable balances increased by \$554.0 million and decreased by \$82.3 million in fiscal years ended June 30, 2021 and 2020, respectively, driven by the respective changes in market value of investments.

The unrestricted net position had an increase of \$397.2 and \$92.1 million for the fiscal years ended June 30, 2021 and 2020, respectively, resulting from both operating and nonoperating activities, including changes in investment income.

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 our 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, 2021, 2020, and 2019, is presented below.

Table 2

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

	2021	2020	2019
Operating Revenues			
Tuition and Fees	\$ 1,459,857	\$ 1,385,459	\$ 1,378,546
Less: Scholarship Allowance	(202,730)	(213,949)	(223,872)
Grants and Contracts	461,752	488,096	421,103
Auxiliary Enterprises	198,307	234,336	244,142
Less: Scholarship Allowance	(14,694)	(16,830)	(16,660)
Other Operating Revenues	131,906	143,231	150,957
Total Operating Revenues	2,034,398	2,020,343	1,954,216
Operating Expenses			
Instruction	814,313	853,454	849,478
Research	292,695	295,279	295,225
Extension and Public Service	136,943	146,346	143,446
Academic Support	163,348	174,145	189,094
Student Services	181,761	170,182	94,724
General Administration and Institutional Support	397,698	368,874	494,616
Physical Plant Operations and Maintenance	131,454	140,743	141,387
Depreciation	198,774	186,934	190,100
Student Aid	98,585	62,240	65,666
Auxiliaries	179,339	199,976	190,832
Total Operating Expenses	2,594,910	2,598,173	2,654,568
Operating Loss	(560,512)	(577,830)	(700,352)
Nonoperating Revenues	1,541,076	681,497	843,497
Interest Expense	(35,203)	(28,969)	(29,159)
Capital and Endowments	66,935	78,956	104,866
Total Nonoperating Revenues	1,572,808	731,484	919,204
Increase in Net Position	1,012,296	153,654	218,852
Net position, Beginning of Year	5,084,808	4,931,154	4,712,302
Net position, End of Year	\$ 6,097,104	\$ 5,084,808	\$ 4,931,154

Figures 7 and 8 provide information about the University’s sources of revenues for fiscal years 2021 and 2020. The University had an increase in net position of \$1.0 billion and \$153.7 million for fiscal years ended June 30, 2021 and 2020, respectively.

Figure 7: University Revenue by Category for FY 2021

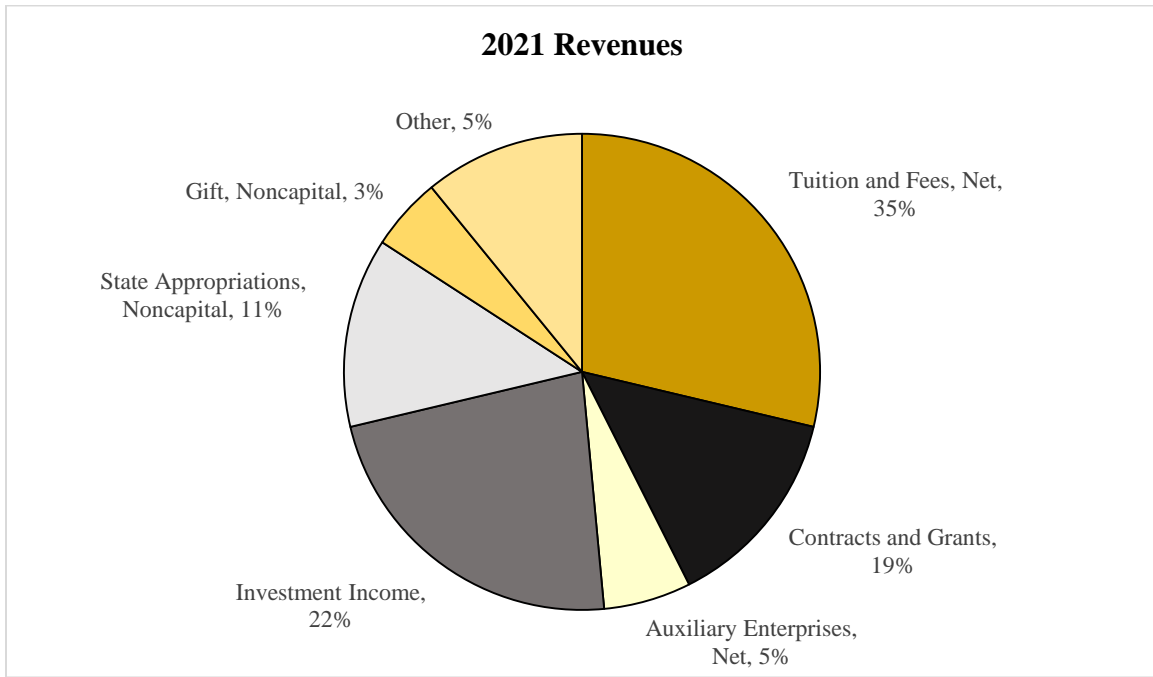
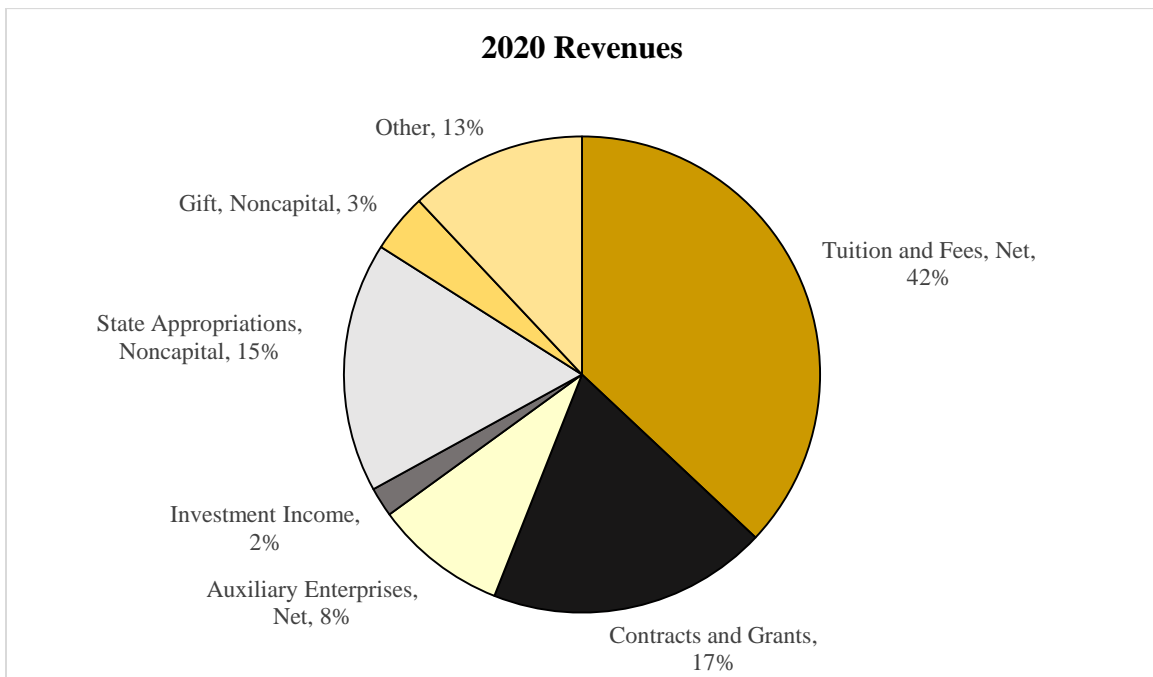
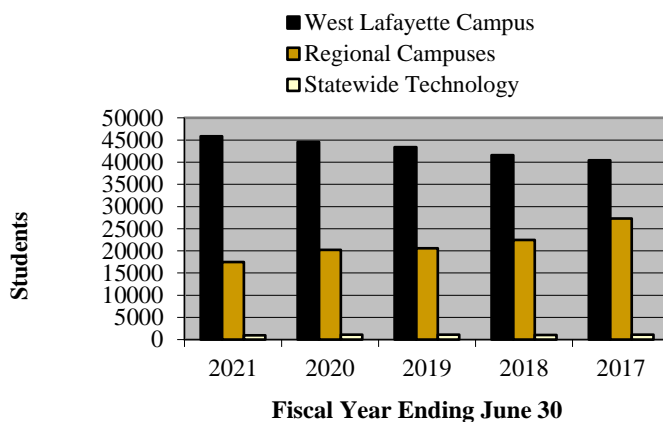


Figure 8: University Revenue by Category for FY 2020



For the fiscal years ended June 30, 2021 and 2020, the total operating revenues increased \$14.1 million, or 0.7% and increased \$66.1 million, or 3.4%, respectively. Net tuition and fee revenue increased by \$85.6 and \$16.8 million in fiscal years 2021 and 2020, 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 decreased \$26.3, or 5.4% and increased \$67.0, or 15.9% million for the fiscal years ended June 30, 2021 and 2020, respectively, primarily due to the timing of grants.

For fiscal year ended June 30, 2021, non-operating revenues before capital and endowments, net of expenses, increased by \$853.3 million, consisting of \$90.2 million HEERF grant revenue, with the balance of the increase due to changes in investment income related to a significant increase in the market. Investment income fluctuations also drove the \$161.8 million decrease in non-operating revenues before capital and endowments for fiscal year June 30, 2020. The net investment performance of the University’s endowment was 38.6% and -0.7% for the fiscal years 2021 and 2020, respectively, using the most recent data available. The endowment was invested in private investments (39.7%), public equities (53.1%), and fixed income investments (7.2%). The portfolio composition did not materially change from the prior fiscal year.

For the fiscal years ended June 30, 2021 and 2020, capital and endowment income decreased by \$12.0 million, or 15.2%, and \$25.9 million, or 24.7%, respectively, primarily due to decreases in private gifts for endowments and capital gifts.

Operating expenses were \$2.6 billion for the fiscal years ended June 30, 2021 and 2020. Compensation and benefits expenses were \$1.6 billion and \$1.7 billion for fiscal years ended June 30, 2021 and 2020, respectively, representing a decrease of \$53.9 million during 2021 and decrease of \$3.3 million during 2020. These decreases are primarily due to reductions in certain operations related to the COVID 19 pandemic.

Supplies and services expenses were \$696.4 million for the fiscal year ended June 30, 2021, an increase of \$2.5 million from 2020. For the fiscal year ended June 30, 2020, supplies and service expenses were \$693.9 million, a decrease \$46.5 million from 2019. The decrease during 2020 was primarily due to reductions in certain operations related to the COVID 19 pandemic, and 2021 had a 0.4% change as certain reductions in operations continued into 2021.

For the fiscal years ended June 30, 2021 and 2020, depreciation expense was \$198.8 and \$186.9 million, respectively.

Scholarships, fellowships, and student awards were \$98.6 and \$62.2 million for the fiscal years ended June 30, 2021 and 2020, respectively, resulting in an increase of \$36.3 million and a decrease of \$3.4 million, respectively. The increase of \$36.3 million during 2021 was 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, 2021 and 2020.

Figure 9: University Expenses by Function for FY 2021

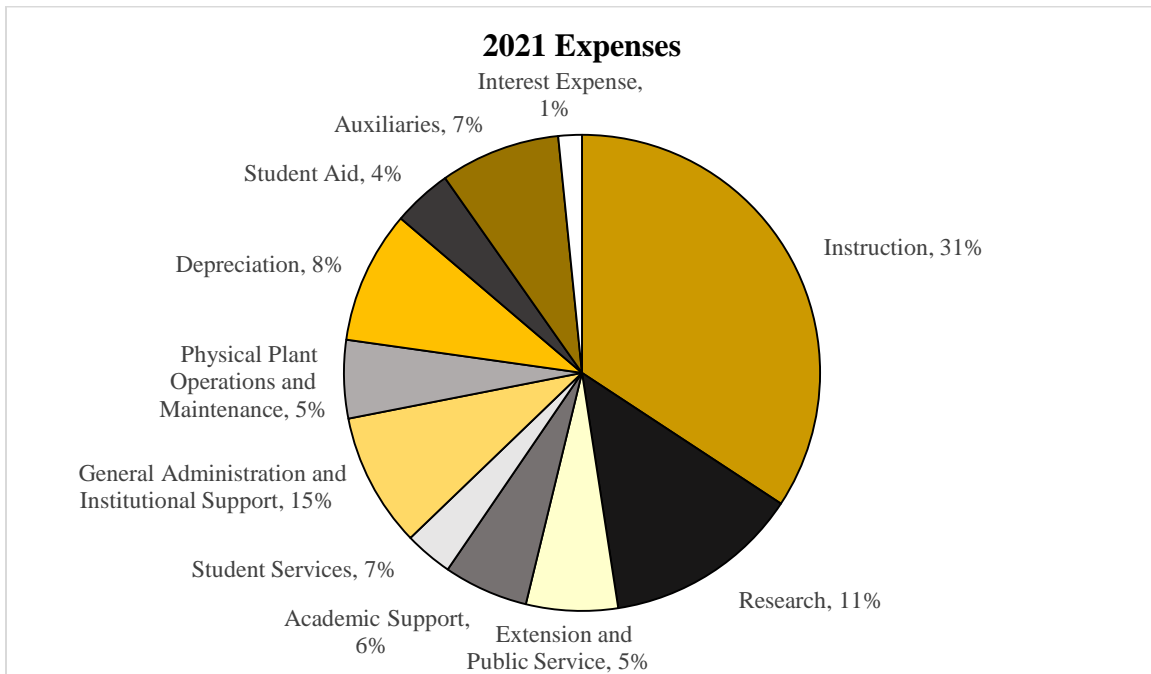
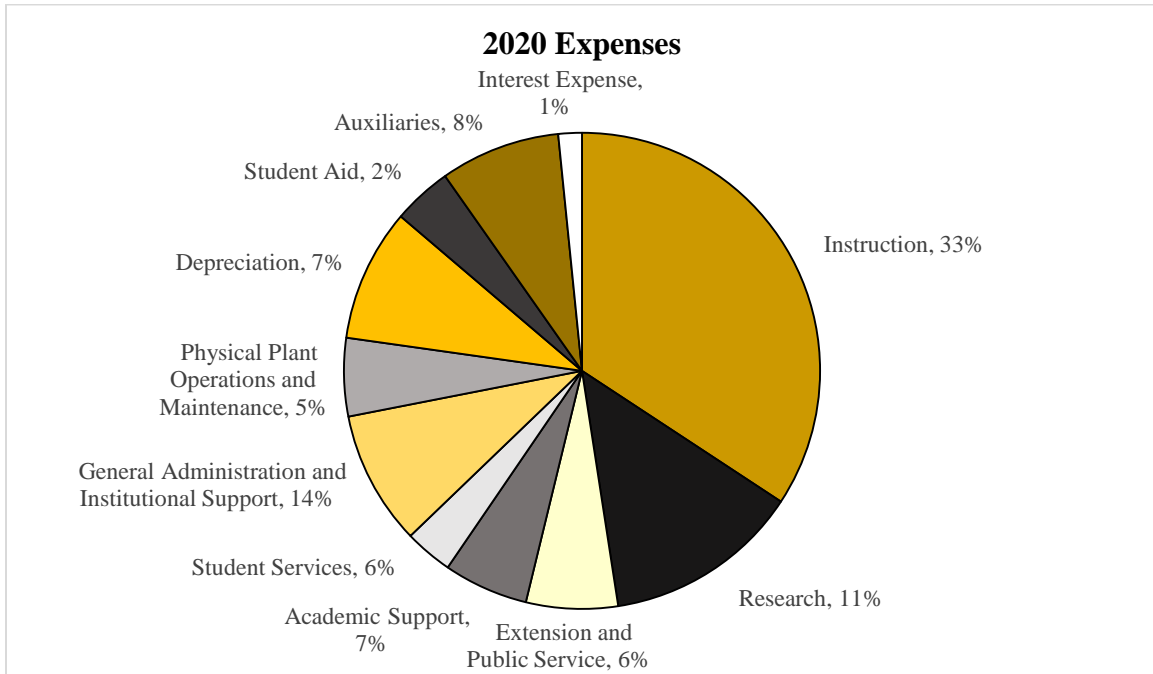


Figure 10: University Expenses by Function for FY 2020



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)**

	2021	2020	2019
Cash Used by Operating Activities	\$ (371,046)	\$ (319,094)	\$ (456,985)
Cash Provided by Noncapital Financing Activities	782,168	673,751	710,822
Cash (Used) Provided by Investing Activities	(173,769)	36,701	(51,490)
Cash Used by Capital and Related Financing Activities	(318,217)	(230,808)	(177,798)
Net (Decrease) Increase in Cash and Cash Equivalents	(80,864)	160,550	24,549
Cash and Cash Equivalents, Beginning of Year	437,221	276,671	252,122
Cash and Cash Equivalents, End of Year	\$ 356,357	\$ 437,221	\$ 276,671

The cash provided by noncapital financing activities reflect the nonoperating revenue changes described above. The cash used by investing activities in fiscal years 2021 and 2020 represent the investment of cash 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 2021 and 2020 are presented in Table 4 and significant projects in progress at June 30, 2021 are presented in Table 5. Significant projects authorized by the Board of Trustees but not started at June 30, 2021 are presented in Table 6.

Table 4**Significant Construction Projects Completed (Dollars in Thousands)****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

Projects Completed in 2020

Bioscience Innovation Building	\$ 40,500
STEM Teaching Lab Building	64,000
Total Significant Construction Projects Completed	\$ 104,500

Table 5**Significant Construction Projects in Progress (Dollars in Thousands)**

	Project Budget
Engineering and Polytechnic Gateway	\$ 140,000
Veterinary Hospital Complex	108,000
PMU Ground Floor Dining Renovation	47,300
Hagle Hall Bands and Orchestra Building	22,000
Total Significant Construction Projects in Progress	\$ 317,300

Table 6**Significant Construction Projects Authorized But Not Started (Dollars in Thousands)**

	Project Budget
Hypersonics and Applied Research Facility	\$ 41,000
Total Significant Construction Projects Authorized But Not Started	\$ 41,000

Debt and Financing Activities

As of June 30, 2021 and 2020, bonds, leases, and notes payable totaled approximately \$1.13 and \$1.07 billion, respectively, and represented approximately 65.3% and 64.6%, respectively, of the total liabilities of the University. The University's debt portfolio as of June 30, 2021 consisted of \$54.2 million of variable rate instruments (4.8%) and \$1.1 billion in fixed rate obligations (95.2%). As of June 30, 2020 consisted of \$86.9 million of variable rate instruments (8.1%) and \$985.9 million in fixed rate obligations (91.9%). Additional details about University indebtedness are provided in Note 6.

As of June 30, 2021 and 2020, 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 2022, the Indiana General Assembly appropriated \$314.4 million for the West Lafayette campus, \$54.9 million for Purdue Northwest and \$50 million for Purdue Fort Wayne. In fiscal year 2021, the state appropriations had been reduced due to COVID economic impacts. For fiscal year 2022, the Indiana General Assembly restored prior reductions resulting in an overall increase of 6.5% in state appropriations.

Academic year 2021-22 tuition rates for both Indiana resident and nonresident students remain flat at the West Lafayette campus for the ninth 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. Efforts to support student affordability and accessibility remain a high priority as illustrated by the decision to continue holding tuition flat at the West Lafayette campus for the tenth year in fiscal year 2023.

Enrollment at all Purdue campuses was 67,439* for the fall semester of the 2021-2022 academic year. Enrollment at the West Lafayette campus hit a record high at 49,639 for the fall semester of the 2021-2022 academic year, up 3,770 from the fall semester of the prior academic year. First-year undergraduate students also hit a record high at 10,191, up 1,322 from the fall semester of the prior academic year. Purdue continues to experience record-high retention and graduation rates due to a university-wide commitment to student success. The four-year graduation rate increased to 65% compared to 62.6% last year. The average undergraduate time to degree is now less than 4 years, at 3.95 years for the 2021-2022 academic year. The six-year graduation rates decreased to 83% from 83.3% last year.

The COVID-19 pandemic has changed the landscape of higher education. While the full impact to Purdue University is yet to be quantified, the University remains financially healthy and will be able to adjust as needed to any potential operational or financial impacts. The University will continue to monitor the impact of the pandemic to our campuses.

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



Purdue University

Statement of Net Position

As of June 30 (Dollars in Thousands)

	Purdue University		Discretely Presented Component	
	2021	2020	Units	
	2021	2020	2021	2020
Assets and Deferred Outflows of Resources:				
Current Assets:				
Cash and Cash Equivalents	\$ 356,357	\$ 437,221	\$ 4,721	\$ 4,735
Investments	278,499	242,007	-	-
Accounts Receivable, Net	150,529	113,346	40	901
Pledges Receivable, Net	31,782	36,866	360	232
Notes Receivable, Net	8,570	15,650	-	-
Other Receivables	1,174	1,122	-	-
Other Assets	44,954	52,190	5	4
Total Current Assets	871,865	898,402	5,126	5,872
Noncurrent Assets:				
Investments	4,055,143	3,099,050	9,044	6,867
Pledges Receivable, Net	36,520	25,915	77	110
Notes and Other Receivables, Net	33,629	61,624	181,846	186,227
Interest in Charitable Remainder Trusts	35,025	28,106	-	-
Capital Assets, Net	2,806,662	2,642,403	7,080	7,183
Total Noncurrent Assets	6,966,979	5,857,098	198,047	200,387
Total Assets	7,838,844	6,755,500	203,173	206,259
Deferred Outflows of Resources	39,502	36,832	4,019	4,390
Liabilities and Deferred Inflows of Resources:				
Current Liabilities:				
Accounts Payable and Accrued Expenses	198,998	201,674	535	3,005
Unearned Revenue	185,273	170,217	2,846	2,424
Accrued Compensated Absences	28,972	29,067	-	-
Other Post Employment Benefits	2,715	2,897	-	-
Bonds (net), Leases, and Notes Payable	125,617	169,572	2,423	40,738
Total Current Liabilities	541,575	573,427	5,804	46,167
Noncurrent Liabilities:				
Accrued Compensated Absences	44,965	45,580	-	-
Other Post Employment Benefits	32,045	30,460	-	-
Net Pension Liability	49,762	55,779	-	-
Advances from Federal Government	4,896	8,518	-	-
Other Noncurrent Liabilities	51,032	43,998	22,157	17,867
Bonds (net), Leases, and Notes Payable	1,002,011	903,223	155,419	123,760
Total Noncurrent Liabilities	1,184,711	1,087,558	177,576	141,627
Total Liabilities	1,726,286	1,660,985	183,380	187,794
Deferred Inflows of Resources	54,956	46,539	-	-

Statement of Net Position

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

	Purdue University		Discretely Presented Component	
	2021	2020	Units	
			2021	2020
Net Position:				
Net Investment in Capital Assets	\$ 1,719,680	\$ 1,710,945	\$ 9,021	\$ 11,932
Restricted:				
Nonexpendable:				
Instruction and Research	449,503	423,194	-	-
Student Aid	394,549	375,118	-	-
Other	28,723	22,132	1,682	1,665
Total Nonexpendable	872,775	820,444	1,682	1,665
Expendable:				
Instruction, Research and Public Service	215,773	152,665	-	-
Student Aid	89,063	78,441	-	-
Construction	150,968	176,943	-	-
Other, Including Gains on Restricted Endowments	1,026,959	520,698	10,030	8,180
Total Expendable	1,482,763	928,747	10,030	8,180
Unrestricted	2,021,886	1,624,672	3,079	1,078
Total Net Position	\$ 6,097,104	\$ 5,084,808	\$ 23,812	\$ 22,855

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	
	2021	2020	Units	
			2021	2020
Operating Revenues:				
Tuition and Fees	\$ 1,459,857	\$ 1,385,459	\$ -	\$ -
Less: Scholarship Allowance	(202,730)	(213,949)	-	-
Grants and Contracts	461,752	488,096	-	-
Sales and Services	128,826	140,368	3,538	4,924
Auxiliary Enterprises	198,307	234,336	-	-
Less: Scholarship Allowance	(14,694)	(16,830)	-	-
Other Operating Revenues	3,080	2,863	1,017	1,232
Total Operating Revenues	2,034,398	2,020,343	4,555	6,156
Operating Expenses:				
Compensation and Benefits	1,601,165	1,655,110	-	-
Supplies and Services	696,386	693,889	2,379	1,573
Depreciation Expense	198,774	186,934	9	8
Scholarships, Fellowships, & Student Awards	98,585	62,240	-	-
Total Operating Expenses	2,594,910	2,598,173	2,388	1,581
Net Operating (Loss) Income	(560,512)	(577,830)	2,167	4,575
Nonoperating Revenues (Expenses):				
State Appropriations	394,199	401,886	-	-
Grants and Contracts	222,186	138,170	-	-
Private Gifts	127,876	78,258	-	-
Investment Income (Loss)	817,421	58,233	2,491	(50)
Interest Expense	(35,203)	(28,969)	(3,702)	(878)
Other Nonoperating (Expenses) Revenues	(20,606)	4,950	-	-
Total Nonoperating Revenues (Expenses) before				
Capital and Endowments	1,505,873	652,528	(1,211)	(928)
Capital and Endowments:				
Capital Gifts	15,430	41,146	-	-
Private Gifts for Permanent Endowments	51,505	37,810	1	2
Total Capital and Endowments	66,935	78,956	1	2
Total Nonoperating Revenues (Expenses)	1,572,808	731,484	(1,210)	(926)
INCREASE IN NET POSITION	1,012,296	153,654	957	3,649
Net Position, Beginning of Year	5,084,808	4,931,154	22,855	19,206
Net Position, End of Year	\$ 6,097,104	\$ 5,084,808	\$ 23,812	\$ 22,855

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Statement of Cash Flows

For the Years Ended June 30 (Dollars in Thousands)

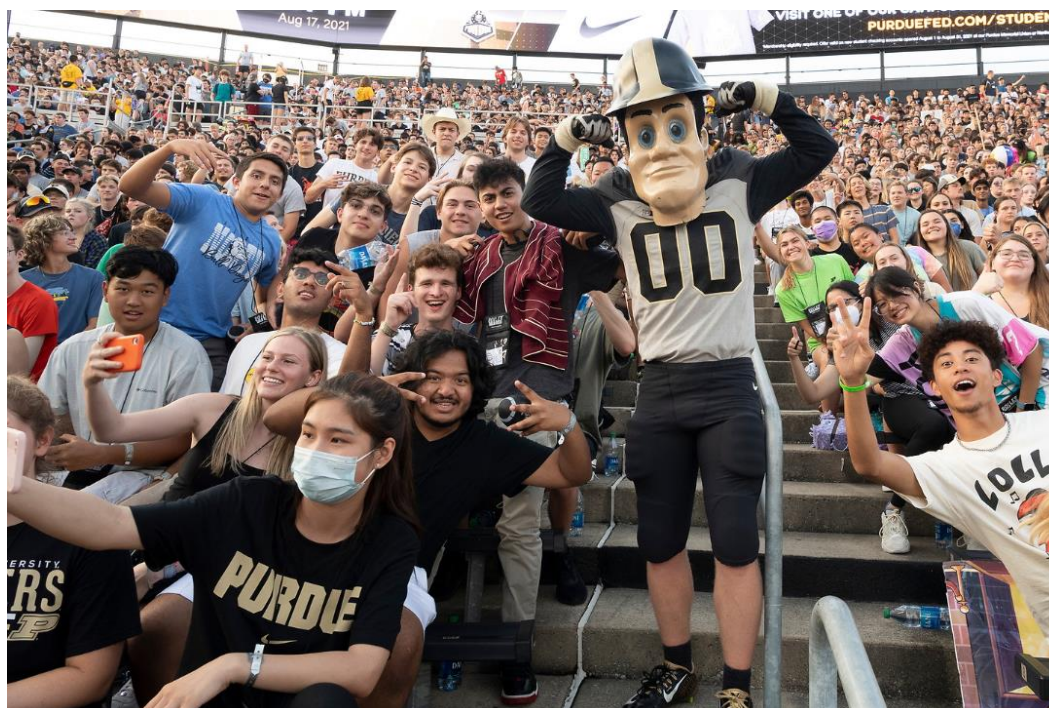
	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Tuition and Fees, Net of Scholarship Allowances	\$ 1,231,788	\$ 1,195,463
Grants and Contracts	461,086	497,968
Sales and Services	135,752	138,737
Auxiliary Enterprises, Net of Scholarship Allowances	186,796	218,795
Other Operating Revenues	2,508	665
Compensation and Benefits	(1,593,728)	(1,644,377)
Supplies and Services	(700,000)	(663,903)
Scholarships, Fellowships and Student Awards	(98,634)	(62,216)
Other Operating Expenses	(3,622)	(6,692)
Direct Loans Issued	(485,568)	(499,579)
Direct Loans Received	485,346	499,106
Student Loans Issued	(1,975)	(2,222)
Student Loans Collected	9,205	9,161
Cash Used by Operating Activities	(371,046)	(319,094)
Cash Flows From Noncapital Financing Activities:		
State Appropriations	394,199	401,886
Grants and Contracts	222,186	138,170
Gifts for Other than Capital Purposes	158,956	127,013
Other Nonoperating Revenues, Net	6,827	6,682
Cash Provided by Noncapital Financing Activities	782,168	673,751
Cash Flows From Investing Activities:		
Purchases of Investments	(4,279,611)	(3,776,966)
Proceeds from Sales and Maturities of Investments	4,067,022	3,760,841
Interest and Dividends on Investments, Net	38,820	52,826
Cash (Used) Provided by Investing Activities	(173,769)	36,701
Cash Flows From Capital and Related Financing Activities:		
Debt Repayment	(124,211)	(63,146)
Capital Debt Proceeds	42,310	133,683
Interest Expense	(47,260)	(40,131)
Capital Gifts Received	20,541	56,443
Construction or Purchase of Capital Assets	(209,597)	(317,657)
Cash Used by Capital and Related Financing Activities	(318,217)	(230,808)
Net Increase (Decrease) in Cash and Cash Equivalents	(80,864)	160,550
Cash and Cash Equivalents, Beginning of Year	437,221	276,671
Cash and Cash Equivalents, End of Year	\$ 356,357	\$ 437,221

Statement of Cash Flows

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

Reconciliation of Cash Used for Operating Activities (Indirect Method)	<u>2021</u>	<u>2020</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating Loss	\$ (560,512)	\$ (577,830)
Depreciation Expense	198,774	186,934
Noncash investing, capital, and financing activities	47	52
Changes in Assets and Liabilities:		
Accounts Receivable	(32,770)	37
Notes Receivable	7,230	6,939
Other Assets	7,250	3,847
Accrued Compensated Absences	(709)	2,979
Other Post Employment Benefits and related deferreds	(2,518)	(4,554)
Net Pension liability and related deferreds	(4,968)	(147)
Accounts Payable	5,538	38,747
Unearned Revenue	15,214	30,595
Advances from Federal Government	(3,622)	(6,693)
Cash Used by Operating Activities	\$ (371,046)	\$ (319,094)

The Accompanying Notes are an Integral Part of these Financial Statements



Purdue University

Component Units Statement of Financial Position

Purdue Research Foundation

As of June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and Cash Equivalents	\$ 33,600	\$ 16,493
Accounts Receivable, Net	20,911	25,986
Right of Use Assets - Operating Leases	1,568	-
Other Assets	14,330	18,748
Investments	3,896,649	2,740,240
Notes Receivable, Net	32,411	31,918
Interest in Charitable Perpetual Trusts	19,803	15,799
Capital Assets, Net of Accumulated Depreciation	267,327	273,391
Total Assets	\$4,286,599	\$3,122,575
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 41,008	\$ 35,899
Due on Split Interest Agreements	47,833	42,406
Deposits Held in Custody for Others	2,694,688	1,829,899
Bonds (Net), Leases, and Notes Payable	172,369	191,926
Lease Liability	1,568	-
Other Liabilities	588	3,659
Total Liabilities	2,958,054	2,103,789
Net Assets:		
Without Donor Restriction	306,732	282,067
With Donor Restriction	1,021,813	736,719
Total Net Assets	1,328,545	1,018,786
Total Liabilities and Net Assets	\$4,286,599	\$3,122,575

The Accompanying Notes are an Integral Part of these Financial Statements

Purdue University

Component Units Statement of Activities

Purdue Research Foundation

For the Years Ended June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Revenue and Support		
Amount Received for Purdue University Research Projects	\$ 381	\$ 706
Less Payments to Purdue University	(381)	(706)
	-	-
Contributions	46,089	59,584
Income on Investments	12,279	18,245
Net Unrealized and Realized Gains (Losses)	321,741	(14,439)
Change in Value of Split Interest Agreements	(4,910)	3,781
Change in Interests in Perpetual Trusts	4,004	(325)
Rents	24,445	24,236
Royalties	8,070	11,380
Other	40,711	36,054
Total Revenue and Support	452,429	138,516
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	35,878	44,989
Patent and Royalty	4,980	8,755
Grants	394	581
Services for Purdue University	3,275	2,493
Other	3,876	2,716
Total Expenses for the Benefit of Purdue University	48,403	59,534
Administrative and Other Expenses		
Salaries and Benefits	39,410	39,307
Property Management	22,721	23,155
Professional Fees	13,336	12,632
Supplies	2,931	3,384
Interest	7,462	8,091
Research park	333	554
Other	8,074	11,443
Total Administrative and Other Expenses	94,267	98,566
Change in Net Assets	309,759	(19,584)
Net Assets, Beginning of Period	1,018,786	1,038,370
Net Assets, End of Period	\$ 1,328,545	\$ 1,018,786

The Accompanying Notes are an Integral Part of these Financial Statements

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

For the Years Ended June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
ASSETS		
TIAA Traditional	\$ 15,391	\$ 16,081
CREF Stock Account	10,477	10,211
CREF Growth Account	15,250	12,631
TOTAL INVESTMENTS	<u>41,118</u>	<u>38,923</u>
Accrued Income	42	40
TOTAL ASSETS	<u>41,160</u>	<u>38,963</u>
NET POSITION		
Restricted for:		
Pension benefit payments	41,160	38,963
TOTAL NET POSITION	<u>\$ 41,160</u>	<u>\$ 38,963</u>

*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)

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Members	\$ 177	\$ 168
Employers	19	255
TOTAL CONTRIBUTIONS	<u>196</u>	<u>423</u>
Investment Income	3,420	2,258
TOTAL ADDITIONS	<u>3,616</u>	<u>2,681</u>
DEDUCTIONS		
Benefits paid to participants/beneficiaries	1,419	1,398
TOTAL DEDUCTIONS	<u>1,419</u>	<u>1,398</u>
NET INCREASE IN FIDUCIARY NET POSITION	2,197	1,283
NET POSITION - BEGINNING	38,963	37,680
NET POSITION - ENDING	<u>\$ 41,160</u>	<u>\$ 38,963</u>

The Accompanying Notes are an Integral Part of these Financial Statements

Note 1 — Basis of Presentation and Summary of Significant Accounting Policies *For the Fiscal Year Ended June 30, 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 29 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 in the state of Indiana through:

Purdue Polytechnic Institute Statewide

College of Agriculture Purdue Extension

Technical Assistance Program

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 for two years.

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. Component units are legally separate organizations which have a fiscal dependency and financial benefit or burden relationship with the primary government and other organizations for which the significance of their relationship with the primary government are 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.

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 statements of presentation immediately following the University's statements 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 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.

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

Ross-Ade Foundation was created in 1923 as a separately incorporated, not-for-profit entity. The Ross-Ade Foundation constructs athletic and parking facilities on behalf of the University. The Ross-Ade Foundation provides services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, benefits the University even if it does not provide services directly to it. The University appoints the voting majority of the Ross-Ade Foundation's Board of Directors, but it is not substantively the same as the University's Board of Directors. As a result, the Ross-Ade Foundation is reported as a discretely presented component unit. The Ross-Ade Foundation is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Complete financial statements for the foundation can be obtained by writing to: Ross-Ade Foundation, 1281 Win Henschel 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, 2021 and 2020.

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 2021, the University adopted GASB Statement 84 *Fiduciary Activities*.

The effect of GASB Statement 84:

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Fiduciary Statements will be presented for the Purdue University Pension Plan for Police Officers and Firefighters for fiscal years 2021 and 2020 based on valuation dates of July 1, 2020 and July 1, 2019 respectively. The University's business-type activities net position was not impacted by the adoption of this standard.

During fiscal year 2020, the University did not adopt any new GASB Statements.

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.

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 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, operating leases, services of consultants, subscriptions, and certain subcontracts.

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. Prior to the adoption of GASB 89, interest incurred during the construction phase was included as part of the value of the construction in progress.

Assets under capital leases are capitalized when valued over \$500,000 and recorded at the present value of future minimum lease payments and 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 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

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.

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.

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 capital acquisition or construction, net of accumulated depreciation, and net of related 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-University Transactions. Intra-university transactions are eliminated from the statements to avoid double counting of certain activities. Examples of these transactions are internal loans and sales and services between University departments.

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 \$4,516,000 and \$2,885,000 was recognized during the years ending June 30, 2021 and 2020, respectively.

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

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

Use of Estimates. Management uses estimates and assumptions in the preparation of the financial statements in conformity with generally accepted accounting principles. These estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COVID-19 Impact and Current Environment. On March 6, 2020, the Governor of Indiana issued Executive Order 20-02, declared a public health emergency, and ordered the Indiana State Department of Health (ISDH) to take action to prevent the spread of coronavirus disease 2019 (COVID-19). There was much uncertainty at the time as to how the COVID pandemic could impact the University's finances. Now that we are over one year into the pandemic, we have seen that University responses have mitigated potential negative financial impacts. The safeguards put into place have enabled students to return to a safe environment, allowing the University to continue to operate and in fact grow its student population and tuition revenue throughout the last fiscal year. There could still be a financial impact to the University, as the pandemic continues to ebb and flow, 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, enabling continuation of services even through more potential COVID related lockdowns.

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27th 2020. This bill allotted approximately \$14 billion to the Office of Postsecondary Education as 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. As part of the CRRSAA, universities and colleges across the country were allocated funding through the Higher Education Emergency Relief Fund II (HEERF II) to offset the financial impact to students due to the disruption caused by COVID-19. 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, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.

Both Purdue University and Purdue Global received grant funding under the HEERF grant programs.

During the year ended June 30, 2020, Purdue University was awarded HEERF grants of \$34.0 million, where 50 percent was required to be directly given to students. During the year ended June 30, 2021, Purdue University was awarded additional HEERF grants of \$152.1 million. Of this amount, \$66.0 million was required to be directly given to students.

During fiscal year ended June 30, 2020, Purdue University paid out \$4.3 million to students, with an equal amount being received from the HEERF grant during that fiscal year, and recognized as revenue. In the fiscal year ended June 30, 2021, Purdue University received \$83.0 million from the HEERF grants, of which \$29.0 million was given directly to students, and \$54.0 million was utilized for institutional COVID-related expenses. Of the total amount received during this fiscal year, \$80.1 million was recognized as nonoperating revenue.

As of June 30, 2021, Purdue University has \$98.8 million available to draw on HEERF grants, of which \$49.7 million is required to go directly to students.

Purdue Global did not receive any HEERF funding during fiscal year 2020. They were awarded \$38.6 million of HEERF grants during the year ended June 30, 2021. During this fiscal year, Purdue Global recognized HEERF grant revenue of \$10.1 million, all of which was distributed directly to students. As of June 30, 2021, Purdue Global still has \$28.5 million available to draw on this grant and any remaining funds drawn will be distributed to students.

Upcoming Accounting Pronouncements

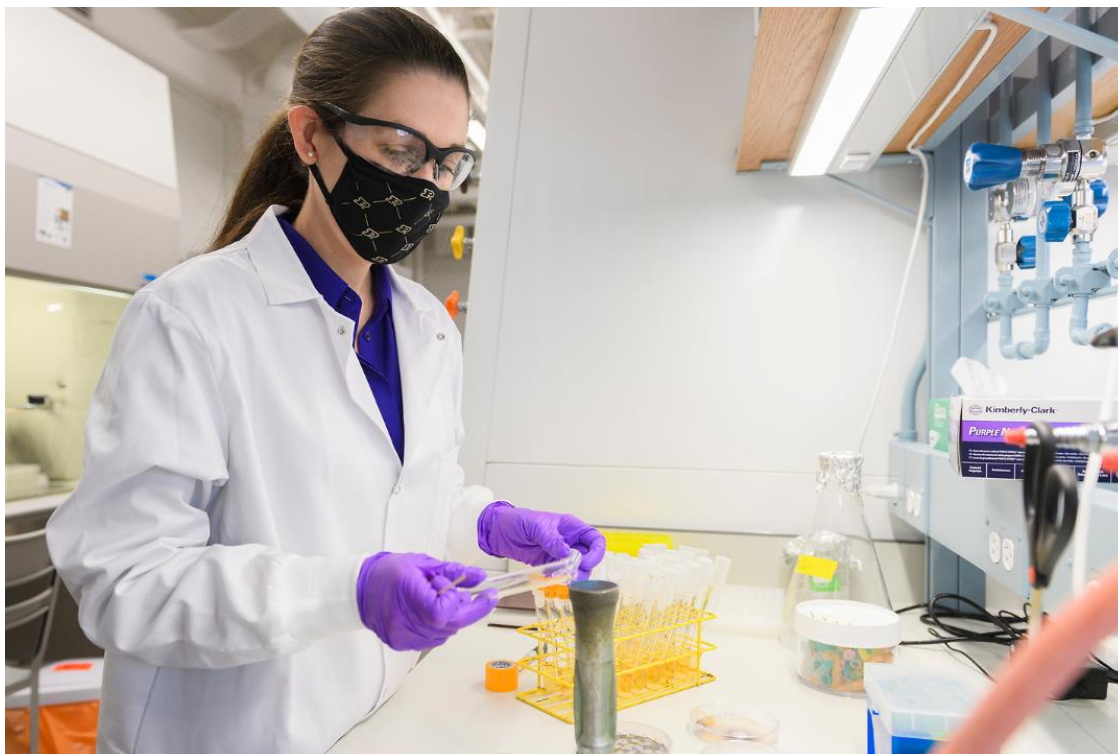
In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the University's financial statements as a result of the leases for real property and equipment classified as operating leases. The effect of applying the new lease guidance on the financial

statements has not yet been determined. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2022.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No 97, *Certain component unit criteria, and accounting and financial reporting for internal revenue code section 457 Deferred Compensation Plans—an amendment of GASB Statements No 14 and No 84, and a supersession of GASB Statement No 32*, which:

- Increases consistency and comparability related to reporting of fiduciary component units with certain governance structures.
- Mitigates costs, and enhances relevance, consistency and comparability of certain defined contribution pension, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans).
- Enhances the relevance, consistency and comparability of accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet certain definitions.

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, 2022.



Note 2 — Deposits and Investments

Purdue University Deposits 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, 2021	June 30, 2020
SEPARATELY HELD INVESTMENTS:		
Land Grant Cash Held by State Treasurer	\$ 340	\$ 340
US Equity	73,832	52,092
Public Real Estate	1,755	1,623
Asset-Backed Securities	1,698	1,426
Corporate Bonds	796	878
Venture Capital/Private Equity	98	245
Short Term Investments	60,440	78,317
BOND PROCEEDS INVESTED:		
Short Term Investments	22,440	120,881
PIPC:		
Short Term Investments	296,394	360,263
Fixed Income:		
Asset-Backed Securities	104,420	108,187
Corporate Bonds	626,316	569,136
Mortgage-Backed Securities	294,656	287,045
US Agencies	60,629	58,152
US Treasuries and Securities	530,321	374,312
PIP:		
Short Term Investments	81,338	77,598
US Equity	660,943	494,996
International Equity	363,440	265,029
Fixed Income	106,399	88,920
Emerging Markets	122,683	93,852
Marketable Alternatives	203,645	184,762
Public Real Estate	148,764	105,409
Private Real Estate	74,712	55,560
Public Natural Resources	85,197	25,384
Private Natural Resources	67,532	51,586
Venture Capital/Private Equity	701,211	322,285
Total	\$ 4,689,999	\$ 3,778,278

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

Investment Type	June 30, 2021		June 30, 2020	
FIDUCIARY INVESTMENTS:				
TIAA Traditional	\$	15,391	\$	16,081
CREF Stock Account		10,477		10,211
CREF Growth Account		15,250		12,631
Total	\$	41,118	\$	38,923

The University's investment values included accumulated unrealized gains of approximately \$696,626,000 and \$184,805,000 as of June 30, 2021 and 2020, respectively. During the years ended June 30, 2021 and 2020, the investment income included an unrealized gain of approximately \$511,821,000 and an unrealized loss of approximately \$73,880,000, respectively.

As of June 30, 2021 and 2020, the University had approximately \$590,520,000 and \$347,030,000 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, 2021 and 2020, was approximately \$96,079,000 and \$8,642,000, 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, 2021 and 2020 were approximately \$500,000 and \$100,000, 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.

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 December 6, 2019. 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 10% 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 10% 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, 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	

June 30, 2020		Maturity				
Investment Type	0–1 year	1–5 years	6–10 years	>10 years	Totals	
Separately Held:						
Asset-Backed Securities	\$ -	\$ 370	\$ 963	\$ 93	\$ 1,426	
Corporate Bonds	-	209	669	-	878	
PIPC:						
Asset-Backed Securities	3,813	64,938	8,228	31,208	108,187	
Corporate Bonds	93,952	340,099	79,678	55,407	569,136	
Mortgage-Backed Securities	23,087	41,099	28,811	194,048	287,045	
US Agencies	1,817	18,919	25,522	11,894	58,152	
US Treasuries and Securities	123,335	172,046	66,426	12,505	374,312	
PIP:						
Fixed Income and other	14,389	44,915	14,036	22,493	95,833	
Total	\$ 260,393	\$ 682,595	\$ 224,333	\$ 327,648	\$ 1,494,969	

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

	June 30, 2021		June 30, 2020	
	\$	% of Total	\$	% of Total
Separately Held:				
A	688	27.59%	441	19.14%
AA	680	27.27%	391	16.97%
AAA	138	5.53%	259	11.24%
BAA	129	5.17%	155	6.73%
Unrated	859	34.44%	1,058	45.92%
Total Separately Held	2,494	100.00%	2,304	100.00%
PIPC:				
A	299,155	18.51%	293,061	20.98%
AA	63,734	3.94%	73,585	5.27%
AAA	886,852	54.86%	731,148	52.34%
B	-	-	1,096	0.08%
BA	38,889	2.41%	24,840	1.78%
BAA	198,732	12.30%	157,552	11.28%
Unrated ¹	128,980	7.98%	115,550	8.27%
Total PIPC:	1,616,342	100.00%	1,396,832	100.00%
PIP:				
A	17,765	14.78%	20,743	21.65%
AA	4,255	3.54%	5,205	5.43%
AAA	69,343	57.69%	49,240	51.38%
BA	3,826	3.18%	1,793	1.87%
BAA	13,609	11.32%	9,959	10.39%
Unrated ¹	11,406	9.49%	8,893	9.28%
Total PIP	120,204	100.00%	95,833	100.00%
Total	\$ 1,739,040		\$ 1,494,969	

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

Investment Custodial Credit Risk. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security.

All Separately Held and PIPC investments were maintained either in Purdue University accounts or Purdue Global accounts at custodial banks with the exception of \$340,000 at both June 30, 2021 and 2020 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 \$1,047,100,000 and \$614,193,000 respectively at June 30, 2021 and 2020.

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, 2021		June 30, 2020	
Australian Dollar	\$	6	\$	53
British Pound Sterling		-		3
Canadian Dollar		1,740		2,142
Euro		2,888		5,259
Hong Kong Dollar		-		497
Swiss Franc		-		485
Total	\$	4,634	\$	8,439

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, 2021 and 2020, 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% of the average of the ending values for the prior twelve quarters in semiannual distributions.

As of June 30, 2021 and 2020, accumulated market appreciation of the PIP pool was approximately \$1,048,334,000 and \$360,479,000, respectively. Of this amount, 46.51% and 39.44% represents appreciation attributable to donor-restricted (true and term) endowments during the year ended June 30, 2021 and 2020, 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, 2021 and 2020, the PRF PIP investment pool includes the following PRF Trusts assets, net of liabilities (dollars in thousands).

Assets at Fair Value				
	June 30, 2021		June 30, 2020	
University	\$	34,137	\$	27,718
PRF		41,773		35,954
Other Affiliates		282		242
Total	\$	76,192	\$	63,914

As of June 30, 2021 and 2020, the University's beneficial interest in the Trust Assets of \$34,137,000 and \$27,718,000, 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 \$2,615,864,000 and \$1,765,381,000 of the University's PIP, at June 30, 2021 and 2020, respectively, is as follows (dollars in thousands):

Investment Type	June 30, 2021		June 30, 2020	
Short-Term Investments	\$	1,332	\$	5,222
U.S. Equity		31,030		31,686
Fixed Income		15,619		7,083
Venture Capital		680		537
Private Natural Resources		9,500		9,500
Pooled Funds:				
Short-Term Investments		239,482		210,193
U.S. Equity		986,156		764,222
International Equity		507,837		380,987
Fixed Income		157,428		136,343
Emerging Markets		171,426		134,916
Public Real Estate		207,869		151,528
Private Real Estate		87,889		63,528
Public Natural Resources		119,046		36,490
Private Natural Resources		94,363		74,156
Hedge Funds		284,554		265,601
Venture Capital/Private Equity		976,287		459,846
Total	\$	3,890,498	\$	2,731,838

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 for the University are summarized below (dollars in thousands):

Investment Type	Fair Value Measurements at June 30, 2021			NAV	Total
	Level 1	Level 2	Level 3		
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

Fair Value Measurements at June 30, 2020					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
SEPARATELY HELD INVESTMENTS:					
Land Grant Cash Held by State Treasurer	\$ -	\$ 340	\$ -	\$ -	\$ 340
US Equity	52,092	-	-	-	52,092
Public Real Estate	-	-	1,623	-	1,623
Asset-Backed Securities	-	1,426	-	-	1,426
Corporate Bonds	-	878	-	-	878
Venture Capital/Private Equity	-	-	-	245	245
Short Term Investments	78,317	-	-	-	78,317
BOND PROCEEDS INVESTED:					
Short Term Investments	120,881	-	-	-	120,881
PIPC:					
Short Term Investments	360,263	-	-	-	360,263
Fixed Income:					
Asset-Backed Securities	-	108,187	-	-	108,187
Corporate Bonds	-	569,136	-	-	569,136
Mortgage-Backed Securities	-	287,045	-	-	287,045
US Agencies	-	58,152	-	-	58,152
US Treasuries and Securities	374,312	-	-	-	374,312
PIP:					
Short Term Investments	77,598	-	-	-	77,598
US Equity	278,667	20,499	-	195,830	494,996
International Equity	227,939	-	-	37,090	265,029
Fixed Income	21,496	67,424	-	-	88,920
Emerging Markets	68,607	-	-	25,245	93,852
Marketable Alternatives	-	-	-	184,762	184,762
Public Real Estate	105,409	-	-	-	105,409
Private Real Estate	-	-	-	55,560	55,560
Public Natural Resources	25,384	-	-	-	25,384
Private Natural Resources	-	-	-	51,586	51,586
Venture Capital/Private Equity	-	5,136	-	317,149	322,285
Total	\$ 1,790,965	\$ 1,118,223	\$ 1,623	\$ 867,467	\$ 3,778,278

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

Fair Value Measurements at June 30, 2021					
Investment Type	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

Fair Value Measurements at June 30, 2020					
Investment Type	Level 1	Level 2	Level 3	NAV	Total
FIDUCIARY INVESTMENTS:					
TIAA Traditional	\$ -	\$ 16,081	\$ -	\$ -	\$ 16,081
CREF Stock Account	-	-	-	10,211	10,211
CREF Growth Account	-	-	-	12,631	12,631
Total	\$ -	\$ 16,081	\$ -	\$ 22,842	\$ 38,923

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 in one case and not as a practical expedient in another (Level 2 inputs).

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). The University also has an equity investment in a commingled fund that is valued using NAV as a practical expedient under the market approach. This investment is able to be redeemed on a short-term basis. There are no unfunded future commitments to these investments.

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). The University also has an equity investment held in a commingled fund that is valued using NAV as a practical expedient under the market approach. There are no significant restrictions on redemption and no unfunded future commitments to these investments.

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.

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). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

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.

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). There are no significant restrictions on redemption and no unfunded future commitments to these investments.

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.

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. A special situations private equity investment fund is able to be redeemed on a short-term basis with no significant restrictions (Level 2 inputs).

Note 3 – Accounts, Pledges, and Notes Receivable

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

	June 30, 2021	June 30, 2020
Grants and Contracts	\$ 81,228	\$ 53,951
Student and General	49,982	40,555
Other Accrued Revenues	24,424	22,519
Less: Allowance for Doubtful Accounts	(5,105)	(3,679)
Total Accounts Receivable, Net	150,529	113,346
Pledges Receivable	72,510	65,651
Less: Allowance for Doubtful Pledges	(4,208)	(2,870)
Net Pledges Receivables	68,302	62,781
Less: Noncurrent Portion	(36,520)	(25,915)
Pledges Receivable, Current Portion	31,782	36,866
Perkins Loans	8,823	11,817
Institutional Loans	33,890	38,574
Other Student Loans and Notes Receivable	412	28,257
Less: Allowance for Doubtful Loans	(926)	(1,374)
Net Notes Receivable	42,199	77,274
Less: Noncurrent Portion	(33,629)	(61,624)
Notes Receivable, Current Portion	8,570	15,650
Other Receivables	1,174	1,122
Other Receivables, Current Portion	\$ 1,174	\$ 1,122

Note 4-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
Capital Assets Activity					
	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital Assets, Not Being Depreciated:					
Land	\$ 58,678	\$ 4,801	\$ 346	\$ -	\$ 63,133
Construction in Progress	136,991	117,193	-	(71,065)	183,119
Total Capital Assets, Not Being Depreciated	195,669	121,994	346	(71,065)	246,252
Capital Assets, Being Depreciated:					
Land Improvements	101,202	3,688	6,065	667	99,492
Infrastructure	226,285	9,058	397	6,690	241,636
Buildings	3,701,371	112,905	5,377	63,410	3,872,309
Equipment	675,836	63,240	27,049	298	712,325
Software	83,868	227	-	-	84,095
Total Capital Assets, Being Depreciated	4,788,562	189,118	38,888	71,065	5,009,857
Less Accumulated Depreciation:					
Land Improvements	82,633	2,578	6,040	-	79,171
Infrastructure	86,891	10,081	397	-	96,575
Buildings	1,790,310	125,368	4,931	-	1,910,747
Equipment	440,662	43,544	25,255	-	458,951
Software	62,899	5,363	-	-	68,262
Total Accumulated Depreciation	2,463,395	186,934	36,623	-	2,613,706
Total Capital Assets, Net of Accumulated Depreciation	\$ 2,520,836	\$ 124,178	\$ 2,611	\$ -	\$ 2,642,403

During fiscal years 2021 and 2020, the University expensed \$35,203,000 and \$28,969,000, respectively, in interest costs related to the ownership of capital assets.

Note 5 —Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (dollars in thousands):

	June 30, 2021	June 30, 2020
Construction Payables	\$ 19,582	\$ 20,185
Accrued Insurance Liabilities	23,855	25,872
Interest Payable	16,579	18,462
Accrued Salaries and Wages	13,796	23,465
Vendor and Other Payables	125,186	113,690
Total Accounts Payable and Accrued Expenses	\$ 198,998	\$ 201,674



Note 6 — Debt Related to Capital Assets

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

Debt Related Liabilities	Balance			Balance	
	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion
Notes Payable	\$ 4,930	\$ -	\$ 4,930	\$ -	\$ -
Leases Payable	168,465	32,285	51,500	149,250	4,395
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
Net Unamortized Premiums and Costs	93,305	\$ 10,025	\$ 12,424	90,906	12,662
Total Debt Related Liabilities	\$ 1,072,795	\$ 191,468	\$ 136,635	\$ 1,127,628	\$ 125,617

Debt Related Liabilities	Balance			Balance	
	July 1, 2019	Increases	Decreases	June 30, 2020	Current Portion
Notes Payable	\$ 5,410	\$ -	\$ 480	\$ 4,930	\$ 465
Leases Payable	214,937	-	46,472	168,465	43,306
Bonds Payable					
Student Facilities System Revenue Bonds	322,255	-	18,190	304,065	78,420
Student Fee Bonds	429,525	112,140	39,635	502,030	35,030
Total Bonds Payable	751,780	112,140	57,825	806,095	113,450
Net Unamortized Premiums and Costs	75,832	28,203	10,730	93,305	12,351
Total Debt Related Liabilities	\$ 1,047,959	\$ 140,343	\$ 115,507	\$ 1,072,795	\$ 169,572

Notes Payable. As of June 30, 2021 and 2020, the balance of notes outstanding was approximately \$-0- and \$4,930,000, respectively, representing financing for various activities.

On November 15, 2015, the University entered into an agreement with Purdue Research Foundation (PRF) that transferred the Bowen Laboratory Facility property to the University in exchange for an agreement to pay the balance of the PRF debt attributable to the Bowen Lab. The initial balance was \$7,070,000, and the balances at June 30, 2021 and 2020 were \$-0- and \$4,930,000, respectively. The interest rate for this agreement ranges between 3-4% as of June 30, 2021 and 2020. On June 30, 2021, the University paid the total remaining balance of the outstanding maturities attributable to Bowen Lab.

Leases Payable. Leases payable consisted of the following items (dollars in thousands):

Issue	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Outstanding June 30, 2021	Outstanding June 30, 2020	Current Outstanding June 30, 2021
Certificates of Participation with Ross-Ade:							
Series 2006	2006	70,345	5.25%	2025	14,770	21,095	-
Series 2011A	2011	32,185	0.06%*	2021	-	31,295	-
Series 2016A	2016	85,120	4.00-5.00%	2037	73,875	81,675	-
Series 2021A	2021	29,935	5.00%	2035	29,935	-	-
Series 2021B	2021	2,350	2.25%	2032	2,350	-	-
Direct Placement Certificates of Participation:							
Series 2014A	2014	21,955	2.66%	2027	16,365	18,180	-
Leases with Purdue Research Foundation:							
Kaplan Commons	2012	1,335	5.63%	2022	126	246	126
Child Care Facility	2018	5,522	2.38%*	2033	4,336	4,643	325
NW Recreation Facility	2018	4,924	2.38%*	2031	3,845	4,125	296
Other Leases:							
Cisco	2018	23,458	2.52%	2022	3,648	7,206	3,648
					149,250	168,465	4,395
Net unamortized premiums and costs					20,547	12,253	2,423
Total					\$ 169,797	\$ 180,718	\$ 6,818

*Variable interest rates are reset periodically and are based upon market conditions. Rates shown are as of June 30, 2021, except Certificates of Participation Series 2011A is as of May 12, 2021.

The Certificates of Participation (COPs) are secured by certain real estate and the projects located on that real estate, the lease payments to the Ross-Ade Foundation, and a pledge of available income, except student fees and state appropriations. The University has entered into a lease purchase arrangement whereby on the termination of the stated lease, title to the land and buildings will be conveyed absolutely to the Trustees of the University. At any time during the lease term, the University has the right to acquire the entire title to the facility by paying the Ross-Ade Foundation an amount equal to the then outstanding indebtedness. The Ross-Ade Foundation has created a reserve for valuation to reduce the carrying value of certain properties leased to the University in an amount not greater than the proceeds to be received if disposal was made to the University. During the fiscal years ended June 30, 2021 and 2020, the University included approximately \$-0- and \$31,295,000 in Current Liabilities related to variable rate Certificates of Participation (Series 2011A). Certificates of Participation Series 2011A was refunded by Certificates of Participation Series 2021A on May 12, 2021 eliminating all variable rate debt for Certificates of Participation.

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.

As of June 30, 2021 and 2020, leases payable included amounts relating to properties with a book value, net of accumulated depreciation, of approximately \$210,006,000 and \$218,220,000, respectively.

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.

On May 29, 2020, the University completed an optional call from the last scheduled maturity on the outstanding variable rate certificates series. The certificates called were Certificates of Participation, Series 2011A (\$405,000, July 1, 2035).

On July 1, 2019, \$34,865,450 of principal and interest was paid from funds held in trust by Trustee for the crossover refunding of Taxable Certificates of Participation, Series 2009B as provided in the issuance of Certificates of Participation, Series 2016A.

On June 15, 2016, the University issued Certificates of Participation, Series 2016A at par value of \$85,120,000 and a premium of approximately \$18,127,000 to fund the renovation and expansion of the Mollenkopf Football Performance Center at the West Lafayette campus, to pay for allowable construction period interest and costs of issuance, and to effect a cross-over refunding of a portion of Series 2009B effective July 1, 2019. Debt service on the Series 2016A refunding certificates due up to and including July 1, 2019 was paid from an irrevocable escrow held by the Escrow Trustee, Bank of New York Mellon. At the cross-over date, \$34,130,000 was outstanding in Series 2009B and was called and paid for by the escrowed funds. The university estimates a reduction in its aggregate debt service payments over the life of the debt of approximately \$2,579,000, due to the refunding. An economic loss (difference between the reacquisition cost and unamortized premium) of approximately \$3,471,000 was created when the cross-over was effected on July 1, 2019 and will be amortized through 2031. For fiscal years, 2021 and 2020, the annual debt service of \$-0- and \$735,000, respectively, related to the crossover refunding was paid from securities held by the Escrow Trustee. Interest income earned on the escrowed securities during fiscal years 2021 and 2020 was approximately \$-0- and \$52,000, respectively.

In December 2017, the University entered into a lease with Cisco Systems Capital Corporation for approximately \$23,458,000. The purpose of this agreement is for the campus lifecycle replacement of core network infrastructure.

In September 2017 and October 2017, the University entered into lease arrangements with Purdue Research Foundation. The arrangements are capital leases for the improvements to the North West Student Recreation Facility for \$4,924,000 and for the Child Care Center Facility for \$5,522,000.

On December 21, 2012 the University entered into a \$1,335,000 lease agreement with Purdue Research Foundation for the real estate commonly known as Kaplan Commons near the Hammond campus. The lease was treated as a capital lease with a fair value of \$1,000,000.

Bonds Payable. As of June 30, 2021 and 2020, the balance of bonds payable was approximately \$809,004,000 and \$887,147,000, 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, 2021	Total Outstanding June 30, 2020	Current Outstanding June 30, 2021
Student Facilities System Revenue Bonds:							
Series 2004A							
Finance construction of Hammond student housing and parking garage facilities	2004	\$ 28,100	0.02%*	2033	\$ 15,860	\$ 16,145	\$ 15,860
Series 2005A							
Finance construction and renovation of West Lafayette housing and food service facilities	2005	24,200	0.01%*	2029	5,755	5,855	5,755
Series 2007A							
Refund a portion of Student Facilities System Revenue Bond Series 2003A and 2003B	2007	61,865	5.25%	2029	43,180	46,950	4,030
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	24,820	24,385
Series 2010A							
Taxable Build America Bonds to finance the renovation of West Lafayette student housing facilities, and refund a portion of commercial paper	2010	24,985		2020	-	16,775	-
Series 2011A							
Refund a portion of Student Facilities System Revenue Bond Series 2004A, 2005A, and 2007C	2011	49,440	5.00%	2021	20,615	24,640	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	19,180	20,350	1,230
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	87,765	90,505	2,875
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	54,905	58,025	3,270
					271,645	304,065	78,020
Net unamortized premiums and costs					17,565	20,261	2,822
Total Student Facilities System Revenue Bonds					\$ 289,210	\$ 324,326	\$ 80,842

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/21.

*Variable interest rates are reset weekly and are based upon market conditions. Rates shown are as of June 30, 2021.

Issuance and Description	Issue Date	Original Issuance	Interest Rates	Final Maturity Date	Total Outstanding June 30, 2021	Total Outstanding June 30, 2020	Current Outstanding June 30, 2021
Student Fee Bonds:							
Series U							
Refund a portion of Student Fee Bond Series Q	2005	35,200	5.25%	2022	5,825	9,315	2,835
Series Y							
Refund Student Fee Bond Series S, T, and V	2010	74,130		2020	-	4,300	-
Series Z-1							
Finance a portion of construction of West Lafayette Student Fitness and Wellness Center, Fort Wayne Parking Garage, and West Lafayette Repair & Rehabilitation projects and refund Student Fee Bond Series H, K, L, O, a portion of Series R and a portion of commercial paper	2010	68,320		2020	-	4,280	-
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	3.59-5.33%	2035	77,690	81,680	4,075
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	38,560	40,880	2,425
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	27,345	30,810	3,045
Series BB2							
Taxable debt for reallocation of Drug Discovery from tax-exempt Series AA	2015	18,985	2.65-3.81%	2032	13,420	14,335	940
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	112,480	118,880	11,055
Series DD							
Finance renovation and construction of Agricultural and Biological Engineering building and construction of BioScience Innovation building	2018	90,135	5.00%	2038	82,615	85,410	2,935
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	109,065	112,140	2,850
					467,000	502,030	30,160
Net unamortized premiums and costs					52,794	60,791	7,417
Total Student Fee Bonds					\$ 519,794	\$ 562,821	\$ 37,577

Debt issuances are comprised of annual maturities, each of which may have a different interest rate. Table above reflects the rates in effect on 6/30/21.

The University has two separate indentures for capital asset financing through bonds based on statutory distinctions for the pledge supporting the debt service.

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.

Student Facilities System Revenue Bonds

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

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

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

All Student Facilities System Revenue Bonds outstanding have been issued through public sales, including the weekly remarketed variable rate Series 2004A, 2005A and 2007C.

As of June 30, 2021 and 2020, the University had \$46,000,000 and \$46,820,000 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.

The Series 2010A and 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, 2021 and 5.9% from October 1, 2019 to September 30, 2020.

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 1, 2020, notice was provided to bondholders by the University’s trustee, the Bank of New York Mellon, of the full redemption on July 1, 2020 of the outstanding maturities of Student Facilities System Revenue Bonds, Series 2010A, in the total amount of \$15,490,000 for the annual maturities for each July 1 of 2021 through 2030.

On May 29, 2020, the University completed an optional call from the last scheduled maturity on each of the outstanding variable rate bond series. The bonds called were: Student Facilities System Revenue Bonds, Series 2004A (\$200,000, July 1, 2033); Student Facilities System Revenue Bonds, Series 2005A (\$75,000, July 1, 2029); and Student Facilities System Revenue Bonds, Series 2007C (\$315,000, July 1, 2032).

On May 27, 2020, the University issued Student Fee Bonds, Series EE at par value of \$112,140,000 and a premium of approximately \$28,203,000 to partially fund the construction of the Engineering and Polytechnic Gateway and the Veterinary Medicine Teaching Hospital, new facilities on the West Lafayette campus, to refund a portion of Student Fee Bonds, Series Z-1 in the amount of \$6,660,000 on July 1, 2020, and to pay for allowable costs of issuance. As a result of the refunding, the University

anticipates a reduction of debt service payments over the life of the debt of \$273,112.50. The refunding resulted in an economic loss (difference between the reacquisition cost and unamortized premium) of \$167,000 through 2024 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.

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

Fiscal Year	All Debt except Direct Borrowings			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	62,180	35,044	97,224	4,775	7,953	12,728
2023	54,620	34,985	89,605	1,974	8,025	9,999
2024	54,155	32,453	86,608	2,034	7,965	9,999
2025	55,565	29,890	85,455	2,101	7,902	10,003
2026	60,925	27,259	88,184	2,164	7,837	10,001
2027-2031	286,430	95,295	381,725	19,336	37,200	56,536
2032-2036	224,990	38,728	263,718	4,131	35,711	39,842
2037-2041	60,710	4,261	64,971	4,363	34,743	39,106
Thereafter	-	-	-	136,269	192,218	328,487
	859,575	297,915	1,157,490	177,147	339,554	516,701
Net unamortized premiums and costs	90,906	-	90,906	-	-	-
	\$ 950,481	\$ 297,915	\$ 1,248,396	\$ 177,147	\$ 339,554	\$ 516,701

As of June 30, 2021 and 2020, the Deferred Outflows of Resources for debt refunding was \$18,206,000 and \$20,456,000, respectively.

Lines of Credit

The University does not use lines of credit.

Defeased Bond Issues. The University defeases bonds by prepayment or issuing new debt. The University's defeased debt is shown below (dollars in thousands). US Treasury obligations have been purchased in amounts sufficient to pay principal and interest payments when due through call date, and with the exception of Student Fee Bonds, Series Z1, 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 the new Series EE in the amount of \$6,660,000 and associated interest of \$165,025 from the University were prepaid to the Trustee at the May 27, 2020 closing for SFB Series EE, allowing for defeasement of all Z-1 remaining obligations in conjunction with the scheduled principal and interest payments on July 1, 2020.

Description of Bonds	Final Maturity/ Call Date	Amount Outstanding	
		June 30, 2021	June 30, 2020
Student Fee Bonds:			
Student Fee Bonds, Series Y	7/1/2020	-	35,380
Student Fee Bonds, Series Z1	7/1/2020	-	6,660

Operating Leases. The University has entered into various operating leases for facilities. The scheduled payments related to these operating leases for the fiscal years ending June 30 are as follows (dollars in thousands):

Fiscal Year	Lease Payments
2022	\$ 12,863
2023	6,468
2024	5,515
2025	4,139
2026	2,617
Total Future Minimum Payments	\$ 31,602



Note 7— Other Debt Information

Other debt information is summarized below (dollars in thousands):

Liabilities	Balance			Balance June 30, 2021	Current Portion
	July 1, 2020	Increases	Decreases		
Accrued Compensated Absences	\$ 74,647	\$ 26,798	\$ 27,508	\$ 73,937	\$ 28,972
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	25,022	17,988	51,032	-
Advances from Federal Government	8,518	-	3,622	4,896	-
Total	\$ 216,299	\$ 54,897	\$ 56,809	\$ 214,387	\$ 31,687

Liabilities	Balance			Balance June 30, 2020	Current Portion
	July 1, 2019	Increases	Decreases		
Accrued Compensated Absences	\$ 71,668	\$ 31,729	\$ 28,750	74,647	\$ 29,067
Other Post Employment Benefits	43,457	3,676	13,776	33,357	2,897
Net Pension Liability	58,681	-	2,902	55,779	-
Other Noncurrent Liabilities	23,266	21,215	483	43,998	-
Advances from Federal Government	15,211	315	7,008	8,518	-
Total	\$ 212,283	\$ 56,935	\$ 52,919	\$ 216,299	\$ 31,964

Other Post-Employment Benefits (OPEB). 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. Participants may continue to receive benefits until they reach the age of 65. 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 years ended June 30, 2021 and 2020, 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	<u>12,544</u>
Total	<u><u>12,935</u></u>

Purdue’s total OPEB liabilities of approximately \$34,760,000 as of June 30, 2021 and \$33,357,000 as of June 30, 2020 were determined with measurement/experience dates of July 1, 2020 and July 1, 2019, using an actuarial valuation as of July 1, 2019 done in accordance with GASB Statement No. 75. The total OPEB liabilities in the June 30, 2020 and 2019 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	2.50%
Projected salary increases	3.00%
Discount rate	2.21% as of July 1, 2020; 3.50% as of July 1, 2019, 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	7.00% graded to 4.5% over 10 years as of July 1, 2020; 7.25% graded to 4.5% over 11 years as of July 1, 2019
Vision	3.00%
Administrative Costs	3.00%
Mortality Rates	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.

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

For the years ended June 30,

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 33,357	\$ 43,457
Changes for Year:		
Service Cost	1,927	2,023
Interest	1,150	1,653
Change in benefit terms	-	(755)
Differences between expected and actual experience	634	(2,219)
Changes of assumptions	2,571	(5,252)
Benefit payments, including refunds of member contributions	(4,879)	(5,550)
Net Change in Total OPEB Liability	<u>1,403</u>	<u>(10,100)</u>
Ending Balance	<u>\$ 34,760</u>	<u>\$ 33,357</u>

Changes of assumptions reflect a decrease in the discount rate from 3.50% to 2.21% as of June 30, 2021 and a decrease from 3.87% to 3.50% as of June 30, 2020. The June 30, 2021 assumption changes reflected the potential excise tax on plans that exceed certain cost thresholds which was repealed on December 20, 2019. The June 30, 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.

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, 2021 and June 30, 2020. 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, 2021

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

Total OPEB Liability as of June 30, 2020

<u>1% Decrease (2.5%)</u>	<u>Current (3.5%)</u>	<u>1% Increase (4.5%)</u>
\$ 35,504,058	\$ 33,356,895	\$ 31,395,851

Healthcare Cost Trend Rate Sensitivity

Total OPEB Liability as of June 30, 2021

<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
\$ 31,802,602	\$ 34,759,696	\$ 38,192,361

Total OPEB Liability as of June 30, 2020

<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
\$ 30,820,169	\$ 33,356,895	\$ 36,281,173

OPEB Expense and Deferred Inflows of Resources related to OPEB:

For the year ended June 30, 2021 and 2020, the University recognized OPEB expense of approximately \$2,179,000 and \$1,611,000, respectively. At June 30, 2021 and 2020, the University reported Deferred Inflows of Resources related to the Change of Assumptions in the amount of approximately \$6,894,000 and \$8,205,000, respectively, related to the Changes of Assumptions. At June 30, 2021 and 2020, the University reported Deferred Outflows of Resources in the amount of approximately \$5,507,000 and \$2,897,000, respectively, including \$2,715,000 and \$2,897,000 related to payments made beyond the measurement dates of July 1, 2020 and 2019.

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

Total Year Ended June 30,

2022	\$	(898)
2023		(898)
2024		(898)
2025		(793)
2026		(604)
Thereafter		(10)
Total	\$	<u>(4,101)</u>

Note 8 - Operating Expenses by Function

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

June 30, 2021

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 731,661	\$ 82,652	\$ -	\$ -	\$ 814,313
Research	197,338	95,357	-	-	292,695
Extension and Public Service	104,576	32,367	-	-	136,943
Academic Support	106,672	56,676	-	-	163,348
Student Services	132,966	48,795	-	-	181,761
General Administration and Institutional Support	166,339	231,359	-	-	397,698
Physical Plant Operations and Maintenance	86,437	45,017	-	-	131,454
Depreciation	-	-	198,774	-	198,774
Student Aid	-	-	-	98,585	98,585
Auxiliary Enterprises	75,176	104,163	-	-	179,339
Total	\$ 1,601,165	\$ 696,386	\$ 198,774	\$ 98,585	\$ 2,594,910

June 30, 2020

Function	Compensation & Benefits	Supplies and Services	Depreciation	Scholarships, Fellowships & Student Awards	Total
Instruction	\$ 752,756	\$ 100,698	\$ -	\$ -	\$ 853,454
Research	200,582	94,697	-	-	295,279
Extension and Public Service	104,989	41,357	-	-	146,346
Academic Support	106,046	68,099	-	-	174,145
Student Services	138,960	31,222	-	-	170,182
General Administration and Institutional Support	168,128	200,746	-	-	368,874
Physical Plant Operations and Maintenance	83,960	56,783	-	-	140,743
Depreciation	-	-	186,934	-	186,934
Student Aid	-	-	-	62,240	62,240
Auxiliary Enterprises	99,689	100,287	-	-	199,976
Total	\$ 1,655,110	\$ 693,889	\$ 186,934	\$ 62,240	\$ 2,598,173

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, 2021 and 2020, the University's contribution to FICA was approximately \$67,449,000 and \$68,232,000, 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, 2021 and 2020, \$35,977,000 and \$12,171,000 respectively has been retained under this provision, and is 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, 2021 or 2020.

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, 2021 and 2020, there were 7,602 and 7,553 employees, respectively, participating in the plans with annual pay equal to approximately \$719,180,000 and \$712,361,000, respectively. For the years ended June 30, 2021 and 2020, the University made contributions totaling approximately \$67,882,000 and \$67,846,000, 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, 2021 and 2020, there were 2,707 and 2,547 employees, respectively, participating in the plan with annual pay equal to approximately \$73,570,000 and \$66,033,000, respectively. For the year ended June 30, 2021 and 2020, the University made base contributions totaling approximately \$2,578,000 and \$2,509,000, respectively, and matching contributions totaling approximately \$2,113,000 and \$2,170,000, 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, 2021 or June 30, 2020.

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, 2021 and 2020, there were 1,036 and 1,041 employees participating in the 457(b) plan with pay equal to approximately \$48.9 and \$41.6 million, respectively. For the periods ended June 30, 2021 and 2020, employees contributed \$5.2 million and \$4.8 million, respectively.

In 2018, the Plan's board 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. 32, *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 period ended June 30, 2021 and 2020, there were 2,142 and 2,047 employees participating in the 403(b) plan with pay equal to approximately \$63.9 and \$56.0 million. For the period ended June 30, 2021 and 2020 the University made contributions totaling \$3.7 and \$3.6 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). 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, 2021 and 2020, 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, 2021 and 2020, there were 1,859 and 2,095 employees, respectively, participating in PERF Hybrid. The University's proportionate share of PERF Hybrid's Net Pension Liability, based on covered payroll of approximately \$88,943,000 was 1.65% for the measurement date June 30, 2020, which was the date used for this financial report. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was approximately \$49,762,000 and \$55,779,000 as of June 30, 2021 and 2020. The proportionate share of 1.65% is a decrease of .04 percentage points from the measurement date of June 30, 2019 of 1.69%. The June 30, 2019 value was a decrease of .04 percentage points from the proportionate share from the measurement date of June 30, 2018 of 1.73%.

The University made contributions to the plan totaling approximately \$10,020,000 and \$11,426,000 for the years ending June 30, 2021 and 2020, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was approximately \$7,892,000 and \$9,000,000 for the years ended June 30, 2021 and 2020, respectively. The proportionate shares of pension plan expense for the years ended June 30, 2021 and 2020 as calculated under GASB 68 guidance were approximately \$4,008,000 and \$8,828,000, less net amortization of deferred amounts of approximately \$1,178,000 and \$472,000, leaving a net pension expense of approximately \$2,830,000 and \$8,356,000.

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

	<u>2021</u>	<u>2020</u>
Asset Valuation Date	June 30, 2020	June 30, 2019
Liability Valuation Date *	June 30, 2019	June 30, 2018
Actuarial Amortization Method	20 years, closed	30 years, closed
Actuarial Amorization Period	Level Dollar	Level Dollar
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	
Employer Required Contribution	Asset Smoothing Method	
Actuarial Assumptions:		
Investment Rate of Return	6.75%	6.75%
Inflation Rate	2.25%	2.25%
Projected Salary Increases	2.75%-8.75%	2.50%-4.25%
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, 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. Mortality rates for June 30, 2020 were based on the 2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006.

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:

	2021		2020	
	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	22.0%	4.4%	22.0%	4.9%
Private Markets	14.0%	7.6%	14.0%	7.0%
Fixed Income - Ex Inflation-Linked	20.0%	1.9%	20.0%	2.5%
Fixed Income - Inflation-Linked	7.0%	0.5%	7.0%	1.3%
Commodities	8.0%	1.6%	8.0%	2.0%
Real Estate	7.0%	5.8%	7.0%	6.7%
Absolute Return	10.0%	2.9%	10.0%	2.9%
Risk Parity	12.0%	5.5%	12.0%	5.3%

Total pension liability was calculated using the discount rate of 6.75% for June 30, 2021 and 2020. 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 (6.75%). 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 discount rate of 6.75%, 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 (5.75%), or one percentage point higher (7.75%) than the current rate:

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

Actuarial Valuation as of: June 30, 2019

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
\$ 89,581,648	\$ 55,778,899	\$ 27,584,820

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, 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

	As of June 30, 2020	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,477	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	2,637
Change of assumptions	12	6,063
Changes in proportion and differences between employer contributions and proportionate share of contributions	556	1,916
Contribution made after the measurement date	9,000	-
Total Deferred Outflows and Inflows	\$ 11,045	\$ 10,616

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

2021	(6,167)
2022	(2,810)
2023	(1,344)
2024	1,809
Total	\$ (8,512)

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.

For the years ending June 30, 2021 and 2020, there were 104 and 107 employees, respectively, actively participating in Police/Fire. In addition to this there were 33 and 28 vested employees who had terminated and 94 and 92 retired participants, for the years ending June 30, 2021 and 2020 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 year ended June 30, 2021, and contributions totaling approximately \$20,000 were made for the fiscal year ending June 30, 2020.

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.

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

(Dollars in Thousands)

	2021	2020
Total pension liability		
Service cost	\$ 954	\$ 815
Interest	3,221	1,954
Differences between expected and actual experience	(1,999)	31
Changes of assumptions	3,852	1,510
Benefit payments, including refunds of contributions	(1,419)	(1,409)
Net change in total pension liability	4,609	2,901
Total pension liability - beginning	34,801	31,900
Total pension liability - ending (a)	<u>\$ 39,410</u>	<u>\$ 34,801</u>
Plan fiduciary net position		
Contributions - employer	\$ 19	\$ 268
Contributions - employee	177	179
Net investment income	3,420	2,245
Benefit payments, including refunds of contributions	(1,419)	(1,409)
Net change in plan fiduciary net position	2,197	1,283
Plan fiduciary net position - beginning	38,963	37,680
Plan fiduciary net position - ending (b)	<u>\$ 41,160</u>	<u>\$ 38,963</u>
Net pension liability (asset) ending (a) - (b)	<u>\$ (1,750)</u>	<u>\$ (4,162)</u>

The total pension liability, as of June 30, 2021 and 2020 was determined by actuarial valuations as of July 1, 2020 and 2019. Significant Actuarial Assumptions for these valuations follow:

- Actuarial Cost Method was Projected Unit Credit for both valuations
- Cost of Living increases of 2.25% were assumed for both valuations
- Salary increases of 2.50% were assumed for both valuations
- Mortality tables for the 2020 valuation were:
 - Pre-retirement – PubS-2010 generational table for non-annuitants projected with Scale MP-2020
 - Post-retirement – PubS-2010 generational table for annuitants projected with Scale MP-2020
- Mortality tables for the 2019 valuation were:
 - Pre-retirement – PubS-2010 generational table for non-annuitants projected with Scale MP-2019
 - Post-retirement – PubS-2010 generational table for annuitants projected with Scale MP-2019
- Interest discount rate used was 5.25% at July 1, 2020 and 6.00% at July 1, 2019, and the long term expected rate of return is the same at 5.25% and 6.00% for the same time periods
- The long term expected rates are projected to apply to benefit payments for the life of the plan, or 30 years, whichever is earlier
- 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:

Asset Breakdown:	Percentage of Total Assets at July 1,		Expected Rate of Return at July 1,	
	2020	2019	2020	2019
TIAA Traditional	37.43%	41.32%	4.67%	4.69%
CREF Growth Account	37.09%	32.45%	5.44%	6.50%
CREF Stock Account	25.48%	26.23%	6.27%	7.04%
Total	100.00%	100.00%		

Weighted average return (rounded to nearest 25 bp) 5.25%

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 2019.

Expected Rates of Return using Capital Market Assumptions for each asset class of 20-year arithmetic expected returns provided by Morningstar as of November 2019.

The actual rates of return for valuation years ended June 30, 2020 and 2019 were 8.93% and 6.07% respectively.

The actuarial pension liability (surplus) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the liability (surplus) 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, 2021

1% decrease	Current	1% increase
4.25%	5.25%	6.25%
\$ 3,809,362	\$ (1,750,458)	\$ (7,310,278)

For the year ended June 30, 2020

1% decrease	Current	1% increase
5.00%	6.00%	7.00%
\$ 676,870	\$ (4,161,806)	\$ (9,000,482)

Note 10 – Component Units

Discretely Presented Component Units

Summary financial information as of and for the years ended June 30, 2021 and 2020, for the University's discretely presented component units are presented in the tables below.

Purdue University Component Units Consolidated Statement of Financial Position

Purdue Research Foundation

As of June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and Cash Equivalents	\$ 33,600	\$ 16,493
Accounts Receivable, Net	20,911	25,986
Right of Use Assets - Operating Leases	1,568	-
Other Assets	14,330	18,748
Investments	3,896,649	2,740,240
Notes Receivable, Net	32,411	31,918
Interest in Charitable Perpetual Trusts	19,803	15,799
Capital Assets, Net of Accumulated Depreciation	267,327	273,391
Total Assets	\$4,286,599	\$3,122,575
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 41,008	\$ 35,899
Due on Split Interest Agreements	47,833	42,406
Deposits Held in Custody for Others	2,694,688	1,829,899
Bonds (Net), Leases, and Notes Payable	172,369	191,926
Lease Liability	1,568	-
Other Liabilities	588	3,659
Total Liabilities	2,958,054	2,103,789
Net Assets:		
Without Donor Restriction	306,732	282,067
With Donor Restriction	1,021,813	736,719
Total Net Assets	1,328,545	1,018,786
Total Liabilities and Net Assets	\$4,286,599	\$3,122,575

Purdue University

Component Units Statement of Activities

Purdue Research Foundation

For the Years Ended June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Revenue and Support		
Amount Received for Purdue University Research Projects	\$ 381	\$ 706
Less Payments to Purdue University	(381)	(706)
	-	-
Contributions	46,089	59,584
Income on Investments	12,279	18,245
Net Unrealized and Realized Gains (Losses)	321,741	(14,439)
Change in Value of Split Interest Agreements	(4,910)	3,781
Change in Interests in Perpetual Trusts	4,004	(325)
Rents	24,445	24,236
Royalties	8,070	11,380
Other	40,711	36,054
Total Revenue and Support	452,429	138,516
Expenses and Losses		
Expenses for the Benefit of Purdue University		
Contributions to Purdue University	35,878	44,989
Patent and Royalty	4,980	8,755
Grants	394	581
Services for Purdue University	3,275	2,493
Other	3,876	2,716
Total Expenses for the Benefit of Purdue University	48,403	59,534
Administrative and Other Expenses		
Salaries and Benefits	39,410	39,307
Property Management	22,721	23,155
Professional Fees	13,336	12,632
Supplies	2,931	3,384
Interest	7,462	8,091
Research park	333	554
Other	8,074	11,443
Total Administrative and Other Expenses	94,267	98,566
Change in Net Assets	309,759	(19,584)
Net Assets, Beginning of Period	1,018,786	1,038,370
Net Assets, End of Period	\$ 1,328,545	\$ 1,018,786

Purdue University

Component Units Consolidated Statement of Net Position

Ross Ade Foundation and Purdue Fort Wayne Foundation

As of June 30, 2021 (Dollars in Thousands)

	Ross Ade Foundation	Purdue Fort Wayne Foundation	Component Unit Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 923	\$ 3,798	\$ 4,721
Accounts Receivable	1	11	12
Rents Receivable	-	28	28
Contributions Receivable, Net	-	360	360
Other Assets	-	3	3
Prepaid Insurance	2	-	2
Total Current Assets	926	4,200	5,126
Noncurrent Assets			
Investments	-	9,044	9,044
Contributions Receivable, Net	-	77	77
Notes Receivable	1,079	-	1,079
Lease Purchase Agreements	180,767	-	180,767
Real Estate	151	6,929	7,080
Total Noncurrent Assets	181,997	16,050	198,047
Total Assets	182,923	20,250	203,173
Deferred Outflows of Resources	4,019	-	4,019
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	3	532	535
Unearned Revenue	2,846	-	2,846
Bonds Payable, Net	2,423	-	2,423
Total Current Liabilities	5,272	532	5,804
Noncurrent Liabilities			
Unearned Revenue	22,157	-	22,157
Bonds Payable, Net	155,419	-	155,419
Total Noncurrent Liabilities	177,576	-	177,576
Total Liabilities	182,848	532	183,380
Net Position			
Net Investment in Plant	2,092	6,929	9,021
Restricted - Nonexpendable	-	1,682	1,682
Restricted - Expendable	-	10,030	10,030
Unrestricted	2,002	1,077	3,079
Total Net Position	\$ 4,094	\$ 19,718	\$ 23,812

Purdue University

Component Units Consolidated Statement of Net Position

Ross Ade Foundation and Purdue Fort Wayne Foundation

As of June 30, 2020 (Dollars in Thousands)

	Ross Ade Foundation	Purdue Fort Wayne Foundation	Component Unit Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 909	\$ 3,826	\$ 4,735
Accounts Receivable	798	78	876
Rents Receivable	-	25	25
Contributions Receivable, Net	-	232	232
Other Assets	-	2	2
Prepaid Insurance	2	-	2
Total Current Assets	1,709	4,163	5,872
Noncurrent Assets			
Investments	-	6,867	6,867
Contributions Receivable, Net	-	110	110
Notes Receivable	1,079	-	1,079
Lease Purchase Agreements	185,148	-	185,148
Real Estate	151	7,032	7,183
Total Noncurrent Assets	186,378	14,009	200,387
Total Assets	188,087	18,172	206,259
Deferred Outflows of Resources	4,390	-	4,390
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	2,714	291	3,005
Unearned Revenue	2,424	-	2,424
Bonds Payable, Net	40,738	-	40,738
Total Current Liabilities	45,876	291	46,167
Noncurrent Liabilities			
Unearned Revenue	17,867	-	17,867
Bonds Payable, Net	123,760	-	123,760
Total Noncurrent Liabilities	141,627	-	141,627
Total Liabilities	187,503	291	187,794
Net Position			
Net Investment in Plant	4,900	7,032	11,932
Restricted - Nonexpendable	-	1,665	1,665
Restricted - Expendable	-	8,180	8,180
Unrestricted	74	1,004	1,078
Total Net Position	\$ 4,974	\$ 17,881	\$ 22,855

Purdue University

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

Ross Ade Foundation and Purdue Fort Wayne Foundation

For the Year Ended June 30, 2021 (Dollars in Thousands)

	Ross Ade Foundation	Purdue Fort Wayne Foundation	Component Unit Total
Operating Revenues:			
Contributions and Grants	\$ -	\$ 1,001	\$ 1,001
Lease Income	3,146	-	3,146
Rental Income	8	384	392
Miscellaneous Income	-	16	16
Total Operating Revenues	3,154	1,401	4,555
Operating Expenses:			
Cost of Issuance	319	-	319
Contributions	-	840	840
Insurance	-	1,104	1,104
Depreciation Expense	9	-	9
Administrative and Other Expenses	-	103	103
Other Operating Expenses	4	9	13
Total Operating Expenses	332	2,056	2,388
Net Operating Income	2,822	(655)	2,167
Nonoperating Revenues (Expenses):			
Contributions to Endowments	-	1	1
Interest Income	-	333	333
Investment Income (Loss)	-	2,158	2,158
Interest Expense	(3,702)	-	(3,702)
Total Nonoperating Revenues	(3,702)	2,492	(1,210)
INCREASE IN NET POSITION	(880)	1,837	957
Net Position, Beginning of Year	4,974	17,881	22,855
Net Position, End of Year	\$ 4,094	\$ 19,718	\$ 23,812

Purdue University

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

Ross Ade Foundation and Purdue Fort Wayne Foundation

For the Year Ended June 30, 2020 (Dollars in Thousands)

	Ross Ade Foundation	Purdue Fort Wayne Foundation	Component Unit Total
Operating Revenues:			
Contributions and Grants	\$ -	\$ 1,151	\$ 1,151
Lease Income	4,490	-	4,490
Rental Income	8	426	434
Miscellaneous Income	-	81	81
Total Operating Revenues	4,498	1,658	6,156
Operating Expenses:			
Contributions	150	717	867
Insurance	-	571	571
Depreciation Expense	8	-	8
Administrative and Other Expenses	-	103	103
Other Operating Expenses	10	22	32
Total Operating Expenses	168	1,413	1,581
Net Operating Income	4,330	245	4,575
Nonoperating Revenues (Expenses):			
Contributions to Endowments	-	2	2
Interest Income	-	371	371
Investment Income (Loss)	61	(482)	(421)
Interest Expense	(878)	-	(878)
Total Nonoperating Revenues	(817)	(109)	(926)
INCREASE IN NET POSITION	3,513	136	3,649
Net Position, Beginning of Year	1,461	17,745	19,206
Net Position, End of Year	\$ 4,974	\$ 17,881	\$ 22,855

Blended Component Unit

Condensed financial information for Purdue University Global, Inc., a blended component unit, before the elimination of certain intra-University transactions, as of and for the years ended June 30, 2021 and 2020

Purdue University Global, Inc.

Blended Component Unit Condensed Statement of Net Position

As of June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 77,142	\$ 96,045
Noncurrent Assets	1,071	21,562
Total Assets	78,213	117,607
Liabilities:		
Current Liabilities	100,616	142,798
Noncurrent Liabilities	20,975	22,492
Total Liabilities	121,591	165,290
Net Assets:		
Net Investment in Capital Assets	1,071	1,555
Unrestricted	(44,449)	(49,238)
Total Net Assets	\$ (43,378)	\$ (47,683)

Purdue University Global, Inc.

Blended Component Unit Condensed Statement of Revenues, Expenses, and Changes in Net Position

For the Period Ended June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Operating Revenues	\$ 372,046	\$ 306,374
Operating Expenses other than Depreciation	431,553	408,717
Depreciation Expense	553	1,306
Net Operating Loss	(60,060)	(103,649)
Non Operating Revenues	64,365	82,557
Increase (Decrease) in Net Position	4,305	(21,092)
Net Assets, Beginning of Period	(47,683)	(26,591)
Net Assets, End of Period	\$ (43,378)	\$ (47,683)

Purdue University Global, Inc.

Blended Component Unit Condensed Statement of Cash Flows

For the Period Ended June 30 (Dollars in Thousands)

	<u>2021</u>	<u>2020</u>
Cash Used by Operating Activities	\$ (108,787)	\$ (50,651)
Cash Provided by Noncapital Financing Activities	91,832	81,903
Cash Provided by Investing Activities	33	654
Cash Used by Capital and Related Financing Activities	(72)	(275)
Net (Decrease) Increase in Cash and Cash Equivalents	(16,995)	31,631
Cash and Cash Equivalents - Beginning of Period	76,958	45,327
Cash and Cash Equivalents - End of Period	\$ 59,963	\$ 76,958

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, 2021 and 2020, contractual obligations for capital construction projects were approximately \$136,080,000 and \$116,294,000 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, 2021 and 2020, 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, 2021 and 2020, the University reflected approximately \$47,000 and \$52,000, 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, 2021	June 30, 2020	June 30, 2019
Beginning Liability	\$ 25,872	\$ 26,081	\$ 28,202
Claims Incurred	117,284	137,565	131,879
Claims Payments	(119,301)	(137,774)	(134,000)
Ending Liability	\$ 23,855	\$ 25,872	\$ 26,081

Required Supplementary Information

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

(Dollar amounts in Thousands)

June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 1,927	\$ 2,023	\$ 2,290	\$ 2,417
Interest	1,150	1,653	1,631	1,416
Changes of benefit terms	-	(755)	-	-
Differences between expected and actual experience	634	(2,219)	-	-
Changes of assumptions	2,571	(5,252)	(699)	(1,952)
Benefit payments, including refunds of member contributions	<u>(4,879)</u>	<u>(5,550)</u>	<u>(6,112)</u>	<u>(5,567)</u>
Net Change in Total OPEB Liability	1,403	(10,100)	(2,890)	(3,686)
Total OPEB Liability - beginning	<u>33,357</u>	<u>43,457</u>	<u>46,347</u>	<u>50,033</u>
Total OPEB Liability - ending	<u>\$ 34,760</u>	<u>\$ 33,357</u>	<u>\$ 43,457</u>	<u>\$ 46,347</u>
Covered employee payroll	\$ 977,356	\$ 959,487	\$ 939,138	\$ 920,742
Plan total OPEB Liability as a percentage of covered employee payroll	3.56%	3.48%	4.63%	5.03%

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 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.

Required Supplementary Information

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

(Dollar Amounts in Thousands)

June 30,	<i>Measurement Date as of</i>						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability	1.6%	1.7%	1.7%	1.8%	1.8%	2.5%	2.8%
Proportionate Share of the Net Pension Liability	\$ 49,762	\$ 55,779	\$ 58,681	\$ 78,861	\$ 82,044	\$ 102,146	\$ 74,323
Covered-employee payroll	\$ 88,943	\$ 87,930	\$ 88,142	\$ 87,693	\$ 86,639	\$ 120,126	\$ 138,081
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	55.9%	63.4%	66.6%	89.9%	94.7%	84.8%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	81.4%	80.1%	78.9%	76.6%	75.3%	77.3%	84.3%

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

(Dollar Amounts in Thousands)

June 30,	<i>Fiscal Year</i>						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,962	\$ 9,848	\$ 9,872	\$ 9,822	\$ 9,704	\$ 13,431	\$ 15,471
Contributions in relation to the contractually required contribution	\$ 9,962	\$ 9,848	\$ 9,872	\$ 9,822	\$ 9,704	\$ 13,431	\$ 15,471
Contribution deficiency	-	-	-	-	-	-	-
Covered-employee payroll	\$ 88,943	\$ 87,930	\$ 88,142	\$ 87,693	\$ 86,639	\$ 120,126	\$ 138,081
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Is: FY2021 Purdue reported amounts based on INPRS FY2020 report.*

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 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,

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 954	\$ 815	\$ 875	\$ 862	\$ 837	\$ 812	\$ 780	\$ 767
Interest	3,221	1,954	3,814	3,672	398	1,804	3,462	2,389
Differences between expected and actual experience	(1,999)	31	(2,571)	(2,051)	1,191	(522)	(2,123)	(1,739)
Changes of assumptions	3,852	1,510	(1,281)	(207)	(14)	440	47	45
Benefit payments, including refunds of contributions	(1,419)	(1,409)	(1,317)	(1,278)	(1,289)	(1,172)	(1,049)	(1,011)
Net change in total pension liability	4,609	2,901	(480)	998	1,123	1,362	1,117	451
Total pension liability - beginning	34,801	31,900	32,380	31,382	30,259	28,897	27,780	27,329
Total pension liability - ending (a)	\$ 39,410	\$ 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	177	179	157	158	167	158	155	159
Net investment income	3,420	2,245	3,851	3,590	380	1,751	3,243	2,057
Benefit payments, including refunds of contributions	(1,419)	(1,409)	(1,317)	(1,278)	(1,289)	(1,172)	(1,049)	(1,011)
Net change in plan fiduciary net position	2,197	1,283	3,429	2,998	(17)	1,805	3,656	2,371
Plan fiduciary net position - beginning	38,963	37,680	34,251	31,253	31,270	29,465	25,809	23,438
Plan fiduciary net position - ending (b)	\$ 41,160	\$ 38,963	\$ 37,680	\$ 34,251	\$ 31,253	\$ 31,270	\$ 29,465	\$ 25,809
Net pension liability (asset) ending (a) - (b)	\$ (1,750)	\$ (4,162)	\$ (5,780)	\$ (1,871)	\$ 129	\$ (1,011)	\$ (568)	\$ 1,971

Schedule of Net Pension Liability (Asset) and Related Ratios

Purdue Police and Fire Supplemental Pension Plan

(Dollar Amounts in Thousands)

June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Pension Liability (Asset)	\$ (1,750)	\$ (4,162)	\$ (5,780)	\$ (1,871)	\$ 129	\$ (1,011)	\$ (568)	\$ 1,971	\$ 3,891	\$ 3,825
Covered Employee Payroll	\$ 7,544	\$ 6,887	\$ 6,060	\$ 5,612	\$ 6,493	\$ 5,816	\$ 5,803	\$ 5,611	\$ 5,648	\$ 5,677
Pension Liability (Asset) as a percentage of covered payroll	-23.2%	-60.4%	-95.4%	-33.3%	2.0%	-17.4%	-9.8%	35.1%	68.9%	67.4%

Schedule of Contributions

Purdue Police and Fire Supplemental Pension Plan

(Dollar Amounts in Thousands)

June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ -	\$ -	\$ -	\$ 77	\$ 790	\$ 483	\$ 585	\$ 1,030	\$ 1,286	\$ 1,182
Contributions made	\$ -	\$ 20	\$ 268	\$ 738	\$ 528	\$ 725	\$ 1,068	\$ 1,307	\$ 1,166	\$ 976
Contribution deficiency (surplus)	\$ (1,513)	\$ (1,513)	\$ (1,493)	\$ (1,225)	\$ (564)	\$ (826)	\$ (584)	\$ (101)	\$ 176	\$ 56
Covered Employee Payroll	\$ 7,544	\$ 6,887	\$ 6,060	\$ 5,612	\$ 6,493	\$ 5,816	\$ 5,803	\$ 5,611	\$ 5,648	\$ 5,677
Contributions as a percentage of covered employee payroll	0.0%	0.3%	4.4%	13.2%	8.1%	12.5%	18.4%	23.3%	20.6%	17.2%

*Actuarial data for 2021 was not available at the time of this report.

Notes to Purdue Police and Fire Supplemental Pension Plan Schedule:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Valuation Date	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%	6.00%	6.25%	6.25%	6.25%	6.25%
Cost of Living Increases	2.25%	2.25%	2.25%	3.00%	3.00%	3.00%
Salary Scale	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-2020, MP-2019, MP-2018					
Pre-Retirement	PubS-2010 generational table for non-annuitants projected with Scale MP-2020 and MP-2019					
Post-Retirement	PubS-2010 generational table for annuitants projected with Scale 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, 2020-21 Academic Year

The overall (in-state and out-of-state) enrollment at Purdue University was 64,117 students for the 2020-21 fall semester. The breakdown was West Lafayette, 45,869, Northwest, 9,363, Fort Wayne, 8,093, Statewide Technology, 792. Enrollment numbers do not include 5,918 Purdue University students at Indiana University-Purdue University Indianapolis. Although students came to Purdue from all over the world, 56% system-wide came from within Indiana.



County	Statewide				County	Statewide				County	Statewide			
	West Lafayette	Regional Campuses	Technology Locations	Total		West Lafayette	Regional Campuses	Technology Locations	Total		West Lafayette	Regional Campuses	Technology Locations	Total
Adams	60	241	-	301	Henry	86	11	13	110	Posey	44	-	1	45
Allen	942	4,034	1	4,977	Howard	234	29	48	311	Pulaski	51	26	1	78
Bartholomew	277	6	48	331	Huntington	72	232	1	305	Putnam	77	4	1	82
Benton	95	2	5	102	Jackson	74	3	12	89	Randolph	41	12	7	60
Blackford	19	8	1	28	Jasper	121	147	-	268	Ripley	55	2	7	64
Boone	637	11	1	649	Jay	24	16	1	41	Rush	33	1	3	37
Brown	23	3	3	29	Jefferson	43	5	4	52	Scott	10	-	9	19
Carroll	107	4	10	121	Jennings	22	4	6	32	Shelby	77	8	-	85
Cass	125	7	9	141	Johnson	484	15	11	510	Spencer	42	-	2	44
Clark	130	8	64	202	Knox	37	3	3	43	St Joseph	744	164	57	965
Clay	20	4	-	24	Kosciusko	191	318	-	509	Starke	27	84	-	111
Clinton	152	9	9	170	La Porte	261	715	1	977	Steuben	66	124	-	190
Crawford	1	-	1	2	Lagrange	45	76	-	121	Sullivan	23	-	1	24
Daviess	36	1	1	38	Lake	1,126	4,975	4	6,105	Switzerland	4	-	-	4
De Kalb	67	306	-	373	Lawrence	87	7	2	96	Tippecanoe	2,671	55	74	2,800
Dearborn	88	-	1	89	Madison	203	22	49	274	Tipton	45	1	7	53
Decatur	77	1	8	86	Marion	1,793	157	11	1,961	Union	15	2	3	20
Delaware	111	18	12	141	Marshall	130	50	8	188	Vanderburgh	230	13	3	246
Dubois	101	-	2	103	Martin	12	-	2	14	Vermillion	19	3	1	23
Elkhart	354	147	15	516	Miami	65	33	16	114	Vigo	124	7	-	131
Fayette	29	2	9	40	Monroe	192	16	-	208	Wabash	68	80	-	148
Floyd	143	7	42	192	Montgomery	154	4	1	159	Warren	40	1	-	41
Fountain	83	2	2	87	Morgan	115	6	-	121	Warrick	137	7	1	145
Franklin	103	1	2	106	Newton	47	64	-	111	Washington	25	-	8	33
Fulton	63	33	1	97	Noble	89	300	-	389	Wayne	77	6	22	105
Gibson	55	3	9	67	Ohio	6	1	-	7	Wells	83	257	-	340
Grant	99	55	4	158	Orange	26	-	2	28	White	178	11	5	194
Greene	39	3	3	45	Owen	29	1	-	30	Whitley	64	272	-	336
Hamilton	2,579	81	21	2,681	Parke	20	2	1	23	Unknown	1,195	75	3	1,273
Hancock	373	23	6	402	Perry	15	1	4	20	Total	20,474	14,751	733	35,958
Harrison	39	-	18	57	Pike	8	2	2	12					
Hendricks	788	22	4	814	Porter	583	1,279	3	1,865					

ACKNOWLEDGEMENTS

The following staff members of the Treasurer's Office prepared the 2020-2021 Financial Report.

Kathleen E. Thomason, *Comptroller*

Tamara K. Carpenter, *Accountant*

Shannon R. Goff, *Senior Accountant*

Carrie M. Lohmeyer, *Accountant*

Shannel M. Lohrman, *Senior Accountant*

Corbin T. Richter, *Accountant*

Joshua S. Sterrett, *Senior Accounting Manager*

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